

THE CANADA LIFE GROUP (U.K.) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



Registered Number 02228475

THE CANADA LIFE GROUP (U.K.) LIMITED

Contents	Pages
Directors and advisers	2
Strategic report	3 – 6
Directors' report	7 – 8
Directors' responsibilities statement	9
Independent auditor's report to the members of The Canada Life Group (U.K.) Limited	10 – 13
Income Statement	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Notes to the financial statements	17 – 36

THE CANADA LIFE GROUP (U.K.) LIMITED

Directors and advisers

Directors

M Campbell
D Harney
C Hayes
P Mahon
S McArthur
N Moss
D Netherton
R Orr
S Vanaselja

Company Secretary

L Rodriguez

Registered Office

Canada Life Place
Potters Bar
Hertfordshire
EN6 5BA
England

Registered Number

02228475

Independent Auditor

Deloitte LLP
London

THE CANADA LIFE GROUP (U.K.) LIMITED

Strategic report for the year ended 31 December 2020

Principal Activity

The Canada Life Group (U.K.) Limited ("the Company")("CLG") is an indirect wholly-owned subsidiary of The Canada Life Assurance Company (incorporated in Canada) and is the parent company of a group of companies whose principal activities during the year were transacting of ordinary long-term life assurance business and investment management business. This will continue to be the main activity for the foreseeable future.

Business Review

During 2020, the Company continued to act as a holding company.

Profit for the year is £258.1m (2019: £135.5m). Ignoring the equal and opposite dividend and impairment in 2019 in respect of the company reorganisation of CLG's subsidiaries, the increase is due to nil impairments in 2020 (2019: £256.0m) partially offset by a fall in dividend income in the year to £271.8m (2019: £403.9m).

The Company paid dividends of £540.0m (2019: £289.6m) to its immediate parent Canada Life International Holdings.

The Company continued to invest in Financial Investments (Bonds and a Liquidity Fund) during the year in line with its Investment Mandate.

Key Performance Indicators

	2020	2019	2018
	£m	£m	£m
Investments in group undertakings	2,760.3	2,730.1	2,902.1
Profit attributable to shareholders	258.1	135.5	503.1
Dividends paid	540.0	289.6	288.6

Corporate Activity

Integration of MGM Advantage Life into CLL

On 1 January 2020, Canada Life Limited completed the integration of the insurance business of MGM Advantage Life Limited ("MGMA") through a court approved Part VII transfer of the assets and liabilities of MGMA to Canada Life Limited. The principal activity of MGMA in the United Kingdom is the provision of retirement income solutions including annuity and drawdown business and equity release lifetime mortgages (ERMs) which are originated through its sister company Stonehaven UK Ltd.

Purchases of businesses into the CLG group

On 3 February 2020, Invesco Limited purchased 100% of BCRM Financial Holdings (Ireland) DAC and its subsidiary companies, Acumen & Trust DAC and Acumen & Trust Pensions Trustees DAC.

On 2 March 2020, Irish Life Group Limited purchased 100% of Platform Capital Holdings Limited and its subsidiary company Conexim Advisors Limited.

On 26 March 2020, Cornmarket Insurance Services Limited purchased the remaining 75% share in EIS Financial Service Ltd and now own 100% of the company.

On 1 April 2020, ILGAPT Limited acquired APT Workplace Pension Ltd. and APT Wealth Management Limited and a subsidiary of APT Wealth Management Limited (APTFS Nominees Ltd.)

THE CANADA LIFE GROUP (U.K.) LIMITED

On 1 July 2020, ILGWM Limited acquired Clearview Investments & Pensions Limited.

Strategic report for the year ended 31 December 2020 (Continued)

Corporate Activity (Continued)

Sale of business from the CLG group

On 4 August 2020, Irish Life Group Limited sold Irish Progressive Services International Limited.

Restructure of MGMA Companies

On 30 September 2020, a restructure of the MGMA group of companies took place. Firstly, MGM Advantage Holdings Limited subscribed for 1 ordinary share in Canada Life Platform Limited ("CLP", and formerly known as MGM Advantage Life Limited until 5 October 2020 when its name was changed) for £18m to support CLP as a Self-Invested Personal Pension ("SIPP") operator in its strategy of growing share in the UK SIPP market. Secondly MGM Advantage Holdings Limited repaid its loan outstanding with CLG, including any accrued and unpaid interest. It did this by transferring a Promissory Note of £51.1m due from Canada Life Limited and all the issued shares in CLP to CLG.

Outlook

The Company expects to continue as a holding company.

The coronavirus pandemic (Covid-19) is an ongoing event to which the Company is exposed. The Company is continuing to monitor the situation closely and management have taken action to mitigate the operational risks associated with the pandemic which enable the Company to continue to conduct its business activities effectively while ensuring the safety and well-being of customers, employees and wider communities. Continuity plans continue to be in operation with employees working remotely.

On 31 January 2020 the UK formally exited the European Union ("Brexit") and entered into a transition period which came to an end on 31 December 2020. Given the majority of the Company's business is conducted domestically, the overall impact to date and any future impact from Brexit (aside from any economic implications) is considered to be low.

Principal risks and uncertainties

The ongoing pandemic (Covid-19) is an emerging situation that increases the exposure to some of the risks already identified in this section but particularly operational and credit risk.

