

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

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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Registered Number: 01165737

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

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

## **Directors and Advisers**

### **Directors**

D Brown  
H Snow  
N Glover

### **Company Secretary**

Vacant

### **Registered Office**

Canada Life Place  
Potters Bar  
Hertfordshire  
EN6 5BA

### **Registered Number**

01165737

### **Auditor**

Deloitte LLP  
London

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

### **Strategic Report for the year ended 31 December 2013**

Canada Life (U.K.) Limited (“the Company”) 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. The directors continue to review the operations of the Company with a view to its future development.

On 28 November 2013 the Company invested £10m in Open-ended Investment Company (“OEIC”) investments. During the year the company recognised unrealised gains of £47k (2012: £nil) relating to its OEIC holding, the carrying value of its subsidiary companies increased by £4k (2012: increased by £6k) and it received no dividends from its subsidiary undertakings (2012: received dividends of £1,647k). The company also received interest income of £70k (2012: £96k).

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

The performance of the European division of CLFC, which includes the Company, is discussed in the 2013 Management’s Discussion and Analysis report of CLFC which does not form part of this report. The complete Management’s Discussion and Analysis report of CLFC is available at [www.canadalifefinancial.com](http://www.canadalifefinancial.com).

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.

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The Company is exposed to credit risk as a result of its OEIC holding. To mitigate credit risk the holding is in a regulated vehicle with strong client protections. Investing in a diverse portfolio reduces the impact from individual holdings defaulting.

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

### **Strategic Report for the year ended 31 December 2013 (continued)**

#### **Principal risks, uncertainties and financial instruments (continued)**

Market risk is the risk of loss arising from changes in the values of, or income from, assets or in interest or exchange rates. A risk of loss also arises from changes in the volatility of asset prices, interest rates or exchange rates. The Company is exposed to price risk as a result of its holdings in OEIC investments however it operates mitigation techniques in respect of this risk. The OEIC holding, which is a portfolio of other funds, has a defined investment policy and allocation to underlying funds. This allocation is monitored in order to ensure compliance with exposure limits and in addition there are daily controls over the holdings of the underlying investment funds held by the OEIC.

The company does not use derivative financial instruments.

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



D Brown

**Director**

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

Date: 29 August 2014

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

### **Directors' Report for the year ended 31 December 2013**

The directors of Canada Life (U.K.) Limited present their annual report together with the audited financial statements for the year ended 31 December 2013.

#### **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. The directors continue to review the operations of the company with a view to its future development.

#### **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	Resigned 22 May 2014
H C Snow	
N J Glover	Appointed 25 July 2013
D Brown	Appointed 1 June 2014

#### **Results and dividends**

The company's profit after taxation amounted to £100k (2012: £1,720k). No dividend was paid during the year (2012: nil). Retained profits carried forward are £17,735k (2012: £17,635k).

#### **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.

#### **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 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 auditor is aware of that information.

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

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

## **Directors' Report for the year ended 31 December 2013 (continued)**

### **Auditor (continued)**

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 auditor in the absence of an Annual General Meeting.

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

A handwritten signature in black ink, appearing to read 'D Brown', with a stylized, flowing script.

**D Brown**

**Director**

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

Date: 29 August 2014

## **CANADA LIFE (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). 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 judgements 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 AUDITOR'S 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 2013, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2013 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S 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.



Mark McQueen (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, U.K.

Date: 29/5/2014 .....

## CANADA LIFE (U.K.) LIMITED

### Notes to the financial statements for the year ended 31 December 2013

#### Profit and Loss Account for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Investment income	5	51	1,653
Administrative expenses		(6)	(6)
Interest receivable		70	96
Interest payable		-	(1)
<b>Operating profit and profit on ordinary activities before taxation</b>	<b>2</b>	<b>115</b>	<b>1,742</b>
Tax on profit on ordinary activities	6	(15)	(22)
<b>Profit on ordinary activities after taxation</b>		<b>100</b>	<b>1,720</b>

All amounts derive from continuing operations.

