

**CANADA LIFE (U.K.) LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

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Registered Number 1165737

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**CANADA LIFE (U.K.) LIMITED**

**Report and financial statements for the year ended 31 December 2007**

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**CANADA LIFE (U.K.) LIMITED**

**Report and financial statements for the year ended 31 December 2007**

**Directors and Advisers**

**Directors**

I Gilmour  
H C Snow

**Company Secretary**

Vacant

**Registered Office**

Canada Life Place  
Potters Bar  
Hertfordshire  
EN6 5BA

**Bankers**

RBC Dexia  
71 Queen Victoria Street  
London  
EC4V 4DE

**Registered Number**

1165737

**Auditors**

Deloitte & Touche LLP  
London

## **CANADA LIFE (U.K.) LIMITED**

### **Report and financial statements for the year ended 31 December 2007**

#### **Directors' report for the year ended 31 December 2007**

The directors of Canada Life (U K ) Limited (the "company") present their annual report together with the audited financial statements for the year ended 31 December 2007

#### **Principal activity and future developments**

Canada Life (U K ) Limited is the parent company of a group of companies whose principal activity during the year was the provision of fund management and management services to other group companies. There are no plans to change this activity in the foreseeable future

#### **Directors**

The names of the persons who were directors during the year and up to the date of this report are set out below Neither of the directors had any beneficial interests in the shares of the company or any UK group company at any time during the year

I Gilmour  
H C Snow

#### **Results and dividends**

The company's profit after taxation amounted to £491k (2006 £627k) No dividend was paid during the year (2006 nil) Retained profits carried forward are £6,913k (2006 £6,422k)

#### **Business Review**

Canada Life (U.K.) Limited is the parent company of a group of companies whose principal activity during the year was the provision of fund management and management services to other group companies, refer to Note 7

During 2007 the company benefited from an increase in the carrying value of its subsidiary companies of £13k (2006 £105k)

During the year the company received a preference share dividend of £230k (2006 £230k) from its investment in Canada Life Management (U K ) Limited

## **CANADA LIFE (U.K.) LIMITED**

### **Directors' report for the year ended 31 December 2007 (continued)**

#### **Principal risks, uncertainties and financial instruments**

The financial assets and liabilities of the company represent minimal exposure to financial risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The company has no third-party debtors

The company does not use derivative financial instruments.

#### **Directors' indemnities**

Canada Life Financial Corporation has made qualifying third-party indemnity provisions for the benefit of its directors which were made in 2003, have been in force throughout the year, and remain in force at the date of this report.

#### **Auditors**

Each of the persons who is 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 auditors are unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and shall be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors. In accordance with Section 379A of the Companies Act 1985 (as inserted by Section 116 of the Companies Act 1989) the company dispensed with the obligation to appoint independent auditors annually

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



I Gilmour  
**Director**

17 October 2008

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## **CANADA LIFE (U.K.) LIMITED**

### **Report and financial statements for the year ended 31 December 2007**

#### **Statement of Directors' Responsibilities**

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 chosen to prepare accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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 proper accounting records which 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 1985. 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.

## **CANADA LIFE (U.K.) LIMITED**

### **Independent auditors' report to the members of Canada Life (U.K.) Limited**

We have audited the financial statements of Canada Life (U.K.) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

## **CANADA LIFE (U.K.) LIMITED**

### **Independent auditors' report to the members of Canada Life (U.K.) Limited (continued)**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

*Deloitte & Touche LLP*

#### **Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
London, United Kingdom

17 October 2008

## CANADA LIFE (U.K.) LIMITED

### Profit and Loss Account for the year ended 31 December 2007

	Notes	2007 £'000	2006 £'000
Administrative expenses		(10)	(9)
Income from shares in group undertakings	5	13	105
Interest receivable		616	743
Interest payable		(22)	(89)
<b>Profit on ordinary activities before taxation</b>	<b>2</b>	<b>597</b>	<b>750</b>
Tax on profit on ordinary activities	6	(106)	(123)
<b>Profit on ordinary activities after taxation</b>		<b>491</b>	<b>627</b>

The company has no recognised gains or losses other than as stated in the profit and loss account for the current or the preceding year and hence no statement of total recognised gains and losses is presented. All activities are continuing.