The Company's strong capital position, combined with a high quality and well diversified investment portfolio, means that it is able to withstand the financial impacts from a deterioration in credit markets. Stress and scenario testing shows the Company can withstand a range of events including pandemics, economic downturns and property market events. Management is also monitoring developments. Further details are disclosed in Note 15.

Financial risk

The Company is exposed to financial risk through its investments held at market value which may fluctuate.

Liquidity Risk

The Company is exposed to liquidity risk if cash received via dividends from subsidiaries is insufficient to pay expenses as they fall due.

Foreign Currency Risk

The Company receives some dividend income in a foreign currency and is therefore subject to exchange rate fluctuations.

THE CANADA LIFE GROUP (U.K.) LIMITED

Strategic report for the year ended 31 December 2020 (Continued)

Credit risk

The Company is exposed to the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Financial Statements as at 31 December 2020 have been prepared in accordance with the Financial Reporting Standard 102 ("FRS 102").

Section 172(1) Statement

The directors of the Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to (amongst other matters) those laid out in Section 172 of the Companies Act 2006.

The Board is collectively responsible for the long-term success of the Company and its subsidiaries. It sets Company values and culture and ensures that obligations to its shareholder, customers and other stakeholders are understood and met.

The Company's workforce are employed by service companies within the Group. The Company has Employee Consultation Forums which meet regularly. The aim of the forum is to represent the views of the workforce, communicate with management, provide feedback to the workforce and consult with them on key issues. In 2020 the Company conducted a number of formal and informal colleague surveys. This included a global engagement survey, a culture diagnostic and check-ins on wellbeing and attitudes during Covid-19. The Company takes all the feedback seriously and the management board review the feedback, identifying and actioning areas for improvement as well recognising the strengths which are highlighted.

The Company recognises that its operating subsidiaries have a varied customer base and different customers will inevitably have different and specific needs. A great deal of time and effort is taken to fully understand all our different customers, by reaching out through surveys and conducting market research, so that we can deliver an excellent level of service.

The Company understands the importance of strong supervision and fosters open and transparent relationships with its UK, Irish, German and Canadian regulators. Proactive engagement ensures we stay ahead of any new regulations and can react and implement changes efficiently and effectively.

The Company makes every effort to ensure it works with suppliers in line with their Code of Conduct and the supply chain is assessed with regard to the Modern Slavery Act 2015. Outsourcing arrangements and professional service contracts are governed by an Outsourcing and Supplier Risk Operating Policy and Standard. As with customers, suppliers are treated fairly with regular communication and timely financial payments. Vital suppliers are assigned a relationship manager to maintain open dialogue and implement regular monitoring and assessment to ensure the continued effectiveness of the arrangement.

The Company takes its charitable giving responsibilities seriously – both in the communities it operates in and also at a national level to support important causes throughout the year. Donations are carried out through the Group's Service Companies. During the year donations were made through the workforce nominated charity schemes with further amounts being raised through fundraising. In addition, the Company made several donations to Covid-19 related charities. The Company also has a Sustainability Group, which has launched a number of initiatives to help make the Company and its subsidiaries more environmentally friendly.

Climate Change is a rapidly evolving situation. The understanding of the risks, the strategies that may be required to manage them, the national and international political responses, the developments within our market space, and the developments of tools and techniques to quantify and manage climate risk are all evolving rapidly, and this is expected to continue to develop and change over the coming years.

THE CANADA LIFE GROUP (U.K.) LIMITED

Strategic report for the year ended 31 December 2020 (Continued)

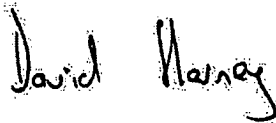
Section 172(1) Statement (continued)

Management have developed a strategic direction for the Company's response to managing climate change risk. The approach is focused on continuing to build a strong foundation of capability - to understand, measure and report against this risk, and to inform our ongoing management of the risks to the business. This allows a strong continued focus on managing any risk to the business or its customers from the investments held and any transition risks associated with those. This also enables a robust position relative to compliance and disclosure requirements, and to evolving customer needs. It maintains a position of good 'optionality' to adapt the strategy in future as the regulatory and commercial landscape evolves.

The Company follows the guidelines of the Streamlined Energy and Carbon Reporting. The emissions relating to the Company's subsidiaries are disclosed in the individual financial statements.

During 2020 the Company paid dividends of £540m, which exceeded the value of the Retained Earnings Account. However, the Company assessed in advance of the dividend proposals that the payment of dividends was permitted as the Capital Contribution Account of £597.7m is also a distributable reserve (see note 19).

Approved by the Board of Directors
and signed on behalf of the Board



Director D Harney
Canada Life Place, Potters Bar, Hertfordshire EN6 5BA

Date: 11 May 2021

THE CANADA LIFE GROUP (U.K.) LIMITED

Directors' report for the year ended 31 December 2020

The directors of the Company present their annual report and audited financial statements for the year ended 31 December 2020.

1 Principal activity and future developments

The Company is the parent company of a group of companies whose principal activity during the year was transacting of ordinary long-term life assurance business and investment management business. This will continue to be the main activity for the foreseeable future.

2 Results and dividends

The profit after tax for the year was £259.4m (2019: £135.5m). Interim dividends of £540.0m were proposed and paid during the year (note 17) (2019: £289.6m) and no final dividend is proposed (2019: nil).

3 Directors

The names of the persons who were directors during the year and up to the date of this report are set out below.

