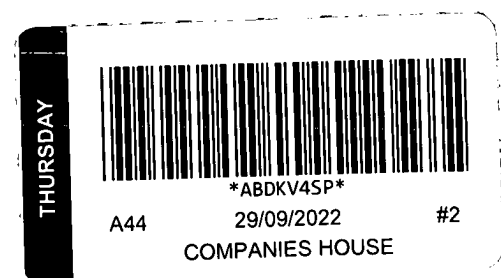


Legal & General Resources Limited
Report and Accounts
Year ended 31 December 2021



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Strategic Report

Legal & General Resources Limited
Report and Accounts 2021

Principal activities

Legal & General Resources Limited ('the Company') is a wholly owned subsidiary of Legal & General Group Plc ('the parent company'), which is also its ultimate parent company. The principal activities of the Company are the provision of staff to companies within the Legal & General group ('the Group'), acting on behalf of the Group as a contracting company with third party suppliers and as a sponsoring company for the Group's two defined benefit pension schemes and Employee Share Ownership Trust ('ESOT'). The ESOT purchases ordinary shares in Legal & General Group Plc from the market and holds such shares for delivery to employees under various employee share schemes operated by the Group. The Company's registered office is One Coleman Street, London, EC2R 5AA, United Kingdom. It is registered in England and Wales under company registration number 02334263 and domiciled in the UK.

Review of the business

The Company's main source of income is service fee revenue generated from recharging employee and other costs to companies within the Group. Profit on ordinary activities before tax includes interest income from an intra-group loan and costs relating to the defined benefit pension schemes.

The Company is a sponsoring employer of the Group's two defined benefit pension schemes in the UK ('the Schemes'). The Balance Sheet includes a liability for employee benefit obligations of £1,020m (2020: £1,138m) and annuity assets backing the pensions liabilities of £991m (2020: £1,051m). Changes in the schemes' deficits and annuity assets are recognised in the Statement of Comprehensive Income. As a consequence of including the overall pension schemes' deficit, the Company has net liabilities of £19m (2020: £68m). In order to ensure that the Company can continue to operate as a going concern, the directors have received confirmation that the parent company intends to support the Company, as explained in Note 19.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are the risks arising as a sponsoring employer of defined benefit schemes and sponsoring company for the Group's ESOT as well as operational, regulatory and liquidity risk. The Company is not considered subject to any significant credit risk as it only provides services to other Group companies. A review of the exposure to these risks and the management framework is detailed in Note 19.

2022 has seen a range of geopolitical risks come to the fore, with the potential for significant disruption to global economic activity. We are carefully monitoring the impacts for our businesses from a range of geopolitical scenarios and to ensure we remain financially and operationally resilient to adverse events.

Key performance indicators

The directors consider the following to be the key performance indicators:

Profit/ (loss) on ordinary activities before taxation – £14m (2020 restated: £19m) - This measures the profit or loss in a single period before deducting tax.

Shareholder funds - £19m liability (2020: £68m liability) - This represents the capital of the Company and losses that have been retained by the business.

Actuarial gain/ (loss) on defined benefit pension schemes - £33m (2020: £(159)m) - This measures changes in the defined benefit pension deficit resulting from experience adjustments and changes in actuarial assumptions.

Actuarial gain/ (loss) on annuity assets - £(73)m (2020 restated: £87m) – This measures changes in the annuity assets resulting from experience adjustments and changes in actuarial assumptions.

Details of the Group's key performance indicators can be found in the Group's published financial statements.

By Order of the Board

DocuSigned by:

Andrew Fairhurst

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A. D. Fairhurst

For and on behalf of Legal & General Co Sec Limited

Company Secretary

29 September 2022

Directors' Report

Legal & General Resources Limited
Report and Accounts 2021

The Board of Legal & General Resources Limited ("the Company") considers that it has adhered to the requirements of section 172 of the Companies Act 2006 and has, in good faith, acted in a way that it considers would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so, has had regard to, and recognised, the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Act) in its decision-making.

As part of the wider Legal & General Group (the "Group"), taking into account the relative size and complexity of the Company and centralised nature of the Group, the Board may consider it reasonable for decision making to be handled by the Group Board. In such cases, this will be articulated in the Statement and reference provided to the Group's Annual Report & Accounts for the year ended 2021 ('Group Annual Report & Accounts').

The Company's s.172 statement provides details of key stakeholder engagement undertaken by the Board during the year and how this helps the Board to factor potential impacts on stakeholders in the decision-making process. Additional details of the Group's key stakeholders and why they are important to us are set out in the Group's Annual Report & Accounts, which can be found here: www.legalandgeneralgroup.com/investors/results-reports-and-presentations.

General

The Group promotes the highest standards of governance and ensures that these standards cascade throughout the Group and its subsidiaries. Guiding principles are in place for the relationship between the Group Board and the Boards of the Group's principal subsidiaries. This framework promotes full and effective interaction across all levels of the Group to support the delivery of strategy and business objectives within a framework of best corporate governance practice. A full description of the Group's governance arrangements can be found in the Group Annual Report & Accounts.

Corporate governance underpins how we conduct ourselves as a Board, our culture, values, behaviours and how we do business. As a Board we are conscious of the impact that our business and decisions have on our direct stakeholders, as well as our wider societal impact.

As part of the director induction process, directors are briefed on their duties, including their duty under s.172 of the Companies Act 2006. The directors are entitled to request from the Company all such information they may reasonably require in order to be able to perform their duties as directors, including professional advice from either the Company Secretary or from an independent advisor at the Company's expense. On-going training is provided to the directors, as required, to ensure that their knowledge remains up to date and they continue to be able to discharge their duties as directors.

Stakeholder considerations are embedded in the decision-making of the Board and all key decision making forums throughout the Group. As part of the paper submissions, all Group and subsidiary board papers must demonstrate that any potential impacts to stakeholders have been considered. Details of the potential impacts to our key stakeholders are included in the cover sheet for each Group and subsidiary Board paper throughout the year, where relevant. For each transaction approved by the Board, including but not limited to material acquisitions and strategic expansion, discussion takes place in relation to the employee impact and impact on other stakeholders, such as customers. The Board seeks to understand the views, priorities and issues of each stakeholder group so that these can be carefully considered by the Board. Whilst not all decisions affect every stakeholder group, the Board endeavours to balance the sometimes, conflicting needs of its stakeholders, to ensure that all groups are treated consistently and fairly. Additionally, the Group or subsidiary Company Secretary is on hand to provide support to the Board in ensuring that sufficient consideration and time is given to stakeholder issues during these discussions.

Principal decisions

For the year ended 31 December 2021, the Board consider that the following are examples of principal decisions that it made in the period:

- Approved the transfer of Coll8 app from the Company to Legal & General Digital Solutions Limited
- Approved the establishment of the Relevant Life Mastertrust
- Approved Legal & General Resources Bermuda and Legal & General Reinsurance No.2 Limited accede to the Group Employee and Pass-Through Agreement (GEPTA)
- Approved the updated Legal & General Resources Limited Bank Mandate

The table below sets out our key stakeholders and provides examples of how we have engaged with them in the period, as well as demonstrating stakeholder consideration in the decision-making process.

