

CANADA LIFE (U.K.) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**



CANADA LIFE (U.K.) LIMITED

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CANADA LIFE (U.K.) LIMITED

Directors and Advisers

Directors

I Gilmour
H C Snow

Company Secretary

Vacant

Registered Office

Canada Life Place
Potters Bar
Hertfordshire
EN6 5BA

Registered Number

1165737

Auditors

Deloitte LLP
London

CANADA LIFE (U.K.) LIMITED

Directors' Report for the year ended 31 December 2009

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 2009

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:

I Gilmour
H C Snow

Results and dividends

The company's profit after taxation amounted to £1,058k (2008: £7,059k). No dividend was paid during the year (2008: nil). Retained profits carried forward are £15,030k (2008: £13,972k).

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 2009 the company received a dividend from Canada Life Fund Managers (U K) Limited of £923k. The carrying value of its subsidiary companies increased by £19k (2008: reduced by £606k). The company also received interest income of £226k.

The company is a wholly owned subsidiary of Canada Life Financial Corporation (incorporated in Canada). Canada Life Financial Corporation manages its operations on a divisional basis.

The performance of the European division of Canada Life Financial Corporation (CLFC), which includes Canada Life Limited, is discussed in the Annual Report of CLFC which does not form part of this report. The complete Annual Report of CLFC is available at www.canadalife.com.

CANADA LIFE (U.K.) LIMITED

Directors' Report for the year ended 31 December 2009 (continued)

Business review (continued)

The directors believe that an understanding of the development, performance and position of the business is more useful when viewed on the same basis as that used to manage operations, and reference should be made to key performance data included within the Annual Report of CLFC

Principal risks, uncertainties and financial instruments

Financial risks are the principal risks of the company. 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

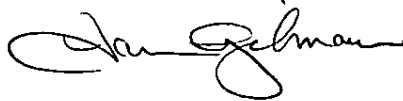
Each of the persons who is director at the date of approval of this report confirms that:

- (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 s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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



I Gilmour

Director

Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA

Date 2 June 2010

CANADA LIFE (U.K.) LIMITED

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, 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.

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 2009 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 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 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

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors'.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

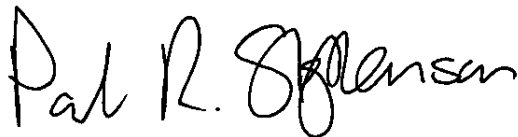
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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



Paul Stephenson BA ACA (Senior Statutory Auditor)
For and behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
Date 2 June 2010

CANADA LIFE (U.K.) LIMITED

Profit and Loss Account for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Administrative expenses		(5)	(10)
Income from shares in group undertakings	5	942	6,708
Interest receivable		173	517
Interest payable		(7)	(16)
Operating profit and profit on ordinary activities before taxation	2	1,103	7,199
Tax on profit on ordinary activities	6	(45)	(140)
Profit on ordinary activities after taxation		1,058	7,059

All amounts derive from continuing operations

The notes on pages 10 to 14 form an integral part of these financial statements

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

CANADA LIFE (U.K.) LIMITED

Balance Sheet at 31 December 2009

	Notes	2009 £'000	2008 £'000
Fixed Assets			
Investments	7	377	358
Current Assets			
Debtors	8	-	1,964
Cash at bank and in hand		14,942	11,846
		<u>14,942</u>	<u>13,810</u>
Creditors: Amounts falling due within one year	9	(238)	(140)
Net current assets		<u>14,704</u>	<u>13,670</u>
Total assets less current liabilities		<u>15,081</u>	<u>14,028</u>
Provisions for liabilities and charges	10	(51)	(56)
		<u>15,030</u>	<u>13,972</u>
Capital and Reserves			
Called up share capital	11, 12	-	-
Profit and loss account	12	15,030	13,972
		<u>15,030</u>	<u>13,972</u>
Shareholders' funds – equity interests		<u>15,030</u>	<u>13,972</u>

The notes on pages 10 to 14 form an integral part of these financial statements.