M Campbell	
D Harney	Appointed 18 th August 2020
C Hayes	
A Jamal	Resigned 27 th February 2020
P Mahon	
S McArthur	
N Moss	
D Netherton	
R Orr	
S Vanaselja	

4 Political contributions

During the year the Company made political contributions of £nil (2019: £nil).

5 Financial Instruments

Details of financial instruments are included in Note 3D and form part of this report by cross-reference.

6 Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

THE CANADA LIFE GROUP (U.K.) LIMITED

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE CANADA LIFE GROUP (U.K.) LIMITED

Independent auditor's report to the members of The Canada Life Group (U.K.) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of The Canada Life Group (U.K.) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

THE CANADA LIFE GROUP (U.K.) LIMITED

Independent auditor's report to the members of The Canada Life Group (U.K.) Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

THE CANADA LIFE GROUP (U.K.) LIMITED

Independent auditor's report to the members of The Canada Life Group (U.K.) Limited (continued)

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud is around revenue recognition of dividend income.

For the revenue recognition of dividend income we have performed the following procedures:

- We have agreed the dividend income received to bank;
- We have agreed the dividends paid and received to their signed board approval; and
- Where dividends are paid or received in foreign currency, we have performed a recalculation of the foreign currency exchange using an independent translation rate.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with the FCA and the PRA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

THE CANADA LIFE GROUP (U.K.) LIMITED

Independent auditor's report to the members of The Canada Life Group (U.K.) Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Holland FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 May 2021

THE CANADA LIFE GROUP (U.K.) LIMITED

Income Statement for the year ended 31 December 2020

	Notes	2020 £m	2019 £m
Investment return	8	273.6	1,204.7
Administrative expenses		(5.5)	(4.9)
Impairment of investment in subsidiary	11	-	(1,054.6)
Interest payable		(16.0)	(16.4)
Interest receivable		2.9	3.8
Operating profit and profit on ordinary activities before taxation	5	255.0	132.6
Tax on profit on ordinary activities	9	3.1	2.9
Profit on ordinary activities after taxation		258.1	135.5

All amounts derive from continuing operations.

The notes on pages 16 to 36 form an integral part of these financial statements.

The Company has no recognised gains or losses other than those included in the income statement above for the current or the preceding year and consequently no statement of other comprehensive income is presented.

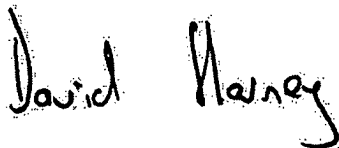
THE CANADA LIFE GROUP (U.K.) LIMITED

**Statement of Financial Position
at 31 December 2020**

	Notes	2020 £m	2019 £m
Fixed assets			
Financial Investments	10	15.5	242.1
Investments in group undertakings	11	2,760.3	2,730.1
Current assets			
Current tax asset		6.1	5.5
Cash at bank and in hand		23.4	79.7
Other debtors and accrued income		0.1	1.9
Creditors - amounts falling due within one year	13	(1.6)	(0.9)
Net Current Assets		28.0	86.2
Debtors – amounts falling due after more than one year	12	51.1	78.4
Creditors – amounts falling due after more than one year	13	(325.1)	(325.1)
Net assets		2,529.8	2,811.7
Capital and reserves			
Called up share capital	14	404.2	404.2
Share premium		1,605.2	1,605.2
Capital contribution		597.7	597.7
Retained earnings		(77.3)	204.6
Shareholders' funds – equity interests		2,529.8	2,811.7

The notes on pages 16 to 36 form an integral part of these financial statements.

Approved by the Board of Directors
and signed on behalf of the Board



Director D Harney

Date: 11 May 2021

THE CANADA LIFE GROUP (U.K.) LIMITED

Statement of change in equity for the year ended 31 December 2020

	Ordinary share capital	Share premium account	Capital contribution	Retained earnings	Total
	£m	£m	£m	£m	£m
Balance at 1 January 2019	404.2	1,605.2	597.7	358.7	2,965.8
Profit and total comprehensive income attributable to shareholders	-	-	-	135.5	135.5
Dividend paid (Note 17)	-	-	-	(289.6)	(289.6)
At end of the year	404.2	1,605.2	597.7	204.6	2,811.7
Balance at 1 January 2020	404.2	1,605.2	597.7	204.6	2,811.7
Profit and total comprehensive income attributable to shareholders	-	-	-	258.1	258.1
Dividend paid (Note 17)	-	-	-	(540.0)	(540.0)
At end of the year	404.2	1,605.2	597.7	(77.3)	2,529.8

All shareholders' funds are attributable to equity shareholders.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

1 Principal accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

A General information

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA, England. The Company is a wholly owned subsidiary of The Canada Life Assurance Company (incorporated in Canada).

The Company is the parent of a group of companies whose principal activities during the year were transacting of ordinary long-term life assurance business and investment management business. This will continue to be the main activity for the foreseeable future.

The functional currency of the Company is pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2 Statement of Compliance

The Financial Statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including FRS102 and the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of cash flow statement, intra-group transactions and remuneration of key management personnel.

3 Principal accounting information

The principal accounting policies applied in the preparation of these Financial Statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with applicable law and United Kingdom Accounting Standards, including FRS 102. The particular accounting policies adopted by the directors are described below.