Stakeholders Their Importance to us	The Board's approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
Shareholders Our shareholders are vital to the future success of our business, providing funds which aid business growth and the generation of sustainable returns.	Our ultimate shareholder is Legal & General Group Plc, whose shareholders are institutional and individual investors who own Legal & General shares or bonds. Performance metrics and updates are provided by the Board to our parent company, with subsidiary performance cascaded up the Group.	As a Board, we aim to provide clear information to our parent company and ultimate shareholders, being honest and transparent as to the performance of the business. Value is generated for shareholders by achieving the business plan, providing a sustainable, progressive dividend (where appropriate) and through share price performance of the ultimate shareholder, Legal & General Group Plc.
Customers Listening to our customers helps us to better understand their needs and provide suitable and reliable products and services.	Our Group teams are dedicated to making sure we constantly refine what we do – making customers feel confident that we're delivering our promises to them in everything we do.	The Company's principal activity is the employing company for the Group, with responsibilities including Health & Safety, CSR and Employee Engagement. As such, it has no external customers and therefore, the Board consider it appropriate that customer engagement and decision making is undertaken at Group level. However, a customer centric approach is maintained by the Board and is a key consideration in decisions made in relation to the Legal & General Master Trust, which the Board, as the main employer is responsible for overseeing.
Workforce Engaging with our people enables us to create an inclusive company culture and a positive working environment.	Engagement with employees through the Group-wide 'Voice Survey' continued. With the shift in focus from managing the Covid-19 pandemic towards planning for a post-lockdown future, we also engaged with our employees through our Future of Work surveys in March 2021. The surveys also provided insight into our employee's wellbeing and maintained an alignment with the Group's cultural values Following these surveys, action plans at Group, divisional and local level were devised and implemented. At a Group-level, we have a Designated Workforce Director on the Group Board who actively engages with employees and provides insights gained, as well as bringing together various mechanisms to enable better employee representation across the Group. These methods of engagement ensure that we continue to foster an inclusive and supportive working environment for our employees, thus ensuring the sustainability of the Company in the long term.	Our robust, well-embedded hybrid working solutions continued to keep employees engaged, working efficiently and servicing our customers effectively. Throughout the year, employee satisfaction scores and response rates from the Group 'Your Voice' survey remained strong and stable. To recognise the importance of mental and physical wellbeing to our employees, the Group's Chief Financial Officer, Jeff Davies, was named as executive sponsor for wellbeing. We continued to support our Mental Health First Aider network and promote employee access to wellbeing resources including our Employee Assistance Programme and Unmind mobile app, as well as introducing new wellbeing-focused training for line managers, a constituency we identified as key for promoting overall wellbeing. We also arranged virtual wellbeing and mindfulness sessions for employees led by individuals with personal experience, such as Fearn Cotton and Roman Kemp, our Wellbeing Ambassador. This year we launched a new menopause policy as a result of feedback from our employees about the need for better provision on this topic. The insights and data gathered from our Future of Work surveys, which was supplemented by stakeholder interviews and engagement with employee representatives, has helped inform our Group Executive Committee's planning for the post-Covid-19 working environment. As the Group's main employing entity, the Company's particular focus and decision making consideration relates to the workforce. The Chair of the Board is the Group HR Director.

Stakeholders Their Importance to us	The Board's approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
<p>Suppliers Interaction with our suppliers and treating our suppliers fairly allows us to drive high standards and reduce risk in our supply chain whilst also benefitting from cost efficiencies and generating positive outcomes for the environment and wider society.</p>	<p>As a Group we hold regular meetings with our key suppliers to ensure that risks are proactively managed and that our suppliers are up to date on latest developments and best practice. We strive to work with like-minded businesses, requiring suppliers to comply with our Supplier Code of Conduct. This safeguards the relationship and establishes standards that ensure suppliers operate ethically, are environmentally responsible and that their workers are treated with respect and dignity.</p> <p>A more detailed explanation of the activities undertaken at a Group level with our suppliers can be found in the Group Report & Accounts.</p>	<p>The Group Board joined the Supplier Diversity Council UK to take a lead role in progressing this important topic and help share the principles and toolkits needed. The Council meets regularly with the objective of raising awareness, sharing knowledge and looking at ways of helping to drive greater opportunity for small and diverse firms.</p> <p>Group Procurement is continuing to progress its five year transformation journey. Once finalised, this will include deployment of e-sourcing and supplier management tools which is anticipated to bring more granular analytics as well as digital sourcing capabilities.</p> <p>Our senior management team worked in collaboration with Stronger Together to deliver external workshops to over 40 suppliers in relation to human rights and spotting the signs of modern slavery. We have also delivered extensive training to promote awareness of this important topic.</p> <p>The Group CFO and the Board of Legal & General Resources Limited received regular Procurement updates throughout the year. This included updates on our journey in sustainable sourcing and supplier management.</p>
<p>Community / wider society Contributing positively to wider society enables us to create stronger communities and have a positive environmental impact.</p>	<p>Our purpose is to improve the lives of our customers, build a better society for the long term and create value for our shareholders. This inspires us to use our long-term assets in an economically and socially useful way to benefit everyone in our communities. Our approach to inclusive capitalism takes our belief in responsible behaviour and extends it into investing in communities and cities to change people's lives for the better.</p> <p>We use our own capital and our Policyholder's assets to make long term investments in real assets. This allows us to create value for shareholders, provide stability for pension customers and benefits communities right across the UK.</p> <p>The Group's full Corporate Responsibility Report can be found here: www.legalandgeneralgroup.com/csr</p>	<p>We use our own capital and our policyholder's assets to make long term investments in real assets. This allows us to create value for shareholders, provide stability for pension customers and benefit communities right across the UK.</p> <p>The Group Board have established a partnership with Sir Michael Marmot and the University College of London Institute of Health Equity in order to explore the specific role of business in addressing health inequity</p> <p>In April the Group Board joined the Glasgow Financial Alliance for Net Zero, a global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy.</p> <p>Sir Nigel Wilson, the Group CEO, became a member of the Prime Minister and Chancellor's Build Back Better Business Council which brings together a broad range of business leaders from across the whole British economy to work in partnership with the government in an effort to unlock investment and boost job creation.</p>

Further information on how the Legal & General Plc Group Board have engaged with stakeholders can be found in the Group s.172(1) statement, which can be found here: legalandgeneralgroup.com/investors/results-reports-and-presentations/.

Directors' Report

Legal & General Resources Limited
Report and Accounts 2021

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2021.

Statement of Corporate Governance Arrangements

Under the Companies (Miscellaneous Reporting) Regulations 2018, the Company has, as part of the wider Legal and General Group (the "Group"), applied the principles of the 2018 UK Corporate Governance Code (the "Code") as the standard against which we measure ourselves. In addition to the Group's full statement of compliance with the Code, a high level explanation of how the Company have applied these principles in practice during the year have been set out on page 8.

Future developments

The directors expect the Company to continue to carry out its principal activities, as defined in the Strategic Report, for the foreseeable future and do not anticipate any future developments within the Group to have a significant effect on the Company.

Directors

The directors of the Company, who were in office during the year and up to the date of signing the financial statements, are shown below:

E. M. Byron
E. Hardaker-Jones
K. S. Shaw
G. E. Stevens

Result for the year and dividend

The results of the Company are set out on page 13. The directors do not recommend the payment of a dividend (2020: £nil).

Going concern

No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors.

Directors' insurance

The parent company, Legal & General Group Plc, maintains an appropriate level of Directors' and Officers' liability insurance which is reviewed annually.

Directors' indemnities (£236 of the Companies Act 2006)

As permitted by Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains in force. The indemnity only applies to the extent permitted by law.

Modern slavery

The Group and its global subsidiaries recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free. Legal & General's full slavery statement can be found at legalandgeneralgroup.com.

Post balance sheet events

There were no adjusting or non adjusting post balance sheet events between 31 December 2021 and the approval of the report and accounts of the Company.

UK employees

It is the Company's policy to treat its employees without discrimination and to operate equal opportunity and employment practices designed to achieve this end. Furthermore, it is the Company's policy to give full and fair consideration to applications for employment made by disabled persons, to continue, wherever possible, the employment of staff who become disabled and to provide equal opportunities for the training and career development of disabled employees.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. Employees are remunerated with packages designed to align the interests of employees with those of shareholders, with an appropriate portion of total remuneration dependent on performance. Communication with all employees continues through the intranet and newsletters, briefing groups and the distribution of the Group's annual report.

Charitable donations

The Company did not make any charitable donations during the year (2020: £nil).

Political contributions

The Company did not make any political contributions during the year (2020: £nil).

Statement of Director's Responsibilities

Legal & General Resources Limited
Report and Accounts 2021

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditors

Each of the directors, who held office at the date the Directors' Report is approved, confirms that:

- a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board

DocuSigned by:

Andrew Fairhurst

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A. D. Fairhurst
For and on behalf of Legal & General Co Sec Limited
Company Secretary
29 September 2022

Statement of Corporate Governance Arrangements

Legal & General Resources Limited
Report and Accounts 2021

For the year ended 31 December 2021, under the Companies (Miscellaneous Reporting) Regulations 2018, Legal & General Resources Limited (the 'Company') has, as part of the wider Legal & General Group (the 'Group'), applied the principles of the new 2018 UK Corporate Governance Code (the 'Code') as the standard against which we measure ourselves.

The Group promotes the highest standards of governance and ensures that these standards cascade throughout the Group and its subsidiaries. Guiding principles are in place for the relationship between the Group Board and the Boards of the Group's principal subsidiaries. This framework promotes full and effective interaction across all levels of the Group to support the delivery of strategy and business objectives within a framework of best corporate governance practice. A full description of the Group's governance arrangements and application of the Code can be found in the Group Annual Report & Accounts, which can be found here: legalandgeneralgroup.com/investors/results-reports-and-presentations/.

In addition to the Group's full statement of compliance with the Code, the following is a high level explanation of how we have applied these principles in practice during the year:

Board leadership and company purpose

The Board's agenda is designed to address and achieve the Company's purpose, as articulated in the Strategic Report on page 2. It is set by the Chair, who also sits on the Group's Executive Committee, and deals with those matters relating to the principal activities of the Company as an employing company for the Group, contracting party for Group contractual arrangements, a sponsoring company of the Group's defined benefit pension schemes and main employer for the L&G Mastertrust.