# CANADA LIFE (U.K.) LIMITED

## Balance Sheet at 31 December 2007

	Notes	2007 £'000	2006 £'000
<b>Fixed Assets</b>			
Investments	7	964	951
<b>Current Assets</b>			
Debtors	8	97	-
Cash at bank and in hand		6,244	6,132
		<u>6,341</u>	<u>6,132</u>
<b>Creditors: Amounts falling due within one year</b>	9	(106)	(271)
<b>Net current assets</b>		<u>6,235</u>	<u>5,861</u>
<b>Total assets less current liabilities</b>		<u>7,199</u>	<u>6,812</u>
<b>Provisions for liabilities and charges</b>	10	(286)	(390)
		<u>6,913</u>	<u>6,422</u>
<b>Capital and Reserves</b>			
Called up share capital	11, 12	-	-
Profit and loss account	12	6,913	6,422
		<u>6,913</u>	<u>6,422</u>
<b>Shareholders' funds – equity interests</b>	12	<u>6,913</u>	<u>6,422</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by.



I Gilmour  
Director

17 October 2008

## **CANADA LIFE (U.K.) LIMITED**

### **Notes to the financial statements for the year ended 31 December 2007**

#### **1 Principal accounting policies**

##### **Basis of presentation**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The particular accounting policies adopted by the directors are described below.

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 228 of the Companies Act 1985.

##### **Cash flow statement**

Advantage has been taken of the exemption under the revised FRS 1, Cash Flow Statements, not to present a cash flow statement. The subsidiary is consolidated within the Great-West Lifeco Inc group of companies and ultimately 100% controlled by Power Corporation of Canada. The consolidated financial statements in which the subsidiary undertakings are included are publicly available (see Note 13).

##### **Transactions with related parties**

Advantage has been taken under FRS 8, Related Party Disclosures, not to disclose transactions between entities, 100% of whose voting rights are controlled by Great-West Lifeco Inc and ultimately by Power Corporation of Canada.

##### **Income from shares in group undertakings**

Income from shares in group undertakings comprises ordinary share dividends received from subsidiary undertakings, and the movement in the carrying value of subsidiary undertakings.

##### **Valuation of investments**

Investments in subsidiary undertakings are included in the balance sheet at the lower of cost and net asset value.

##### **Current taxation**

Current taxation, including UK corporation tax, is provided at amounts expected to be paid or recovered using the tax rates applicable to the relevant financial years.

##### **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 tax.

## **CANADA LIFE (U.K.) LIMITED**

### **Notes to the financial statements for the year ended 31 December 2007**

#### **2 Operating profit**

Operating profit is after charging

	2007 £	2006 £
Auditors' remuneration in respect of fees payable for the audit of the company's annual accounts	8,201	4,147

#### **3 Employee information**

There were no persons (including directors) employed by the company during the year (2006 nil)

#### **4 Directors' emoluments**

None of the directors received remuneration for their services as directors of the company (2006 nil)

#### **5 Income from shares in group undertakings**

	2007 £'000	2006 £'000
Reversal of investment impairment	13	105

## CANADA LIFE (U.K.) LIMITED

### Notes to the financial statements for the year ended 31 December 2007

#### 6 Tax on profit on ordinary activities

	2007 £'000	2006 £'000
UK corporation tax at 30% (2006 30%) based on the profit for the year	<u>106</u>	<u>123</u>
Reconciliation of tax charge for the year		
Profit on ordinary activities before taxation	<u>597</u>	<u>750</u>
Corporation tax at 30% thereon	179	225
Non-assessable dividends	(69)	(69)
Movements in asset values	(4)	(31)
Prior year adjustment	<u>-</u>	<u>(2)</u>
	<u>106</u>	<u>123</u>