Basis of consolidation

The financial statements present information about the Company as an individual undertaking as it is exempt from the obligation to prepare consolidated financial statements under section 401 of the Companies Act 2006. The Company's results are included in the consolidated financial statements of The Canada Life Assurance Company, a company incorporated in Canada.

Going concern

The Strategic report outlines the Company's activities, principal risks and uncertainties. Having regard to the Company's financial position, its expected performance in the future, and having made appropriate enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

A. Basis of preparation (continued)

The Strategic Report outlines the Company's activities, performance, principal risks, uncertainties and financial risk management objectives. Note 15 to the financial statements sets out the Company's policies and procedures for managing insurance and financial risk and the Statement of Financial Position sets out the Company's capital resources. The Company has taken into consideration the ongoing Covid-19 outbreak when undertaking its Going Concern assessment. As a holding company of largely domestic focused businesses in UK, Ireland and Germany, the Company's operating model and strategy is not materially impacted by the UK's withdrawal from the EU. Having regard to the Company's financial position, its expected performance in the future and having made appropriate enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

Cash Flow Statement

Advantage has been taken of the exemption under FRS 102 1.12(b), Cash Flow Statements, not to present a cash flow statement, as the Company is 100% controlled within the Great-West Lifeco Inc group of companies. The consolidated financial statements in which the subsidiary undertakings are included are publicly available (see Note 18).

Transaction with related parties

Advantage has been taken under FRS 102 33 1(A), Related Party Disclosures, not to disclose transactions between entities, 100% of whose voting rights are controlled within the Great-West Lifeco Inc group of companies (see Note 16).

Key Management Personnel

Advantage has been taken under FRS 102 33.7 to disclose key management personnel compensation in total. The directors' emoluments are disclosed as per Companies Acts 2006.

B. Dividends received from group undertakings

Dividends received from group undertakings comprise ordinary share dividends received from subsidiary undertakings.

C. Investments in group undertakings

Investments in subsidiaries are held at cost less accumulated impairment losses. The company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. No other significant judgements or material estimates have been made in applying the accounting policies.

D. Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and cash equivalent, loans and receivables, are initially recognised at transaction price, unless the arrangement constitute a financing transaction where the transaction is measured at present value of futures receipts discounted at market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

D. Financial instruments (continued)

Other financial assets

Other financial assets, including investment in equity instruments, which are not subsidiaries, associates or Joint Ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Income Statement. The Company has classified its other financial assets as debts and other fixed income securities at fair value through profit and loss.

The fair value of other financial assets is calculated based on paragraph 11.27 of FRS 102:

- Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs are unobservable for the asset or liability.

Purchases and sales of financial assets are recognised on the trade date, i.e. the date the Company commits to purchase or sell the asset. Purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

A financial asset is derecognised when the contractual right to receive cash flows expires or when the asset, together with substantially all the risks and rewards of ownership, has been transferred.

Financial liabilities and equity

Basic financial liabilities, including trade and other payables, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where a debt instrument is measured at present value of future receipts discounted at market rate of interest.

Debt instruments that are payable or receivable within one year shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously. Income and expenses will not be offset in the profit and loss account unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

E. Investment income

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses.

Dividends are included as investment income on the date that the shares are quoted ex-dividend and include the imputed tax credits. Interest, rent and expenses are accounted for on an accruals basis.

Realised gains and losses on investments

Realised gains and losses on investments carried at fair value are calculated as the difference between net sales proceeds and purchase price. In the case of investments included at amortised cost, realised gains and losses are calculated as the difference between sale proceeds and their latest carrying value.

Unrealised gains and losses on investments

Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

F. Current taxation

Current tax expense is based on the taxable profits for the year, at rates that have been enacted at the balance sheet date after any adjustments in respect of prior years. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

G. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, but only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

H. Foreign currencies

Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet date. Non-monetary items at historical cost are translated using the exchange rate at the date of transaction; and non-monetary assets measured at fair value are translated using the exchange rate when the fair value was determined. All differences are taken to the income statement.

I. Dividends

Interim dividends are recognised when paid and final dividends are booked as a liability when they are approved by the Board of Directors passing a written resolution.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

4 Critical accounting judgements and estimation uncertainty

A. Critical judgements in applying the accounting policies

There are no significant judgements in accounting policies to disclose.

B. Key sources of estimation uncertainty

Assessing impairment of investments in group undertakings

The Company assesses at each balance sheet date whether there is objective evidence that any financial asset or subsidiary undertaking not carried at fair value is impaired. Such an asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the asset that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement for the period. If an investment carried at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed through the income statement for the period.

The Company's policies for assessing impairment are disclosed in Notes 3C.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

5 Operating profit

Operating profit is after charging:

	2020 £'000	2019 £'000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	58	55
Fees payable to the company's auditor and their associate for audit related assurance services to the company	84	82
Fees	<u>142</u>	<u>137</u>
Impairment of investment in subsidiary	<u>-</u>	<u>1,054,577</u>

6 Staff costs

The company had no employees during the year (including directors) (2019: none).

All contracts of employment with the company are held with CLFIS (U.K.) Limited ("CLFIS"), Canada Life Group Services Limited and Irish Life Group Services Limited, subsidiaries of the company. The associated costs are recharged back to the company, where appropriate.

7 Directors' emoluments

Certain directors of this Company have served during the year as directors of other companies within the Great-West Lifeco Inc. group of companies, and their remuneration has been paid by other group companies. These directors do not consider that it is possible to apportion their remuneration between their services as directors of the Company and their services as directors of other entities within the group; as such no disclosure is made in relation to their emoluments.