There is a formal schedule of matters reserved for the Board, which sets out the structure under which the Board manages its responsibilities and provides guidance on how it discharges its authority and manages the Board's activities. Additionally, a protocol is in place that defines the working principles and relationships between the Group Board and the Company.

These measures together ensure that the Board engages effectively with and understands the views of its shareholder and the wider Group. Our governance framework means we have a robust decision making process and a clear framework within which decisions can be made and strategy can be delivered.

As the main employing and contracting company for the Group, the Company oversees key stakeholder engagement, including workforce surveys and suppliers' relationships, as described in the Company's s.172(1) Statement and Stakeholder Engagement on page 4. Further application of the Code for workforce engagement is achieved at Group level including through the work of the Group Designated Workforce Director. Further information on this work can be found in the Employee Engagement section of the Group Annual Report and Accounts.

Division of responsibilities

The Chair, as well as managing the meeting, encourages an open and constructive dialogue, inviting the views of all Board members and attendees. The Board comprises four executive directors and the Board's Matters Reserved include clearly defined statements of the Board's responsibilities, which are reviewed on an annual basis.

The Board has available to it the support and advice of General Counsel and Chief Risk Officer, and the Company Secretary, who is a standing invitee at all Board meetings, as well as access to independent advice at the expense of the Company.

Composition, succession, and evaluation

The directors assess the composition of the Board. In making recommendations for appointments, the Board will consider the balance of skills, experience and knowledge needed in order to enhance the Board and support the Company in the execution of its strategy and pursuance of the Company's wider purpose.

All Board appointments are subject to the approval of a sub-committee of the Group Nominations and Corporate Governance Committee, the involvement of whom represents a more effective means of ensuring orderly succession within the Group, by allowing concentration of knowledge, expertise and planning with regards to board and senior level succession.

Audit, risk and internal control

The Board sets the Company's risk appetite and annually reviews the effectiveness of the Company's risk management and internal control systems. The Board carries out a robust assessment of emerging and principal risks, details of which can be found in Note 19, Risk management and control, of the Notes to the Financial Statements.

Taking into account the relative size and complexity of the Company and centralised nature of the Group, the Board considers it appropriate that the Group Risk Committee are responsible for assessments of the Group's current risk profile and emerging risk factors. A description of principal risks faced by the Group and the processes in place to identify emerging risks can therefore be found in the Group Risk Committee Report in the Group Annual Report and Accounts. The key Group issues that impact the Company, as proposed by the Group Risk Committee, are clearly communicated to the Board so that the Board can consider such risks and manage or mitigate them where appropriate.

Remuneration

The Board consider it appropriate that the Group Remuneration Committee, which the Chair attends, be responsible for determining remuneration policies and practices and setting remuneration for all executive directors of Group companies. The application of the Code through a Group Remuneration Committee allows for harmonisation of remuneration packages across Group companies, such that clarity and simplicity of directors' remuneration packages are ensured. Further information and a description of the work done by the Group Remuneration Committee can be found in the Directors' Report on Remuneration in the Group Annual Report and Accounts.

Company number 02334263

Legal & General Resources Limited
Report and Accounts 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL RESOURCES LIMITED

Opinion

We have audited the financial statements of Legal & General Resources Limited ("the Company") for the year ended 31 December 2021 which comprise Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the significant accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- Whether a significant increase in the deficit of the schemes sponsored by the Company makes additional funding from the parent necessary that is not forthcoming
- the recall of amounts owed to group undertakings;

In the context of the Company's financial needs, we evaluated the Group's intent to support the Company through inspection of communications confirming the intention not to recall amounts borrowed by the Company. We evaluated the ability of the Group to provide this support, considering risks that could plausibly affect the Group's liquidity in the going concern period in severe, but plausible, downside scenarios against the level of available financial resources indicated by the Group's financial forecasts.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL RESOURCES LIMITED (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation, as to the Company's policies and procedures to prevent and detect fraud that apply to this group company, as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board minutes.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Company has simple revenue streams with limited complexity around revenue recognition. We did not identify any additional fraud risks.

We performed procedures including:

Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management or individuals who do not frequently post journals, those posted with descriptions containing key words or phrases, those posted to unusual accounts including those related to cash and post-closing journals meeting certain criteria.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: employment and pension legislation recognising the Company's role as an employer and sponsoring company for the defined benefit schemes. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL RESOURCES LIMITED (continued)*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information, which comprises the strategic report and the directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Company number 02334263

Legal & General Resources Limited
Report and Accounts 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL RESOURCES LIMITED (continued)

The purpose of our audit work and to whom we owe our responsibilities

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.

DocuSigned by:

Caroline Gilbertson

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Caroline Gilbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
29 September 2022

Company number 02334263

Legal & General Resources Limited
Report and Accounts 2021**Statement of Comprehensive Income**

For the year ended 31 December 2021

	Notes	2021 £m	Restated 2020 £m
Revenue	20/25/ 3	1,046.6	970.2
Cost of providing services	25	(1,033.5)	(931.5)
Gross profit		13.1	38.7
Administrative expenses		(20.8)	(28.1)
Other operating income	6	21.9	9.1
Operating profit	4	14.2	19.7
Finance cost		(0.5)	(0.7)
Profit on ordinary activities before taxation		13.7	19.0
Income tax	2G/7	(2.6)	(5.1)
Profit for the financial year		11.1	13.9
Other comprehensive income: Items that will not be reclassified to profit or loss			
Contributions to defined benefit plans made by other members	25	85.1	103.8
Actuarial gain / (loss) on defined benefit pension plans	2M/13	32.5	(158.6)
Actuarial gain / (loss) on annuity assets	2F/13	(73.4)	87.4
Tax on other comprehensive income	2G/7	(6.5)	(1.9)
Other comprehensive income/ (expense) for the year, net of tax		37.7	30.7
Total comprehensive income for the year		48.8	44.6

There were no gains or losses in the year other than those included in the above Statement of Comprehensive Income.

Refer to Note 25 for details of the 2020 restatement.

The notes on pages 16 to 31 are an integral part of these financial statements.

Company number 02334263

Legal & General Resources Limited
Report and Accounts 2021**Balance Sheet**

As at 31 December 2021

	Notes	2021 £m	Restated 2020 £m
Non-current assets			
Financial investments	2D/9	120.1	88.4
Property, plant and equipment	2E/16	12.7	16.8
Annuity assets	2F/13	990.6	1,051.0
Deferred tax asset	2G/8	7.5	16.6
Amounts due from group undertakings	2H/2S/10	73.3	73.3
Total non-current assets		1,204.2	1,246.1
Current assets			
Other receivables	2J/2S/11	131.4	122.4
Cash and cash equivalents	2K	6.5	(0.1)
Total current assets		137.9	122.3
Current liabilities			
Trade and other payables	2L/2S/12	(327.9)	(281.3)
Total current liabilities		(327.9)	(281.3)
Net current liabilities		(190.0)	(159.0)
Total assets less current liabilities		1,014.2	1,087.1
Non-current liabilities			
Employee benefit obligations	2M/13	(1,020.4)	(1,138.0)
Lease liabilities	2N/16	(13.0)	(17.1)
Net liabilities		(19.2)	(68.0)
Equity			
Share capital	15	-	-
Retained earnings		(19.2)	(68.0)
Total shareholders' funds		(19.2)	(68.0)

Refer to Note 2S for details of the 2020 restatement.

The notes on pages 16 to 31 are an integral part of these financial statements.

The financial statements on pages 13 to 15 were approved by the board of directors on 29 September 2022 and were signed on their behalf by:

DocuSigned by:

Grace Stevens

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G. E. Stevens
Director

DocuSigned by:

Emma Hardaker-Jones

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E. Hardaker-Jones
Director

Company number 02334263

Legal & General Resources Limited
Report and Accounts 2021**Statement of Changes in Equity**

	Share capital £m	Retained earnings £m	Total equity £m
As at 1 January 2021	-	(68.0)	(68.0)
Profit for the year	-	11.1	11.1
Contributions to defined benefit plans made by other members	-	85.1	85.1
Actuarial gain / (loss) on defined benefit plans	-	32.5	32.5
Actuarial gain / (loss) on annuity assets	-	(73.4)	(73.4)
Tax on other comprehensive income	-	(6.5)	(6.5)
Total comprehensive income for the year	-	48.8	48.8
As at 31 December 2021	-	(19.2)	(19.2)
As at 1 January 2020	-	(112.6)	(112.6)
Profit for the year, restated	-	13.9	13.9
Contributions to defined benefit plans made by other members, restated	-	103.8	103.8
Actuarial gain / (loss) on defined benefit plans	-	(158.6)	(158.6)
Actuarial gain / (loss) on annuity assets, restated	-	87.4	87.4
Tax on other comprehensive income, restated	-	(1.9)	(1.9)
Total comprehensive income for the year, restated	-	44.6	44.6
As at 31 December 2020	-	(68.0)	(68.0)

Refer to Note 25 for details of the 2020 restatement.