The notes on pages 12 to 17 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

## Notes to the financial statements for the year ended 31 December 2013

### Balance Sheet at 31 December 2013

	Notes	2013 £'000	2012 £'000
<b>Fixed Assets</b>			
<b>Investments</b>			
Investments in subsidiary undertakings	7	410	406
Other financial investments	8	10,047	-
<b>Current Assets</b>			
Debtors	9	-	1
Cash at bank and in hand		7,306	17,269
		<u>7,306</u>	<u>17,270</u>
<b>Creditors: Amounts falling due within one year</b>	10	(18)	(22)
<b>Net current assets</b>		<u>7,288</u>	<u>17,248</u>
<b>Total assets less current liabilities</b>		<u>17,745</u>	<u>17,654</u>
<b>Provisions for liabilities and charges</b>	11	(10)	(19)
		<u>17,735</u>	<u>17,635</u>
<b>Capital and Reserves</b>			
Called up share capital	12, 13	-	-
Profit and loss account	13	17,735	17,635
		<u>17,735</u>	<u>17,635</u>
<b>Shareholders' funds – equity interests</b>		<u>17,735</u>	<u>17,635</u>

The notes on pages 12 to 18 form an integral part of these financial statements.

The financial statements of Canada Life (U.K.) Limited (registered number 01165737) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



D Brown

**Director**

Date: 29 August 2014

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

### **Notes to the financial statements for the year ended 31 December 2013**

#### **Principal accounting policies**

##### **Basis of preparation**

The financial statements are prepared 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 consolidated financial statements in which this company is included are publicly available and copies of the group financial statements for both Canada Life Capital Corporation Inc. and Power Corporation of Canada can be obtained from the company's registered office.

The Strategic 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 14).

##### **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.

##### **Investment income**

Investment income comprises unrealised gains relating to the Company's investments, ordinary share dividends received from subsidiary undertakings and the movement in the carrying value of subsidiary undertakings.

##### **Investment in subsidiary undertakings**

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

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

### **Notes to the financial statements for the year ended 31 December 2013**

#### **Principal accounting policies (continued)**

##### **Other financial investments**

Other financial investments is comprised of units in an Open-ended Investment Company (“OEIC”) valued at fair value through profit and loss.

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 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.

Unrealised investment gains and losses are calculated as the difference between the valuation at the balance sheet date and their valuation at the last balance sheet date or purchase price, if acquired during the year. Unrealised gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years, which have been realised during the year and are reported as realised gains and losses in the current profit and loss account. All investment gains and losses arising in relation to other financial investments are recognised in the profit and loss account.

No “Other financial investments” of the Company are considered impaired.

##### **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 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 on a discounted basis 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.

## CANADA LIFE (U.K.) LIMITED

### Notes to the financial statements for the year ended 31 December 2013

#### 2 Operating profit

Operating profit is after charging:

	2013 £'000 £	2012 £'000 £
Auditor's remuneration in respect of fees payable for the audit of the company's annual accounts	<u>4</u>	<u>3</u>

#### 3 Employee information

There were no persons (including directors) employed by the company during the year (2012: none). All staff employment contracts are with CLFIS (UK) Limited, a fellow subsidiary of The Canada Life Group (UK) Limited. The associated costs are recharged back to the company, where appropriate.

#### 4 Directors' emoluments

The directors of this company have served during the year as directors of fellow subsidiaries and their remuneration was incurred by CLFIS (UK) Limited, a fellow subsidiary of The Canada Life Group (UK) Limited. The duties of the directors in relation to this company consist principally of attending board meetings and hence the total remuneration apportioned to this company is £nil. Accordingly the whole remuneration for the year is disclosed in the accounts of CLFIS (UK) Limited.