In addition, certain directors of this Company have their remuneration paid by CLFIS, a subsidiary of the Company. It is not considered practicable to apportion the emoluments between their services as directors of the Company and their services as directors of other group undertakings. In respect of these directors the amount of fees paid during the year were as follows:

	2020 £'000	2019 £'000
Fees	<u>500</u>	<u>498</u>
Fee paid to the highest paid director	<u>120</u>	<u>116</u>

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

7 Directors' emoluments (continued)

As at 31 December 2020, the highest paid director had accrued pension benefits of £nil (2019: £nil) (including the defined contribution and defined benefit pension scheme) per annum assuming normal age at retirement.

As at 31 December 2020, no (2019: no) director had accrued retirement benefits.

As at 31 December 2020, none (2019: none) of the Company's directors were employed within the UK group of companies.

8 Net Investment return

	2020	2019
	£m	£m
Dividend received from subsidiaries	271.8	1,202.5
Income from financial instruments at fair value through profit and loss		
▪ Designated as such on initial recognition	2.0	4.3
Investment income	<u>273.8</u>	<u>1,206.8</u>
Unrealised losses from financial instruments at fair value through profit and loss		
▪ Designated as such on initial recognition	(0.9)	(2.1)
Unrealised losses on investments	<u>(0.9)</u>	<u>(2.1)</u>
Realised gains from financial assets at fair value through profit and loss		
▪ Designated as such on initial recognition	0.7	0.0
Realised losses on investments	<u>0.7</u>	<u>0.0</u>
Investment return	<u>273.6</u>	<u>1,204.7</u>

9 Taxation

	2020	2019
	£m	£m
Current year tax (credit)	(3.2)	(2.9)
Prior year tax charge	0.1	0.0
Total tax (credit) for the year	<u>(3.1)</u>	<u>(2.9)</u>

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

9 Taxation (continued)

Reconciliation of tax (credit) for the year	2020 £m	2019 £m
Profit on ordinary activities before taxation	255.0	132.6
Corporation tax charge at standard UK Corporation tax rate of 19% (2019: 19%)	48.4	25.2
Non-taxable dividends	(51.6)	(228.5)
Prior year adjustment	0.1	0.0
Impairment of investment in subsidiary	-	200.4
Total tax (credit) for the year	<u>(3.1)</u>	<u>(2.9)</u>

The standard rate of tax applied to reported profit on ordinary activities is 19% (2019: 19%). A proposal to increase the UK shareholder tax rate to 25% from 1 April 2023 was announced in the Budget on 3 March 2021 and is expected to be enacted later this year.

The tax attributes which are recognised do not have an expiry date.

10 Investments

Financial Assets

Financial assets designated at fair value through profit and loss

	2020 £m	2019 £m
Debts and other fixed income securities	15.5	242.1
	<u>15.5</u>	<u>242.1</u>

For listed financial assets at fair value through profit and loss, fair value is by reference to quoted bid-values or where not available on a model price based upon market observable data.

The table below shows financial assets carried at fair value through profit and loss by valuation method.

	2020 £m	2019 £m
Quoted prices in active markets (level 1)	-	-
Valuation technique		
Market observable data (level 2)	15.5	242.1
Other than observable market data (level 3)	-	-

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

11 Group Undertakings

At the balance sheet date the Company directly or indirectly held investments in the issued ordinary share capital of the following undertakings.