Notes to the Financial Statements

Legal & General Resources Limited
Report and Accounts 2021

1. General information

Legal & General Resources Limited ('the Company') provides staff to companies within the Legal & General group ('the Group'), acts on behalf of the Group as a contracting company with third party suppliers, is a sponsoring company for the Group's two defined benefit pension schemes, and is the sponsoring company of the Employee Share Ownership Trust ('the ESOT').

The Company is a private limited company and is incorporated and domiciled in the UK. The address of the registered office is One Colman Street London, EC2R 5AA, United Kingdom.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention and in accordance with the provisions of the Companies Act 2006.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2R.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise price of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Statements: Disclosures'
- Paragraphs 91-99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15, 'Revenue from Contracts with Customers'.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16, 'Leases'.
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - o Paragraph 79(a)(iv) of IAS 1;
 - o paragraph 73(e) of IAS 16 Property, plant and equipment
 - o paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - o 10(d) of IAS 1, 'Presentation of financial statements' (statement of cash flows)
 - o 16 (statement of compliance with all IFRS)
 - o 38A (requirement for minimum of two primary statements, including cash flow statements),
 - o 38B-D (additional comparative information),
 - o 111 (cash flow statement information), and
 - o 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement of the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- Paragraph 24 of IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

B Going concern

Notwithstanding net current liabilities of (£19m) as at 31 December 2021, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As the Company's principal activities are fundamental to operation of the Group, the directors have received confirmation that the parent company intends to support the Company for at least 12 months from the date of approval of the financial statements, in the form of the letter of comfort.

The Group has considered the cash flow forecasts of the Group and its subsidiaries for a period of at least 12 months from the date of approval of these financial statements which take into account the reasonably possible downside scenarios that consider the risks from potential economic and market downturns, using the information available up to the date of issue of the Company's financial statements. The directors are confident that the Company will have sufficient funds, through funding from its ultimate parent company, Legal & General Group Plc, to meet its liabilities as they fall due for that period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes to the Financial StatementsLegal & General Resources Limited
Report and Accounts 2021**2. Summary of significant accounting policies (continued)**

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

C Consolidation

The Company is a wholly owned subsidiary of Legal & General Group Plc. It is included in the consolidated financial statements of that entity, which are publically available. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is One Coleman Street, London, EC2R 5AA, United Kingdom.

These statements are separate financial statements.

D Financial investments

The ESOT investments are included at Fair Value through Profit and Loss ('FVTPL'). The cost of shares acquired by the ESOT have been financed by an interest free loan from Legal & General Group Plc.

E Property, plant and equipment

Property, plant and equipment relate to right of use assets and are initially recognised as the calculated value of the lease liabilities with several additional adjustments, including initial direct costs. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives using the straight line basis. Immaterial items of capital expenditure are charged to the income statement as incurred.

F Other operating income and annuity assets

Annuity assets represent insurance policies backing the defined benefit pension schemes. The policies are issued by Legal and General Assurance Society Limited ('LGAS'), a subsidiary of Legal & General Group Plc. As LGAS meets the definition of a related party as defined by IAS 24 Related Party Disclosures, the annuity assets are presented separately from the IAS 19 assets on the Balance Sheet. The assets are measured at their fair value at the balance sheet date. The expected return on annuity assets credited is a net interest amount calculated by applying the defined benefit pension liability discount rate to the annuity asset. Actuarial gains and losses are charged or credited to shareholders' funds in Other Comprehensive Income in the period in which they arise.

G Current and Deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in shareholders' funds.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the UK. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is also recognised in respect of unused tax losses to the extent it is probable that future taxable profits will arise against which the losses can be utilised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

H Amounts due from group undertakings

Amounts due from group undertakings are held at amortised cost using the effective interest method.

I Investment in subsidiaries

Investments in subsidiary undertakings are carried at cost less provision for impairment.

J Other receivables

Other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

For other receivables held at amortised cost, the Company reviews the carrying value of its assets at each balance sheet date. For such assets, the Company determines forward looking expected credit losses, based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Notes to the Financial Statements

Legal & General Resources Limited
Report and Accounts 2021

2. Summary of significant accounting policies (continued)

Expected credit losses are calculated by considering the probability of default, the loss given default and the exposure at default. The probability of default is determined by reference to third party information on available companies, or using qualitative information available to the Company, and depends on whether an asset requires determination of a 12-month expected credit loss or lifetime credit loss. The loss given default is determined with reference to any exposure reducing instruments such as liquid assets that the counterparty may have. The exposure at default is determined as the amount of the receivable outstanding at the reporting date.

K Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

L Trade and other payables

Trade and other payables comprise amounts owned to group undertakings, trade and other creditors, taxation and social security creditors and accruals. Trade and other creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are recognised at amortised cost which approximate to fair value.

M Employee benefit obligations

The Company operates both defined benefit and defined contribution pension plans for UK employees on behalf of the Group.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current period and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' funds in Other Comprehensive Income in the period in which they arise.

The amount charged or credited to profit or loss is a net interest amount calculated by applying the liability discount rate to the net defined benefit liability or asset.

Past-service costs are recognised immediately in profit or loss for the financial year.

Contributions to defined benefit plans made by other plan members are recognised as a reduction to staff costs in profit or loss for the financial year. Where contributions made by other plan members exceed the plan finance costs and past service costs recognised during the year, the excess is recognised in Other Comprehensive Income.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

N Leases

As a lessee, the Company recognises leases on the Balance Sheet as 'right of use' assets and lease liabilities. The right of use assets are classified as property, plant and equipment.

The right-of-use assets' value is initially recognised as the calculated value of the lease liabilities with several additional adjustments, including initial direct costs. The right-of use assets are subsequently accounted for in accordance with the cost model in IAS 16 – Property, Plant and Equipment. The Company also assesses the right-of-use asset for impairment when such indicators exist.

The initial measurement of the lease liabilities is made up of the present value of lease payments to be made over the lease term, including fixed and variable lease payments and excluding lease incentive receivables. The Company policy is to use the Group's incremental borrowing rates as a discount rate for calculating the lease liabilities. The lease liabilities are unwound over the term of the lease giving rise to an interest expense. Additionally, the liabilities are reduced when lease payments are made. The Company needs to re-assess the valuation of lease liabilities and right-of-use assets if certain events occur that modify the original assumptions used to calculate the lease balances upon initial recognition.

O Revenue

Revenue is stated excluding recoverable Value Added Tax and represents amounts receivable for service fees charged for the provision of employees and purchases made on behalf of Group companies. Revenue from providing services is recognised in the accounting period in which services are rendered.

Notes to the Financial Statements

Legal & General Resources Limited
Report and Accounts 2021

2. Summary of significant accounting policies (continued)

P Finance income

Finance income includes interest recognised on an accruals basis. The ESOT has waived its rights to the dividends payable on the shares it holds.

Q Share-based payments

Legal & General Group Plc operates a number of share-based payment schemes of which a proportion is allocated to the Company.

The fair value at the date of the grant of the equity instrument is recognised as an expense, spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards, excluding the impact of any non-market vesting conditions. At each balance sheet date, the Group revises its estimate of the number of equity instruments which are expected to become exercisable.

The Company expense arising from the employee share schemes has been allocated to reflect the amount of services received. This allocation has been based on headcount.

R Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The defined benefit pension scheme estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation on the Balance Sheet. The assumptions reflect historical experience and current trends. See Note 13 for the disclosures of the defined benefit pension scheme.