The company has capital losses and schedule A losses carried forward in excess of £20m (2006. £20m) A deferred tax asset has not been recognised in respect of these losses as the directors do not believe that there will be suitable taxable profits from which these losses can be deducted

## CANADA LIFE (U.K.) LIMITED

### Notes to the financial statements for the year ended 31 December 2007

#### 7 Investments

During the year the company owned the whole of the issued share capital of the following undertakings, all of which are incorporated in Great Britain and registered in England and Wales except where otherwise stated

	<u>Country of residence</u>	<u>Class of shares</u>	<u>Business type</u>
Albany Life Assurance Company Limited	England	Ordinary	Life Assurance – dormant from 5 November 1999
Canada Life Fund Managers (U K ) Limited	England	Ordinary	Fund management
Canada Life Services (U K ) Limited	England	Ordinary	Management Services
Canada Life Holdings (U K ) Limited	England	Ordinary	Management Services
Canada Life Management (U K ) Limited	England	Ordinary and 9% redeemable preference	Management Services
Canada Life Group Services (U K ) Limited	England	Ordinary	Management Services

The investment in subsidiary undertakings is as follows

		£'000
Cost	At 1 January 2007	145,960
	At 31 December 2007	145,960
Provision	At 1 January 2007	145,009
	Adjustment during year	(13)
	At 31 December 2007	144,996
Net Book Value	At 31 December 2007	964
Net Book Value	At 31 December 2006	951

## CANADA LIFE (U.K.) LIMITED

### Notes to the financial statements for the year ended 31 December 2007

#### 8 Debtors: Amounts due within one year

	2007 £'000	2006 £'000
Amounts owed by group undertakings	<u>97</u>	<u>-</u>
	<u>97</u>	<u>-</u>

#### 9 Creditors: Amounts falling due within one year

	2007 £'000	2006 £'000
Amounts owed to group undertakings	-	147
Corporation tax	<u>106</u>	<u>124</u>
	<u>106</u>	<u>271</u>

#### 10 Provisions for liabilities and charges

	2007 £'000	2006 £'000
Provision for abandoned premises at 1 January	390	573
Utilisation of provision	(77)	(113)
Release of provision	<u>(27)</u>	<u>(70)</u>
Provision for abandoned premises at 31 December	<u>286</u>	<u>390</u>

The provision for abandoned premises represents the shortfall between the commitment to rent payable and either the rent receivable (where the property has been sub-let) or the directors' estimate of the rent which may be obtained (where the property remains vacant). The provision assumes that present rentals payable or receivable will continue to the end of the lease term

## CANADA LIFE (U.K.) LIMITED

### Notes to the financial statements for the year ended 31 December 2007

#### 11 Called up share capital

	2007 £	2006 £
<b>Authorised:</b>		
60,308,411 (2006. 60,308,411) ordinary shares of £1 each	<u>60,308,411</u>	<u>60,308,411</u>
<b>Allotted, called up and fully paid:</b>		
100 (2006. 100) ordinary shares of £1 each	<u>100</u>	<u>100</u>

#### 12 Reconciliation of movements in shareholders' funds

	Ordinary share capital £'000	Profit and loss account £'000	Total 2007 £'000	Total 2006 £'000
Shareholders' funds at beginning of the year	-	6,422	6,422	5,795
Profit for the year after taxation	-	491	491	627
Shareholders' funds at end of the year	<u>-</u>	<u>6,913</u>	<u>6,913</u>	<u>6,422</u>

#### 13 Parent undertaking and controlling party

At the balance sheet date the ultimate parent company, which is also the parent company of the largest group of companies for which group financial statements are drawn up and of which the company is a member, Power Corporation of Canada, is incorporated in Canada. In the directors' opinion Power Corporation of Canada is the controlling party. The parent of the smallest group was The Canada Life Group (U K) Limited, a company registered in England and Wales. The immediate parent company is Canada Life Limited.

Copies of the group financial statements for both The Canada Life Group (U K) Limited and Power Corporation of Canada can be obtained from the company's registered office.