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Life Assurance Companies				
Canada Life Assurance Europe Public Limited Company	14 – 15 Abbey Street Lower, Dublin 1, Ireland	Ireland	Life assurance	100%
Canada Life Dublin dac	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Reinsurance Company	100%
Canada Life International Assurance (Ireland) Designated Activity Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Life Assurance	100%
Canada Life Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Life assurance	100%
Canada Life Platform Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Life assurance	100%
Canada Life Re Ireland DAC	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Reinsurance Company	100%
Irish Life Assurance Public Limited Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Life assurance	100%
Irish Life Health Designated Activity Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Health Insurance	100%
Fund Management Companies				
Canada Life Asset Management Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Investment fund manager	100%
Canada Life Fund Managers (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Fund management	100%
Irish Life Investment Managers Limited	Beresford Court, Beresford Place, Dublin 1	Ireland	Investment fund manager	100%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Setanta Asset Management Limited	Beresford Court, Beresford Place, Dublin 1	Ireland	Investment fund manager	100%
Summit Asset Managers Limited	Beresford Court, Beresford Place, Dublin 1	Ireland	Fund management	100%
Service Companies				
Canada Life Group Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Service provider	100%
Canada Life Group Services (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%
Canada Life Ireland Holdings Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Ancillary services	100%
CLFIS (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%
Irish Life Financial Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Insurance intermediary, investment business, mortgage intermediary, life assurance service provider	100%
Irish Life Group Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Administrative service provider	100%
MGM Advantage Services Limited	6th floor, 110 Canon Street, London, EC4N 6EU	United Kingdom	Ancillary services	100%
Brokerage Companies				
Clearview Investments & Pensions Ltd	Roselawn House, National Technology Park, Castletroy V94 6R68, Limerick, Ireland	Ireland	Insurance broker, financial planning company	100%
Cornmarket Group Financial Services Limited	Liberties House, Christchurch Square, Dublin 8, D08FP21	Ireland	Insurance brokerage holding company	100%
Cornmarket Insurance Services Limited	1st Floor, Boucher Plaza, 4-6 Boucher Road, Belfast, BT12 6HR	United Kingdom	Insurance brokerage	100%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Cornmarket Retail Trading Limited	Liberties House, Christchurch Square, Dublin 8, D08FP21	Ireland	Insurance brokerage	100%
Glohealth Financial Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Health Insurance agency Services	100%
EIS Financial Services Limited	6 Clairmont Gardens, Glasgow, G3 7LW	United Kingdom	Activities of insurance agents and brokers	100%
City Life Limited	Unit 2 Nore House Bessboro Road Blackrock Cork	Ireland	Insurance brokerage	75%
Acumen & Trust DAC	Suite 4&5, The Avenue, Beacon Court, Sandyford Dublin, D18 CY22 Ireland	Ireland	Wealth Management	100%
Acumen & Trust Pension Trustees DAC	Suite 4&5, The Avenue, Beacon Court, Sandyford Dublin, D18 CY22 Ireland	Ireland	Wealth Management	100%
APTFS Nominees Ltd	Unit A, 1st Floor, Apex Business Centre, Blackthorn Road, Sandyford, D18 N2T6 Dublin, Ireland	Ireland	Wealth Management	100%
APT Wealth Management Limited	Block B, Apex Business Centre, Blackthorn Road, Sandyford, Dublin 18, Ireland	Ireland	Wealth Management	100%
BCRM Financial Holdings (Ireland) DAC	4A Sandyford Business Centre, Burton Hall Road, Sandyford, D18 K656 Dublin, Ireland	Ireland	Wealth Management	100%
Conexim Advisors Limited	97 Haddington Road, D04 YK79 Dublin, Ireland	Ireland	Wealth Management	100%
Platform Capital Holdings Limited	97 Haddington Road, D04 YK79 Dublin, Ireland	Ireland	Wealth Management	100%
APT Workplace Pension Ltd	Block B, Apex Business Centre, Blackthorn Road, Sandyford, Dublin 18, Ireland	Ireland	Wealth Management	90%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

11 Group Undertakings (continued)

FINUM.PRIVATE Finance Holding GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Wealth Management	28%
FINUM. Finanzhaus AG	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Wealth Management	28%
FINUM.Pension Consulting GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Wealth Management	28%
FINUM.Private Finance AG	Tauentzienstrasse 7 b / c 10789 Berlin, Germany	Germany	Wealth Management	28%
FINUM.PRIVATE Finance Holding GmbH	Teinfaltstrasse 4/8, 1010 Vienna, Austria	Austria	Wealth Management	28%
FINUM.Private Finance AG	Krugerstrasse 13 / 4th floor, A-1010 Vienna, Austria	Austria	Wealth Management	28%
JDC Group AG	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Holding company	28%
JDC Geld.de GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	28%
JDC plus GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	28%
JDC B-LAB GmbH	Landstrasse 123, Triesen, 9495 Liechtenstein	Liechtenstein	Financial Technology Company	28%
Jung, DMS & Cie. Aktiengesellschaft	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	28%
Jung, DMS & Cie. Pro GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	28%
Jung, DMS & Cie. Pool GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	28%
Jung, DMS & Cie. GmbH	Krugerstrasse 13 / 4th floor, A-1010 Vienna, Austria	Austria	Financial Advisors	28%
Jupoo finance GmbH	Liechtensteinstrasse 63, 1090 Vienna, Austria	Austria	Financial Advisors	14%
ILGAPT Limited	Irish Life Centre, Lower Abbey Street, Dublin 1	Ireland	Wealth Management Consulting Services	100%
Invesco Limited	2 Sandyford Business Centre, Burtonhall Road, Sandyford, Dublin 18, D18XK37	Ireland	Wealth Management and Pensions Consulting Services	75%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Stonehaven UK Limited	110 Canon Street, London, EC4N 6EU	United Kingdom	Insurance brokerage	100%
Vestone Limited	Liberties House, Christchurch Square, Dublin 8, D08FP21	Ireland	Insurance brokerage holding company	100%
Holding Companies				
Canada Life Europe Investment Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
Canada Life Europe Management Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
Canada Life Irish Holding Company Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding Company	100%
Canada Life (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Holding company	100%
ILGWM Limited	Irish Life Centre, Lower Abbey Street, Dublin 1, Ireland	Ireland	Holding Company	100%
Irish Life Group Limited	Irish Life Centre, Lower Abbey Street, Dublin 1	Ireland	Holding company	100%
Irish Life Irish Holdings Unlimited Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
MGM Advantage Holdings Limited	6th floor, 110 Canon Street, London, EC4N 6EU	United Kingdom	Holding company	100%
1939 ILIV Consulting Limited	Irish Life Centre, Lower Abbey Street, Dublin 1	Ireland	Holding company	75%
Property Management Companies				
Canada Life European Real Estate Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%
Choralli Limited	c/o Sky Property Management Limited, 53 Bracken Road, Sandyford, D18N23	Ireland	Property Management	20%
City Gate Park Administration Company Limited	1104 City Gate, Mahon Co.Cork	Ireland	Property Management	67%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Dakline Company Limited by Guarantee	c/o Savills commercial (Ireland) Limited, 33 Molesworth Street, Dublin 2	Ireland	Property Management	50%
GD (2,3 & 4) Basement Company Limited	1st Floor, 1 Exchange Place, IFSC, Dublin 1, Ireland, D01R8W8	Ireland	Property Management	100%
Hollins Clough Management Company Limited	Mossley Tax Shop, 2 Lees Road, Mossley, Ashton-Under-Lyne, Lancashire, OL5 0PF	United Kingdom	Property Management	50%
Hotel Operations (Cardiff) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Other letting and operating of own or leased real estate	100%
Hotel Operations (Walsall) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Other letting and operating of own or leased real estate	100%
SJRQ Riverside IV Management Limited	Fourth Floor, 76 Lower Baggot Street, Dublin 2	Ireland	Property Management	51%
Stephen Court Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Property Management	100%
Synergy Sunrise (Wellington Row) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Property Management	100%
Trustee Companies				
Canada Life SIPP Trustee Company Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Nominee company	100%
Canada Life UK Staff Pension Trustee Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%
Ilona Financial Group Inc.	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	USA	Management Services	100%
ILP Pension Trustees Designated Activity Company	2 Sandyford Business Centre, Burtonhall Road, Sandyford, Dublin 18, D18XK37	Ireland	Corporate Trustee for Revenue Approved Pension Schemes	75%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Irish Life Trustee Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Management Services	100%
Invesco Trustees Designated Activity Company	2 Sandyford Business Centre, Burtonhall Road, Sandyford, Dublin 18, D18XK37	Ireland	Pension Trustee for Revenue Approved Pension Schemes	75%
MGM Advantage Life Trustees Limited	110 Canon Street, London, EC4N 6EU	United Kingdom	Ancillary services	100%
Dormant Companies				
Albany Life Assurance Company Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
CL Abbey Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Dormant	100%
Canada Life Holdings (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Irish Operations Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Management (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Platform Nominee Limited	Canada Life Place, High Street, Potters Bar, England, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Services (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Trustee Services (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Radial Park Management Limited	The Brampton, Newcastle-Under-Lyme, Staffordshire, ST5 0QW	United Kingdom	Dormant	76%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