S Prior year restatement

During the year the following restatements have been made to the prior year comparatives. The table below breaks out each of the prior year restatements and the effect they have had on the Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity:

Statement of Comprehensive Income	As Previously Reported	Adjustment ¹	Adjustment ²	Adjustment ³	Adjustment	Restated
	2020 £m	2020 £m	2020 £m	2020 £m	2020 £m	2020 £m
Revenue	1,445.4	(312.7)	(58.7)	(103.8)	-	970.2
Cost of providing services	(1,302.9)	312.7	58.7	-	-	(931.5)
Gross Profit	142.5	-	-	(103.8)	-	38.7
Administrative expenses	(28.1)	-	-	-	-	(28.1)
Other operating income	96.5	-	-	(87.4)	-	9.1
Operating Profit	210.9	-	-	(191.2)	-	19.7
Profit on ordinary activities before taxation	210.2	-	-	(191.2)	-	19.0
Income tax charge	(41.5)	-	-	36.4	-	(5.1)
Profit for the financial year	168.7	-	-	(154.8)	-	13.9
Contributions to defined benefit plans made by other members	-	-	-	103.8	-	103.8
Actuarial gain / (loss) on defined benefit pension plans	(158.6)	-	-	-	-	(158.6)
Actuarial gain / (loss) on annuity assets	-	-	-	87.4	-	87.4
Tax on other comprehensive income	34.5	-	-	(32.6)	-	1.9
Other comprehensive income / (expense) for the year, net of tax	(124.1)	-	-	154.8	-	30.7
Total comprehensive income for the year	44.6	-	-	-	-	44.6

Balance Sheet	As Previously Reported	Adjustment ¹	Adjustment ²	Adjustment ³	Adjustment	Restated
	2020 £m	2020 £m	2020 £m	2020 £m	2020 £m	2020 £m
Amounts due from group undertakings	1.5	-	-	-	71.8	73.3
Total non-current assets	1,174.3	-	-	-	71.8	1,246.1
Other receivables	256.8	(75.9)	13.3	-	(71.8)	122.4
Total current assets	256.7	(75.9)	13.3	-	(71.8)	122.3
Trade and other payables	(343.9)	75.9	(13.3)	-	-	(281.3)
Total current liabilities	(343.9)	75.9	(13.3)	-	-	(281.3)
Net current liabilities	(87.2)	-	-	-	(71.8)	(159.0)
Total assets less current liabilities	1,087.1	-	-	-	-	1,087.1

Notes to the Financial Statements

Legal & General Resources Limited
Report and Accounts 2021

5 Prior year restatement (continued)

Statement of Changes in Equity	Share capital £m	Retained earnings £m	Total equity £m
As at 1 January 2020	-	(112.6)	(112.6)
Profit for the year, as previously reported	-	168.7	168.7
Adjustment ³	-	(154.8)	(154.8)
Profit for the year restated	-	13.9	13.9
Other comprehensive expense for the year, net of tax, as previously reported	-	(124.1)	(124.1)
Adjustment ³	-	154.8	154.8
Other comprehensive expense for the year, net of tax, restated	-	30.7	30.7
Total comprehensive income for the year, restated	-	44.6	44.6
As at 31 December 2020	-	(68.0)	(68.0)

¹Staff costs within the cost of providing services in the income statement, as well as trade and other payables have been restated predominantly due to the inclusion of payroll costs related to a separate employing entity in the Legal & General Group. The total average number of employees (disclosed in note 5) has also been restated from 7,236 to 5,552. As a result, revenue and other receivables are also restated. This adjustment does not have an impact on gross profit or net assets as all employee related costs are fully recharged across the group.

²The cost of providing services and trade and other payables have been restated predominantly due to a mathematical error. As a result, revenue and other receivables are also restated. This adjustment does not have an impact on gross profit or net assets as all procurement related costs are fully recharged across the group.

³Contributions to defined benefit plans made by other plan members in excess of the IAS 19 expense, as well as actuarial gains on the annuity assets, previously recognised in profit or loss have been reclassified to other comprehensive income along with the corresponding tax effect. There is no impact to Total Comprehensive Income or the Balance Sheet of this adjustment.

4 Certain amounts due from group undertakings were expected to be received after more than one year in 2020. Accordingly, for 2020 an amount of £71.8m has been restated from current assets to non-current assets (refer to note 10 for further details).

3. Revenue

The revenue and pre-tax profit is all attributable to the Company's activities as provider of staff within the Group, as a contracting company with third party suppliers and as the sponsoring company for the ESOT. Revenue arises predominantly in the UK.

4. Operating profit

Operating profit is stated after charging:

	2021 £m	Restated 2020 ¹ £m
Wages and salaries	331.6	294.1
Social security costs	43.8	38.1
Other pension costs	62.7	63.8
Share based payments	4.7	13.3
Total staff costs	442.8	409.3
Changes in the value of the defined benefit pension scheme deficit and annuity assets:		
Net interest expense	13.8	20.8
Current service cost	2.3	2.5

¹The amounts disclosed are after restatement disclosed in note 25.

Audit fees payable to the Company auditor were £15.4k (2020: £14.8k). The auditor received £nil (2020: £nil) fees for non-audit services on the Company's behalf.

Notes to the Financial Statements

Legal & General Resources Limited
Report and Accounts 2021

5. Employees and directors

Employees

The average number of persons employed by the Company during the year was as follows:

	2021	Restated 2020 ¹
Average headcount	5,534	5,552

¹The amounts disclosed are after restatement disclosed in note 2S.

Directors

The directors' emoluments were as follows:

	2021 £000	2020 £000
Short-term employee benefits	37.2	38.6
Post employment benefits	0.5	0.6
Aggregate emoluments	37.7	39.2

Post-employment benefits are not accruing to any of the directors under a defined benefit pension scheme (2020: none).
One director exercised share options during the year (2020: one).

6. Other operating income / (expense)

	2021 £m	Restated 2020 ¹ £m
Expected return on annuity assets	13.0	19.1
Fair value movement on ESOT	8.9	(10.0)
Total other operating income / (expense)	21.9	9.1

¹The amounts disclosed are after restatement disclosed in note 2S.

7. Income tax expense

	2021 £m	Restated 2020 ¹ £m
UK corporation tax at 19% (2020: 19%)		
Current tax for the year	0.1	0.0
Total current tax	0.1	0.0
Deferred tax		
Movement in temporary differences	2.5	3.6
Impact of the revaluation of deferred tax balances to 25% (2020: 19%)	-	1.5
Total deferred tax	2.5	5.1
Tax charge on profit	2.6	5.1

¹The amounts disclosed are after restatement disclosed in note 2S.

Tax income included in other comprehensive income

	2021 £m	Restated 2020 ¹ £m
Deferred tax on actuarial gains / losses on defined benefit pensions schemes	6.5	1.9
Total tax included in other comprehensive income	6.5	1.9

¹The amounts disclosed are after restatement disclosed in note 2S.

Notes to the Financial Statements

Legal & General Resources Limited
Report and Accounts 2021

7. Income tax expense (continued)

To calculate the current tax on profits, the rate of tax used is 19% (2020: 19%), which is the average rate of corporation tax applicable for the year.

The differences are explained below:

	2021 £m	Restated 2020 ¹ £m
Profit on ordinary activities before taxation	13.7	19.0
Corporation tax at 19% (2020: 19%)	2.6	3.6
Effects of:		
Current tax recognised in other comprehensive income		
Impact of the revaluation of deferred tax balances to 25% (2020: 19%)	-	1.5
Total tax charge	2.6	5.1

¹The amounts disclosed are after restatement disclosed in note 25.

Finance Act 2021 increased the rate of corporation tax from 19% to 25% from 1 April 2023. The prevailing rate of UK corporation tax for the year therefore remained at 19%. The future enacted tax rate of 25% has been used in the calculation of UK deferred tax assets and liabilities, as the rate of corporation tax that is expected to apply when those deferred tax balances reverse.

To calculate the current tax on profits, the rate of tax used is 19.0% (2020: 19.0%), which is the average rate of Corporation Tax applicable for the year.

8. Deferred tax asset

	2021 £m	Restated 2020 ¹ £m
As at 1 January	16.6	23.6
Amount charged to the Income Statement for the period	(2.6)	(5.1)
Amount charged to Other Comprehensive Income for period	(6.5)	(1.9)
As at 31 December	7.5	16.6

¹The amounts disclosed are after restatement disclosed in note 25.

The Company is a UK member of the Legal & General Group, which is projected to make profits in the future. Tax losses arising in this Company in future years as a result of the reversal of temporary differences will therefore be utilised by other profitable companies within the UK Group.

9. Financial investments

	2021 £m	2020 £m
Financial investments at FVTPL designated as:		
Investment in parent shares	120.1	88.4

The shares are listed on recognised investment exchanges.

The Company, being the main UK employer within the Group, is the sponsoring company for the Group's Employee Share Ownership Trust ('ESOT').

During 2021 3.9m shares were released to satisfy the share scheme requirements. As at 31 December 2021, the ESOT held 40.4m shares acquired at a cost of £93.5m and with a market value of £120.1m, of which 11m were purchased at market rates between Jan and Dec 2021 at a cost of £31.6m. The ESOT's investments are included at fair value through profit and loss ('FVTPL') in the Balance Sheet. The cost of shares acquired by the ESOT is being financed by an interest free loan from the parent company. The ESOT has waived its rights to the dividends payable on the shares it holds.