#### 5 Investment income

	2013 £'000	2012 £'000
Unrealised gains from financial assets held at fair value through profit and loss	47	-
Dividends received from group undertakings	-	1,647
Reversal of investment impairment	<u>4</u>	<u>6</u>
	<u>51</u>	<u>1,653</u>

## CANADA LIFE (U.K.) LIMITED

### Notes to the financial statements for the year ended 31 December 2013

#### 6 Tax on profit on ordinary activities

	2013 £'000	2012 £'000
UK corporation tax at 23.25% (2012: 24.5%) based on the profit for the year	<u>15</u>	<u>22</u>
Reconciliation of tax charge for the year		
Profit on ordinary activities before taxation	<u>115</u>	<u>1,742</u>
Corporation tax at 23.25% (2012: 24.5%) thereon	27	427
Non-assessable dividends	-	(404)
Movements in asset values	<u>(12)</u>	<u>(1)</u>
	<u>15</u>	<u>22</u>

Under the provisions of the Finance Act 2013, the rate of corporation tax reduced to 21% from 1 April 2014 and will reduce again to 20% from 1 April 2015. As a consequence, the tax expense as a percentage of pre-tax profits is expected to be lower in future periods.

The company has unutilised tax losses of £17.2m as at the end of the year (2012: £17.2m) which arose in respect of a prior year disposal of an investment in a subsidiary undertaking to a related company within the Power Corporation of Canada group. The loss may be utilised against a gain on the disposal of certain types of investment to that same related company. The company has not recognised deferred tax of £3,430,600 in relation to this item at the end of the year (2012: £3,956,000). The accounts have been prepared on the basis that the £47,000 unrealised gain on financial assets recognised in the profit and loss account for the year will be available for offset against these tax losses on the eventual disposal of these assets. The tax expense in future years as a percentage of pre-tax profits is expected to reflect the availability of these tax losses against future recognised gains on these and other financial assets.



# CANADA LIFE (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2013

### 7 Investments in subsidiary undertakings

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:

		<b>£'000</b>
Cost :	At 1 January 2013	145,307
	At 31 December 2013	<u>145,307</u>
Provision :	At 1 January 2013	144,901
	Provision for the year	(4)
	At 31 December 2013	<u>144,897</u>
Net Book Value:	At 31 December 2013	<u>410</u>
Net Book Value:	At 31 December 2012	<u>406</u>

### 8 Other financial investments

	<b>2013 £'000</b>	<b>2012 £'000</b>
Financial assets designated at fair value through profit and loss on initial recognition – shares and other variable yield securities and units in unit trusts	10,047	-
	<u>10,047</u>	<u>-</u>

### 9 Debtors: Amounts due within one year

	<b>2013 £'000</b>	<b>2012 £'000</b>
Amounts owed by group undertakings	-	1
	<u>-</u>	<u>1</u>

# CANADA LIFE (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2013

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

	2013 £'000	2012 £'000
Amounts owed to group undertakings	3	-
Corporation tax	15	22
	<u>18</u>	<u>22</u>

### 11 Provisions for liabilities and charges

	2013 £'000	2012 £'000
Provision for abandoned premises at 1 January	19	29
Utilisation of provision	(9)	(10)
Provision for abandoned premises at 31 December	<u>10</u>	<u>19</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.

### 12 Called up share capital

	2013 £'000	2012 £'000
<b>Allotted, called up and fully paid:</b>		
100 ordinary shares of £1 each	<u>-</u>	<u>-</u>

## CANADA LIFE (U.K.) LIMITED

### Notes to the financial statements for the year ended 31 December 2013

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

	<b>Ordinary Share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total 2013 £'000</b>	<b>Total 2012 £'000</b>
Shareholders' funds:				
At beginning of the year	-	17,635	17,635	15,915
Profit for the year after taxation	-	100	100	1,720
At end of the year	<u>-</u>	<u>17,735</u>	<u>17,735</u>	<u>17,635</u>

#### 14 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 of which the company is a member was Canada Life Capital Corporation Inc. a company incorporated in Canada. The immediate parent company is Canada Life Limited.

Copies of the group financial statements for both Canada Life Capital Corporation Inc. and Power Corporation of Canada can be obtained from the company's registered office.