11 Group Undertakings (continued)

The investments in subsidiary undertakings are as follows:

		2020 £m	2019 £m
Cost :	At 1 January	4,453.2	3,570.6
	Additions during the year	<u>30.2</u>	<u>882.6</u>
	At 31 December	<u>4,483.4</u>	<u>4,453.2</u>
Provision :	At 1 January	(1,723.1)	(668.5)
	Movement during the year	<u>-</u>	<u>(1,054.6)</u>
	At 31 December	<u>(1,723.1)</u>	<u>(1,723.1)</u>
Carrying value :	At 31 December	<u>2,760.3</u>	<u>2,730.1</u>

The movement in investments in subsidiary is made of the following transactions:

On 30 September 2020, as part of a restructure of the MGMA group of companies, CLG acquired MGM Advantage Life Limited from MGM Advantage Holdings Limited for £30.2m. On 5 October 2020, MGM Advantage Life Limited changed its name to Canada Life Platform Limited.

CLG performs annual impairment testing on its subsidiaries to ensure that the carrying value of its investments does not exceed its underlying fair value. No impairments were required in 2020.

12 Debtors – amounts falling due after more than one year

	2020 £m	2019 £m
Loans to group undertakings	<u>51.1</u>	<u>78.4</u>

A £78.4m loan was issued to MGM Advantage Holdings Limited, a group undertaking, on 2 January 2018. Interest was payable at a fixed rate of 4.9% per annum if paid in full by the end of the year. Otherwise, the interest was rolled into the loan principal and the applicable rate is 8.3%. The loan term was for 5 years.

On 30 September 2020, this loan, including interest outstanding was repaid by transferring a Promissory Note of £51.1m due from Canada Life Limited and all shares in MGM Advantage Life Limited from MGM Advantage Holdings Limited to CLG.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

13 Other creditors

	2020 £m	2019 £m
Creditors - amounts falling due within one year		
Other creditors	1.3	1.1
Amounts owed to group undertaking	0.3	(0.2)
Total	<u>1.6</u>	<u>0.9</u>
	2020 £m	2019 £m
Creditors - amounts falling due after more than one year		
Loans to group undertakings	<u>325.1</u>	<u>325.1</u>
Total	<u>325.1</u>	<u>325.1</u>

A £150.9m loan was received from Canada Life Finance (U.K.) Limited, a group undertaking, on 8 July 2013. Interest is payable semi-annually on 30 June and 31 December each year at a fixed rate of 5.5% per annum. The loan may be repaid at the option of the borrower on the business day immediately preceding the tenth anniversary of the drawdown date. If such repayment is not made, interest will be charged at a fixed rate of 5.80% per annum thereafter and there is no time limit for the repayment of the loan.

A £99.2m loan was received from Canada Life Group Holdings Limited, a group undertaking, on 8 July 2013. This loan was assigned by Canada Life Group Holdings Limited to CL Luxembourg Capital Management S.a.r.l., a fellow subsidiary of Canada Life Financial Corporation on 8 July 2013. There were no changes to the terms and conditions of the loan. Interest is payable semi-annually on 30 June and 31 December each year at a fixed rate of 5.25% per annum. The loan may be repaid at the option of the borrower on the business day immediately preceding the tenth anniversary of the drawdown date. If such repayment is not made, interest will be charged for the remaining term until maturity at a fixed rate of 5.55% per annum. The loan will be repaid in full with accrued interest no later than the business day immediately preceding the thirtieth anniversary of the drawdown date.