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10. Amounts due from group undertakings

	2021 £m	Restated 2020 ¹ £m
Long term loan to group undertakings	1.6	1.5
Amounts due from group undertakings	71.7	71.8
Total amounts due from group undertakings	73.3	73.3

¹The amounts disclosed are after restatement disclosed in note 2S.

Long term loans to group undertakings total £1.6m (2020: £1.5m). A loan agreement was signed on 17 March 2018 for 5 years and there is no intention to cancel the agreement before the expiry date. The loan is repayable on demand and interest charges are applied.

The amounts due from group undertakings are unsecured and repayable on demand with no intention for these to be settled within 12 months of the reporting date. For 2020, the amounts due from group undertakings have been restated from current assets to non-current assets. This does not affect the profit and loss of the company, its net assets or its share capital and reserves and there is no impact on opening net assets.

11. Other receivables

	2021 £m	Restated 2020 ¹ £m
Amounts owed by group undertakings	80.3	89.4
Prepayments	43.9	33.0
Other receivables	7.2	-
Total other receivables	131.4	122.4

¹The amounts disclosed are after restatement disclosed in note 2S.

All receivables fall due within one year.

The amounts due from group undertakings are unsecured, and interest free.

12. Trade and other payables

	2021 £m	Restated 2020 ¹ £m
Amounts owed to group undertakings	191.3	159.5
Trade and other creditors	6.4	5.9
Taxation and social security	16.0	13.7
Accruals	114.2	102.2
Total current liabilities	327.9	281.3

¹The amounts disclosed are after restatement disclosed in note 2S.

The amounts due to group undertakings are unsecured, interest free and repayable on demand.

13. Post-employment benefits

Defined contribution plans

The Company is the sponsoring employer of the following Group operated defined contribution pension schemes in the UK:

- Legal & General Group Personal Pension Plan (UK);
- Legal & General Staff Stakeholder Pension Scheme (UK);

Contributions of £68.7m (2020: £62.8m) were made during the year in respect of defined contribution schemes.

Notes to the Financial Statements

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13. Post-employment benefits (continued)

Defined benefit plans

The Company is a sponsoring employer of the following Group operated defined benefit pension schemes in the UK:

- Legal & General Group UK Pension and Assurance Fund ('the Fund'). The Fund was closed to new members from January 1995; the latest triennial valuation at 31 December 2018 was completed on 1 July 2020. The triennial valuation at 31 December 2021 is in progress;
- Legal & General Group UK Senior Pension Scheme ('the Scheme'). The Scheme was, with a few exceptions (principally transfers from the Fund), closed to new members from August 2000 and finally closed to new members from April 2007; the latest triennial valuation at 31 December 2018 was completed on 1 July 2020. The triennial valuation at 31 December 2021 is in progress.

There are three participating entities of the Fund and the Scheme (the Company, Legal & General Investment Management Holdings and the parent company) with the Company being the main statutory employer. The UK defined benefit schemes operate within the UK pensions' regulatory framework.

The UK Fund and Scheme were closed to future accrual on 31 December 2015. As part of this arrangement, payments to the Fund and Scheme in respect of future accruals ceased from this date and were replaced with a parent company contribution payment of between 5% and 15% into a defined contribution arrangement. In addition, as part of the closure, the parent company also agreed to contribute an additional £3m per annum until 31 December 2024 towards the deficit.

The assets of all UK defined benefit schemes are held in separate trustee administered funds, which is chaired by an independent professional trustee, to meet the long-term pension obligations to past and present employees. Trustees are appointed to the schemes and have a responsibility to act in the best interest of the scheme beneficiaries. The trustees' long term objectives are to minimise the risk that there are insufficient assets to meet the liabilities of the scheme over the longer term, control the on-going operational costs of the schemes and to maximise investment returns for the beneficiaries within an acceptable level of risk.

The total number of members of the Fund and Scheme was:

	2021	2020
Employed deferreds	79	93
Deferreds	2,782	2,960
Pensioners	3,791	3,723
Total number of active members of the Fund and Scheme	6,652	6,776

The Group works with the trustees on behalf of all participating entities to support an investment strategy in order to meet the long-term objectives of the trustees as noted above.

Certain parts of the liabilities of the Fund and the Scheme are secured by way of annuities purchased from LGAS. These annuities are not recognised as an asset for IAS 19 purposes, but at 31 December 2021 the value of these annuities, on an IAS 19 basis, was £991m (2020: £1,051m). The assets are measured at their fair value at the balance sheet. The expected return on annuity assets credited to profit or loss in 2021 was £13m (2020: £19m). Actuarial losses on the annuity assets charged to Other Comprehensive Income in 2021 were £73m (2020 restated: £87m gain).

The remainder of the liabilities of the Fund and Scheme are secured by cash or by the way of Assured Payment Policies (APPs), purchased from LGAS to match the majority of future expected cash flows of the remaining members of the Fund and Scheme. The APPs are recognised as an asset for IAS 19 purposes, and their value is included in the table summarising the plan assets. The APPs aim to match the changes in the value of the liabilities due to changes in economic factors, namely interest rates, credit spreads and inflation. The APPs do not aim to match changes in the value of liabilities due to the actual mortality experience of members being different from the assumptions made in the valuation basis.

The Fund and Scheme expose the Group to a number of risks:

Risk	Detail
Uncertainty in benefit payments	The value of liabilities for post-retirement benefits will ultimately depend on the amount of benefits paid out. This in turn will primarily depend on the level of inflation and how long individuals live.
Volatility in asset values	Exposure to future movements in the values of assets held in the Scheme and the Fund to meet future benefit payments.
Uncertainty in cash funding	Movements in the values of the obligations or assets may result in the employers being required to provide higher levels of cash funding, although changes in the level of cash required can often be spread over a number of years. In addition, the employers are also exposed to adverse changes in pension regulation.

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13. Post-employment benefits (continued)

The sensitivity of the net obligations to changes in any of the variables are monitored and action is taken if any risk moves outside of the appetite.

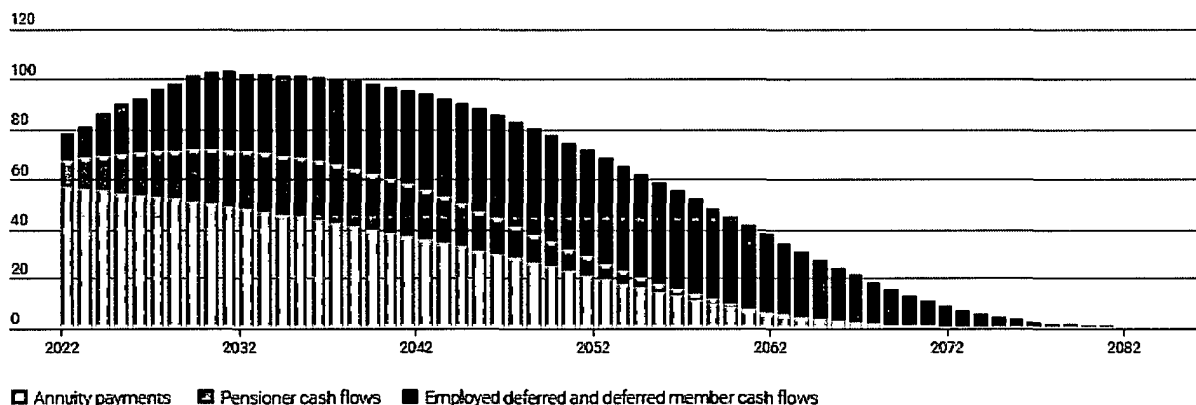
Full actuarial valuations are carried out on the Fund and Scheme every three years, updated by formal reviews at each anniversary date between. The actuarial assumptions used in the triennial valuation would normally be more prudent than

those used for the purposes of IAS 19 reporting. The latest triennial valuation at 31 December 2018 was completed on 1 July 2020, and the 31 December 2021 triennial valuation is underway. Where the Fund or Scheme are in deficit following the triennial valuations, the Group and the trustee agree a deficit recovery plan. Both the Fund and Scheme have formal deficit recovery plans which aim to make good the deficits over a certain period of time. The triennial valuation at 31 December 2018 showed a total funding deficit for both the Fund and Scheme of £541m. As a result of this, a recovery plan was agreed of £77m per annum from 1 January 2019 to 30 June 2020, £98m per annum from 1 July 2020 to 31 December 2024 and a one-off catch up payment of £33m by 31 July 2020.

The Fund and the Scheme liabilities have an average duration of 17.8 years (2020: 19.0 years) and 16.9 years (2020: 18.4 years) respectively. The expected undiscounted benefits payments to members of the Fund and Scheme, including pensions in payment secured by annuities purchased from the Group, are shown in the unaudited chart below:

Undiscounted benefit payments

Projected benefit payments (£m)



The benefits paid from the defined benefit schemes are based on percentages of the employees' final pensionable salary for each year of credited service. The sponsoring employers have no liability for retirement benefits other than for pensions.