The financial statements of Canada Life (U K) Limited (registered number 1165737) were approved and authorised for issue by the Board of Directors and were signed on its behalf by



I Gilmour

Director

Date 2 June 2010

CANADA LIFE (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2009

1 Principal accounting policies

Basis of preparation

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 400 of the Companies Act 2006.

The Directors' Report outlines the company's activities, performance, principal risks, uncertainties and financial risk management objectives. 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, they continue to adopt the going concern basis in preparing the financial statements.

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, preference share redemptions and the movement in the carrying value of subsidiary undertakings.

Fixed asset 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 2009

2 Operating profit

Operating profit is after charging

	2009 £	2008 £
Auditors' remuneration in respect of fees payable for the audit of the company's annual accounts	<u>3,000</u>	<u>8,611</u>

3 Employee information

There were no persons (including directors) employed by the company during the year (2008 nil)

4 Directors' emoluments

The directors of this company have served during the year as directors of fellow subsidiaries. This remuneration was incurred by CLFIS (UK) Limited, a fellow subsidiary of The Canada Life Group (UK). The directors do not believe that it is possible to apportion the total remuneration between their services as directors of the company and their services as directors of entities whose businesses form part of the group. Accordingly the whole remuneration for the year is disclosed in the accounts of CLFIS (UK) Limited.

5 Income from shares in group undertakings

	2009 £'000	2008 £'000
Dividends received from group undertakings	923	4,111
Preference shares redeemed in group undertakings	-	2,550
Reversal of investment impairment	19	47
	<u>942</u>	<u>6,708</u>

CANADA LIFE (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2009

6 Tax on profit on ordinary activities

	2009 £'000	2008 £'000
UK corporation tax at 28% (2008 28.5%) based on the profit for the year	<u>45</u>	<u>140</u>
Reconciliation of tax charge for the year		
Profit on ordinary activities before taxation	<u>1,103</u>	<u>7,199</u>
Corporation tax at 28% (2008 28.5%) thereon	308	2,052
Non-assessable dividends	(258)	(1,172)
Movements in asset values	<u>(5)</u>	<u>(740)</u>
	<u>45</u>	<u>140</u>

The company has capital losses and schedule A losses carried forward in excess of £20m (2008 £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.

7 Investments

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

	<u>Business type</u>
Albany Life Assurance Company Limited	Dormant
Canada Life Fund Managers (U K) Limited	Fund management
Canada Life Services (U K.) Limited	Dormant
Canada Life Holdings (U K) Limited	Dormant
Canada Life Management (U K) Limited	Dormant
Canada Life Group Services (U K) Limited	Management Services

The investment in subsidiary undertakings is as follows

		£'000
Cost	At 1 January 2009	<u>145,307</u>
	At 31 December 2009	<u>145,307</u>
Provision	At 1 January 2009	144,949
	Provision for the year	(19)
	At 31 December 2009	<u>144,930</u>
Net Book Value	At 31 December 2009	<u>377</u>
Net Book Value	At 31 December 2008	<u>358</u>

CANADA LIFE (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2009

8 Debtors: amounts due within one year

	2009 £'000	2008 £'000
Amounts owed by group undertakings	-	1,964
	<u>-</u>	<u>1,964</u>

9 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	193	-
Corporation tax	45	140
	<u>238</u>	<u>140</u>

10 Provisions for liabilities and charges

	2009 £'000	2008 £'000
Provision for abandoned premises at 1 January	56	286
Utilisation of provision	(10)	(97)
Increase to provision	5	-
Release of provision	-	(133)
Provision for abandoned premises at 31 December	<u>51</u>	<u>56</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

11 Called up share capital

	2009 £	2008 £
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

CANADA LIFE (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2009

12 Reconciliation of movements in shareholders' funds

Shareholders' funds	Ordinary Share capital £'000	Profit and loss account £'000	Total 2009 £'000	Total 2008 £'000
At beginning of the year	-	13,972	13,972	6,913
Profit for the year after taxation	-	1,058	1,058	7,059
At end of the year	<u>-</u>	<u>15,030</u>	<u>15,030</u>	<u>13,972</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.