A £75m loan was received from CL Luxembourg Capital Management S.a.r.l, a fellow subsidiary of Canada Life Financial Corporation on 20 December 2017. The loan is for a term of thirty years, interest is payable semi-annually on 30 June and 31 December each year at 2.90% above London Inter-bank Offer Rate (LIBOR). The principal amount of the loan is payable on the maturity date together with arrears of interest, if any, and any other accrued and unpaid interest thereon to the maturity date.

Under Solvency II regulations, any amount which falls due for payment under the terms of these loans is conditional upon the Company complying with the Solvency Capital Requirements and Minimum Capital Requirements of these regulations. The repayment of the loans is subject to no objection being received from the PRA.

14 Called up share capital

	2020 £m	2019 £m
Allotted, called up and fully paid		
Equity interest		
404,154,721 (2019: 404,154,721) ordinary shares of £1 each	<u>404.2</u>	<u>404.2</u>

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

15 Risk management objectives and policies for mitigating risks

The risk management objective is to manage risks in accordance with the Company's risk appetite and business strategy. The Company's risk management policies and the processes for identifying risks include identification and control of financial and other risks. The key components are:

- Financial risk
- Liquidity risk
- Foreign currency risk
- Credit risk

For each of the risks above, the Company determines its risk appetite and sets its policies accordingly. Risk policy is documented including the actions to mitigate those risks. A summary of how each risk is mitigated is provided below with quantitative information on the exposure to that risk, where appropriate.

Risk owners are assigned to manage these risks and there are key process controls to identify, assess, report, monitor and mitigate these risks.

Financial risk

The largest financial risk the Company faces is the risk of loss arising from the impairment in the values of the subsidiaries that the Company holds. The financial risks of these subsidiaries include insurance risk, credit risk, insurance rate risk and equity price risk, and the risks are managed by the companies directly.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its commitments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company's exposure to liquidity risk is mitigated through the use of an Investment Mandate that ensures it holds adequate liquid assets.

Foreign currency risk

Foreign currency risk is the risk that a Company holding assets in foreign currencies is exposed to exchange rate fluctuations. The Company receives dividends in Euros from its European subsidiaries and pays some expenses in Euros and Canadian dollars. In order to mitigate the exposure to exchange rate fluctuations, dividends are translated into Sterling immediately upon receipt and money required to pay non sterling expenses is translated into foreign currencies only as and when required.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. It is the potential loss of earnings or capital arising from a financial loss attributed to:

- the default of that security in its financing obligations;
- the downgrade of a security's credit worthiness; and
- a change in the yield premium required by the market in respect of credit risk on risky assets.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

15 Risk management objectives and policies for mitigating risks (continued)

Credit risk (continued)

A key area where the Company is exposed to credit risk is its exposure to corporate bonds;

The following table gives an indication of the level of creditworthiness of those categories of assets which are most exposed to credit risk; this assists to mitigate credit risk. The ratings used are derived from the ratings published by three external ratings agencies (Standard and Poor's, Moody's Investors Service and Fitch Ratings) where the rating of the instrument is no higher than the highest published rating.

As at 31 December 2020

	AAA £m	AA £m	Total £m
Corporate Bonds	-	-	-
Gilts	-	15.5	15.5
Total	-	15.5	15.5
	0%	100.0%	100.0%

As at 31 December 2019

	AAA £m	AA £m	Total £m
Corporate Bonds	71.7	5.1	76.8
Gilts	-	165.3	165.3
Total	71.7	170.4	242.1
	29.6%	70.4%	100.0%

To mitigate credit risk the Company has an Investment Mandate that limits the exposure to Corporate Bonds and other non-liquid assets.

16 Related party transactions

No contracts of significance existed at any time during the year in which a director or key manager was materially interested or which requires disclosure as a related party transaction as defined under FRS 102 section 33 Related Party Disclosures. No other contracts of significance existed at any time during the year between the Company and other related parties that similarly require disclosure under FRS 102 section 33. Advantage has been taken under FRS 102 33.1A, Related Party Disclosures, not to disclose transactions between entities, 100% of whose voting rights are controlled within the Great-West Lifeco Inc group of companies.

17 Dividend paid

	2020	2019
	£m	£m
Dividend paid	540.0	289.6
	<u>540.0</u>	<u>289.6</u>

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2020

18 Parent company and controlling party

As at the balance sheet date the immediate parent company is Canada Life International Holdings Limited, a company incorporated in Bermuda. The controlling party and ultimate parent company, which is also the parent company of the largest group of companies for which consolidated financial statements are drawn up and of which the Company is a member, Power Corporation of Canada, is incorporated in Canada. The parent company of the smallest group for which consolidated financial statements are drawn up and of which the Company is a member, The Canada Life Assurance Company, is incorporated in Canada.

Copies of the group financial statements for both The Canada Life Assurance Company (330 University Avenue, Toronto, Ontario, Canada, M5G 1R8) and Power Corporation of Canada (751 Victoria Square Montréal, Québec, Canada, H2Y 2J3) can be obtained from the Company's registered office.

19 Event after the reporting period

On 10 May 2021 the directors approved a transfer of £495.7m from the Capital Contribution Account to Retained earnings. This was deemed to be a non-adjusting post balance sheet event.