The principal actuarial assumptions for the Fund and Scheme are set out below. In 2021, the calculation of IAS 19 defined benefit obligations was performed within the Group, having previously been performed by an external consultancy. The methodology underlying the assumption setting has remained unchanged, but for inflation and mortality improvements, assumptions have been set consistently with assumptions used in the calculation of other insurance liabilities within the Group. The overall impact of this change to assumptions is a small increase in defined benefit obligation.

The higher mortality experience observed in 2021 as a result of Covid-19 is considered to be exceptional, and long-term mortality assumptions have not been revised to reflect this experience.

	Fund and Scheme	
	2021	2020
	%	%
Rate used to discount liabilities	1.8	1.3
Rate of increase in pensions in payment	3.8	3.6
Rate of increase in deferred pensions	4.0	3.6
Rate of general inflation (RPI)	3.5	3.0

Post retirement mortality	2021	2020
Fund	72.5% PCMA00/82.5% PCFA00	75% PCMA00/85% PCFA00
Scheme	67.5% PCMA00/77.5% PCFA00	70% PCMA00/80% PCFA00
Mortality Improvements (Fund and Scheme) ^{1 2}	CMI 2019, base date 2018 Sk = 7.5	CMI 2018, base date 2015 Sk = 7.5

¹ Long-term rates of 1.5% for males, 1.0% for females, applying up to age 85, with tapering down to 0% by age 110 (2020: long-term rates of 1.5% males and 1.0% females to age 90, tapering to nil by age 120).

² In 2020, an approximation of the full longevity basis was used as the calculation of liabilities was outsourced. The full basis has been used in 2021.

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13. Post-employment benefits (continued)

This equates to average life expectancy as follows:

	Fund and Scheme	
	2021 ¹	2020
	years	years
Normal retirement age	60.0	60.0
Male life expectancy at retirement age	87.2	87.5
Female life expectancy at retirement age	88.4	88.8
Male life expectancy at age 60, for a current 40-year old	89.3	89.6
Female life expectancy at 60, for a current 40-year old	89.8	90.1

¹ Differences between 2020 and 2021 life expectancies arise from the approximation in the 2020 longevity basis due to the outsourced liability calculation

	Fund and Scheme	
	2021	2020
	£m	£m
Movement in present value of defined benefit obligations		
As at 1 January	(2,614.8)	(2,375.0)
Current service cost	(2.3)	(2.5)
Past service credit / (cost)	-	-
Interest expense	(32.2)	(48.2)
Actuarial remeasurement (recognised in Statement of Comprehensive Income)	197.2	(317.6)
Benefits paid	103.5	128.5
As at 31 December	(2,348.6)	(2,614.8)
Movement in fair value of plan assets		
As at 1 January	1,476.8	1,292.1
Expected return on plan assets at liability discount rate	18.4	27.4
Actuarial remeasurement (recognised in Statement of Comprehensive Income)	(164.7)	158.8
Employer contributions	101.2	127.0
Benefits paid	(103.5)	(128.5)
As at 31 December	1,328.2	1,476.8
Employee benefit obligations	(1,020.4)	(1,138.0)
Insured annuity obligations ¹	990.6	1,051.0
Gross defined benefit pension deficit	(29.8)	(87.0)
Deferred tax on defined benefit pension deficit	7.5	16.6
Net defined benefit pension deficit	(22.3)	(70.4)

¹ Insured by Legal and General Assurance Society Limited

During 2021 annuities were purchased from LGAS. A premium of £82m (2020: £50m) was paid from the assets of the Fund and the Scheme to purchase these annuities. These annuities are not recognised as an asset for IAS 19 purposes and so the actuarial remeasurement recognised in Other Comprehensive Income includes allowance for this premium payment as well as annuity receipts over 2021 of £53m (2020: £53m).

The effect of assuming reasonable alternative assumptions in isolation is shown below for the Fund and Scheme combined. The effect is shown on the defined benefit obligation, net of annuities and the APP assets. Sensitivities are broadly symmetrical, but larger sensitivities are not necessarily proportionate. In 2021, a large APP asset was purchased by the Fund, significantly reducing the sensitivity of the defined benefit obligation to movements in discount rates and inflation.

	2021	2020
	£m	£m
1 year increase in life expectancy	(76)	(92)
0.1% p.a. decrease in discount rate	(6)	(27)
0.1% p.a. increase in RPI and CPI	(3)	(14)

Notes to the Financial Statements

Legal & General Resources Limited
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13. Post-employment benefits (continued)

The fair value of the plan assets at the end of the year is made up as follows:

	Valuation based on quoted market price UK £m	Valuation based on other than quoted market price UK £m
Assured payment policy	-	1,214
Cash and cash equivalents	114	-
As at 31 December 2021	114	1,214

	Valuation based on quoted market price UK £m	Valuation based on other than quoted market price UK £m
Equities	22	-
Investment funds	1,029	-
Assured payment policy ¹	-	396
Cash and cash equivalents	30	-
As at 31 December 2020	1,081	396

¹ Assured payment policy has been restated to 'Valuation based on other than quoted market price UK' in 2020.

The following amounts have been charged to the Statement of Comprehensive Income:

	2021 £m	2020 £m
Current service costs	2.3	2.5
Net interest expense	13.8	20.8
Total included in administrative expenses	16.1	23.3

14. Share-based payments

The Company provides a number of equity settled share-based long term incentive plans for directors and eligible employees. Details of the schemes are provided below.

Savings Related Share Option Plan

The Savings Related Share Option Plan ('ShareSave') allows employees to enter into a regular savings contract over three and / or five years, coupled with a corresponding option over shares of the Group. The grant price is equal to 80% of the quoted market price of the Group shares on the invitation date. Fair value is calculated using the Black-Scholes model.

The weighted average remaining contractual life for the outstanding options under the SaveShare scheme is 31 months (2020: 34 months). The weighted average share price at the date of exercise was 204p (2020: 211p).

Performance Share Plan

Nil Cost Options can be granted to senior managers under the Performance Share Plan ('PSP'), based upon individual and company performance. Pre the 2014 award, the number of performance shares transferred to the individual at the end of the three year vesting period was dependent on the Group's relative Total Shareholder Return ('TSR'). New performance conditions attached to awards from 2014 result in the number of options that vest being equally dependent on the Group's relative TSR and Earnings per Share ('EPS') / Dividend per Share ('DPS') growth. In addition, the awards vest after the end of the three year performance period and become exercisable in thirds over three, four and five years.

Further changes were made to the performance conditions for awards granted in 2018. The number of options that vest in respect of these awards is equally dependent on the Group's relative TSR and EPS growth (subject to Solvency II objectives). The majority of awards vest after the end of the three year performance period and become exercisable in thirds in year three, four and five. Awards granted to Executive Directors and Persons Delivering Managerial Responsibilities vest after three years but any options that vest will not become exercisable until year five.

Share Bonus Plan

The Share Bonus Plan ('SBP') awards conditional shares, restricted shares, combined awards of the Company Share Option Plan ('CSOP') options and restricted shares and combined awards of CSOP options and nil-paid options. Recipients of restricted shares are entitled to both vote and receive dividends. Fair value is calculated as the market value on the grant date, adjusted to reflect the eligibility for dividend payments. Conditional Share awards, which include awards to Executive Directors, do not have voting or dividend rights.

Notes to the Financial Statements

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14. Share-based payments (continued)

The weighted average remaining contractual life for the outstanding options under the SBP scheme is 100 months (2020: 105 months).

Employee Share Plan

Under the HMRC tax-advantaged Employee Share Plan ('ESP'), UK employees may elect to purchase Group shares from the market at the prevailing market price on a monthly basis. The Group supplements the number of shares purchased by giving employees one free matching share for every one share purchased up to the first £20 of the employees' contributions and one free matching share for every two shares purchased with contributions between £20 and £125. There is currently no match on contributions between £125 and £150. From time to time, the Group may make an award of free shares. Both the free and matching shares must be held in trust for three years. The fair value of awarded shares is equal to the market value at award date.

The weighted average fair value of the shares issued was 296.4p (2020: 159.7p).

Total options

Options over shares are outstanding under CSOP, the Executive Share Option Scheme ('ESOS') and SaveShare at 31 December 2021 as shown below:

Option price (pence per share)	Number of shares	Option period ending in
0 – 100.00	205,048	2026-2031
110.01 – 120.00	469,140	2030
180.01 – 190.00	2,552	2021
190.01 – 200.00	4,761,617	2023-2025
200.01 – 210.00	189,120	2022
210.01 – 220.00	2,184,404	2021-2024
220.01 – 230.00	2,719,028	2020-2026
270.01 – 280.00	296,387	2029
280.01 – 290.00	401,467	2031
Total	11,228,763	

Options over shares outstanding under CSOP, ESOS and SaveShare at 31 December 2020 were as shown below:

Option price (pence per share)	Number of shares	Option period ending in
0 – 100.00	329,121	2026 - 2030
110.01 – 120.00	3,252	2022
180.01 – 190.00	546,203	2019 - 2021
190.01 – 200.00	5,374,661	2020-2025
200.01 – 210.00	1,932,450	2020 - 2022
210.01 – 220.00	3,538,121	2021 - 2024
220.01 – 230.00	29,787	2020 - 2021
260.01 – 270.00	346,844	2028
280.01 – 290.00	305,002	2029
Total	12,405,441	

15. Share capital

	2021 £	2020 £
Allotted and fully paid: 100 ordinary shares (2020: 100) of £1 each	100	100

Notes to the Financial Statements

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16. Leases

The table below presents the Company's leasing activities by type of right of use asset recognised on Balance Sheet:

	Office buildings 2021 £m	IT equipment 2021 £m	Cars 2021 £m	Total 2021 £m
Carrying amount - right of use assets				
Balance as at 1 January 2021	0.1	15.7	1.0	16.8
Additions	-	-	0.5	0.5
Disposals	(0.1)	-	-	(0.1)
Depreciation for the period	-	(4.0)	(0.5)	(4.5)
Carrying amount as at 31 December 2021	-	11.7	1.0	12.7

	Office buildings 2020 £m	IT equipment 2020 £m	Cars 2020 £m	Total 2020 £m
Carrying amount - right of use assets				
Balance as at 1 January 2020	0.2	19.8	16	216
Additions	-	-	0.6	0.6
Disposals	-	-	(12)	(12)
Depreciation for the period	(0.1)	(4.1)	-	(4.2)
Carrying amount as at 31 December 2020	0.1	15.7	10	16.8

The maturity profile of lease liabilities at 31 December 2021 is presented in the table below:

	Undiscounted lease payments 2021 £m	Finance charge 2021 £m	Total 2021 £m
Within 1 year	4.6	(0.5)	4.1
1-2 years	4.8	(0.3)	4.5
2-3 years	4.5	(0.1)	4.4
3-4 years	0.0	(0.0)	0.0
4-5 years	-	-	-
After 5 years	-	-	-
Total lease liabilities	13.9	(0.9)	13.0

The maturity profile of lease liabilities at 31 December 2020 was as shown below:

	Undiscounted lease payments 2020 £m	Finance charge 2020 £m	Total 2020 £m
Within 1 year	4.6	(0.6)	4.0
1-2 years	4.8	(0.4)	4.4
2-3 years	4.6	(0.3)	4.3
3-4 years	4.5	(0.1)	4.4
4-5 years	-	-	-
After 5 years	-	-	-
Total lease liabilities	18.5	(1.4)	17.1

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16. Leases (continued)

Lease contracts are typically entered into for fixed periods ranging from 3 to 8 years (FY20: 3 to 8 years). Extension and termination options are included in various leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor. 125 leases have extension options (FY20: 123) and 29% leases have termination options (FY20: 36%). The FY20 lease extension and termination options have been restated to correct a mathematical error.

Interest expense of £0.5 million (FY20: £1 million) on lease liabilities is included in finance costs. There were no expenses relating to short term or low value lease payments in the measurement of the lease liability above (FY20: none).

17. Controlling parties

The immediate and ultimate parent undertaking is Legal & General Group Plc, a company incorporated in England and Wales, which consolidates the financial statements of the Company. Copies of the Legal & General Group Plc's financial statements are available on the Group website, legalandgeneralgroup.com or from the Company Secretary at the registered office, One Coleman Street, London, EC2R 5AA, United Kingdom.

18. Investment in subsidiary undertakings

The Company is the parent company of Legal & General Pension Fund Trustee, Legal & General Pension Scheme Trustee Limited and Legal & General Employee Benefits Administration Limited. These companies act as trustees to the pension fund, pension scheme and the group life assurance schemes. They were inactive throughout the 2021 financial year.

The Company's investment in Legal & General Pension Fund Trustee Limited is included at cost of £1, the investment in Legal & General Pension Scheme Trustee Limited is included at cost of £1 and the investment in Legal & General Employee Benefits Administration Limited is also included at cost of £1.

The subsidiary undertakings of the Company are listed below. Each undertaking operates mainly in its country of incorporation and has only one class of issued ordinary shares, unless stated otherwise.

Held directly by the company	Nature of business	Incorporated in
Legal & General Pension Fund Trustee Limited	Trustee to the Legal & General Pension Fund	England and Wales
Legal & General Pension Scheme Trustee Limited	Trustee to the Legal & General Pension Scheme	England and Wales
Legal & General Employee Benefits Administration Limited	Trustee for group life assurance schemes	England and Wales

All subsidiaries are 100% owned, have a 31 December financial year end and the registered office is One Coleman Street, London, EC2R 5AA, United Kingdom.

19. Risk management and control

This section describes the Company's approach to risk management. It covers the overall approach to all risks and includes a detailed review of all risks within the business.

Risk management objectives

The Company's primary objective in undertaking risk management activity is to manage risk exposures in line with risk appetite, minimising exposure to unexpected financial loss and limiting the potential for deviation from anticipated outcomes.

Risk management approach

Risks are managed on a group wide basis. To support this, a risk framework is in place comprising formal committees, risk assessment processes and review functions. The framework provides assurance that risks are being appropriately identified and managed and that an independent assessment of risks is being performed.

The principal risks to which the Company is exposed to are below:

- i) **Group pension schemes:** exposure to losses arising from increases in the deficits of the schemes sponsored by the Company.
- ii) **Employee share schemes:** exposure to losses caused by fluctuations of the Group's share price.
- iii) **Operational risk:** exposure to loss arising from inadequate or failed internal processes, people, systems or from external events.
- iv) **Regulatory risk:** the risk that changes to employment regulation or legislation adversely impacts the Company.

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19. Risk management and control (continued)

v) Liquidity risk: the risk that the Company, though solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

vi) Credit risk: exposure to the risk that debtors may default on balances owed.

Group pension schemes

As a sponsoring employer for the defined benefit pension schemes, the Company is liable for the scheme deficit and is dependent on funding from the parent company to ensure that obligations to the scheme are met. The parent company provides written confirmation that the Company will be supported for at least one year after the financial statements are signed. The factors and uncertainties that could give rise to an increase in the pension scheme deficit include an increase in the longevity of scheme members and a significant fall in the stock market impacting the value of scheme assets. These factors may be mitigated as a result of the scheme being closed to new members and new accruals, as well as the number of members declining.

Employee share schemes

For the purposes of fulfilling its obligations to employees, the Company has holdings in the Group's shares as the sponsoring company for the ESOT. Significant fluctuations in the stock market in general, and consequently the Group's share price, can significantly affect the Statement of Comprehensive Income however the Operating Profit is unaffected as the Company fully recovers any valuation gains or losses through the recharge process to other companies within the Group.

Operational risk

There are a number of categories under which operational risk and its management across the Company can be considered:

Internal process failure: The Company is potentially exposed to the risk of loss from failure of the internal processes with which it transacts its business. The Company seeks to ensure the adequacy of the controls over its processes through regular reviews and assessment of their appropriateness and effectiveness.

People: The Company is potentially exposed to the risk of loss from inappropriate actions by staff. The risk is managed by business management and human resource functions.

External events: Significant external events, likely to impact the Company, are monitored and responded to at a Group level.

Regulatory risk

As the main employer within the Group, the Company is required to comply with wide ranging regulation and legislation relating to the employment of staff and is exposed to the risk of non-compliance. The Company is also exposed to the risk of non-compliance with the Pension Act and Pension Regulator. The Group maintains policies that address relevant regulatory and legislative requirements and undertakes employee training where appropriate to ensure awareness. The Group maintains appropriate levels of employer liability insurance to mitigate some of the employer liability risks borne by the Company.

Liquidity risk

The Company relies on other subsidiaries within the Group to provide sources of liquidity, including the centralised Group treasury function. Business units within the Group have a responsibility to manage their liquidity management framework within the Group's Liquidity Risk Policy.

Credit risk

As the Company only provides services to other Group companies it is not exposed to significant risk of default on amounts owing to the Company. The Company is normally able to, at least, fully recharge all costs incurred in the provision of services provided to other entities within the Group and is therefore fully reimbursed for these activities.

20. Post balance sheet events

There were no adjusting or non-adjusting post balance sheet events between 31 December 2021 and the approval of the report and accounts of the Company that require disclosure.