Company number 02334263

Legal & General Resources Limited
Report and Accounts
Year ended 31 December 2022

Contents

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 profit on recharging employee costs, interest income from an intra-group loan, and the expected return on annuity assets.

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 £601m (2021 restated: £949m) and annuity assets backing the pensions liabilities of £718m (2021: £991m). 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, the Company has net assets of £91m (2021 restated: £34m). 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 2B.

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.

Key performance indicators

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

Profit on ordinary activities before taxation – £18m (2021: £14m) - This measures the profit or loss in a single period before deducting tax.

Shareholder funds - £91m (2021 restated: £34m) - This represents the capital of the Company and profits or losses that have been retained by the business.

Actuarial gain/ (loss) on defined benefit pension schemes - £269m (2021 restated: £104m) - This measures changes in the defined benefit pension deficit resulting from experience adjustments and changes in actuarial assumptions.

Actuarial gain/ (loss) on annuity assets - £(291)m (2021: £(73)m) – 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:
Leanne Cornish
DD9A5B8D5F27494...

L. Cornish
For and on behalf of Legal & General Co Sec Limited
Company Secretary
25 September 2023

Section 172(1) Statement and Stakeholder Engagement

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 2022 ('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 process, all business propositions must demonstrate that potential impacts to all stakeholder groups 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 impact on stakeholders. 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

Principal decisions

For the year ended 31 December 2022, the Board consider that the following are examples of principal decisions that it made in the year:

- Approved the Group HR Policy
- Approved the housing of the new Legal & General Retail app which will be developed throughout 2023

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.

Section 172(1) Statement and Stakeholder Engagement

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, Corporate Social Responsibility 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 Principal 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. The survey 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. For a more detailed explanation of the activities of the Group Designated Workforce Director, please find their report in the Group Annual Report & Accounts.	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. With support from Unite, the Group Board approved a payment of £1,500 to around a third of our workforce to help those who have been most impacted by the cost-of-living increases manage their day-to-day costs.

Section 172(1) Statement and Stakeholder Engagement

Stakeholders Their importance to us	The Board's approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
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.	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. A more detailed explanation of the activities undertaken at a Group level with our suppliers can be found in the Group Report & Accounts.	The Board received regular Procurement updates throughout the year. This included updates on our journey in sustainable sourcing and supplier management. Throughout the year the Board were also updated on the progress of an internal governance project seeking to simplify organisational complexity, including the optimisation and rationalisation of suppliers. The Group Board continues to support the group's Supplier Code of Conduct and the incorporation recognised Ethical Trading Initiative (ETI) Base Code within this. The Supplier Code of Conduct sets out the standards, ethics, rights and responsibilities that governs the relationships the business has with its value chain partners. The Group approves a Modern Slavery Statement on an annual basis which describers the Group's response to the risk of modern slavery in its operations and supply chain. The Statement is prepared in line with the requirements of the Modern Slavery Act 2015.
Community / wider society Contributing positively to wider society enables us to create stronger communities and have a positive environmental impact.	The Group's 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. The Group's 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. The Group uses own capital and its Policyholder's assets to make long term investments in real assets. This allows the Company to create value for shareholders, provide stability for pension customers and benefits communities right across the UK. For more information on the Group's oversight of, and engagement with, climate and environmental issues, and the environmental governance framework of the group, please refer to our Group . Climate Report. For more information on the non-environmental aspects of the Group's sustainability agenda, please see our new Social Impact Report. Both reports are publicly available on the Group corporate website	The Group initially donated £1m to the Disasters Emergency Committee to support those affected by the invasion of Ukraine. Following generous donations from our employees to support the Ukraine humanitarian appeal, the Group took the decision to match our employee's donations, taking our collective donation to £1.5m. The Group continued to support transactions that align with its strategic growth drivers of investing in the real economy for the benefit of society and addressing climate change. The Group climate transition plan was put to an advisory vote at the 2023 AGM and approved by a majority of shareholders. The climate transition plan sets out the Group's plans, actions and assumptions to enable it to achieve its scope 1, 2 and 3 emissions reduction targets, aligned to the goals of the Paris Agreement.

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: www.legalandgeneralgroup.com/investors/results-reports-and-presentations.

Directors' Report

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2022.

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 has applied these principles in practice during the year have been set out on page 9.

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 14. The directors do not recommend the payment of a dividend (2021: £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 (S236 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 modern slavery statement can be found at legalandgeneralgroup.com./csr/modern-slavery-statement/.

Post balance sheet events
The Company is the sponsoring employer of the Group operated defined pension schemes in the UK. Assured Payment Policies (APPs), previously transacted between the group's defined benefit schemes and Legal and General Assurance Society Limited ('LGAS') were surrendered and converted into annuity contracts in April 2023. There were no other adjusting or non adjusting post balance sheet events between 31 December 2022 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. Our policies support the employment, promotion and career development of disabled persons, as well as supporting employees who become disabled during the course of their employment. We make reasonable adjustments, as required under the Equality Act 2010, for disabled employees, including seeking redeployment in the event that reasonable adjustments are not possible. We offer appropriate training in relation to equality, and will make adjustments to this training where required.

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 (2021: £nil).

Political contributions
The Company did not make any political contributions during the year (2021: £nil).

Statement of Directors' Responsibilities

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, relevant, reliable 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:
Leanne Cornish
DD9A5B8D5F27494...

L. Cornish
For and on behalf of Legal & General Co Sec Limited
Company Secretary
25 September 2023

Statement of Corporate Governance Arrangements

For the year ended 31 December 2022, 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 3. 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 pages 4 - 6. 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 Employees section of the Group's s172 Statement and the Designated Workforce Director's Q7A in 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 20, 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.

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 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the significant accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 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 as applied to other entities of public interest. 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.

Since the entity may need financial support from other group entities/the owner of the business if these risks crystallise, we assessed the risk that this support would not be available. We inspected letters received by the directors indicating the group's intention to provide this support, examined financial statements to assess its ability to provide this support over the period of the audited entity's going concern assessment, and assessed the business reasons why the group may or may not choose to provide this support.

We considered whether the going concern disclosure in note 2B to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

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.
- we found the going concern disclosure in note 2B to be acceptable.

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.

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

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 high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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 and the risk of bias in accounting estimates and judgements such as pension assumptions. 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 and other adjustments 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 others management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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, taxation legislation and pension legislation recognising the Company's role as an employer and sponsoring company for the defined benefit schemes 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. We identified the following areas as those most likely to have such an effect: employment law and data protection laws. 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 fraud 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, the directors' report and Statement of Corporate Governance Arrangements. 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 8, 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.

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

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

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:
Jacky Chan
62A263D3684D403...

Jacky Chan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
25 September 2023

Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 £m	Restated 2021 £m
Revenue	3	**1,234.3**	1,046.6
Cost of providing services		**(1,189.3)**	(1,033.5)
Gross profit		**45.0**	13.1
Administrative expenses		**(24.8)**	(20.8)
Other operating income / (expense)	6	**(1.6)**	21.9
Operating profit	4	**18.6**	14.2
Finance cost		**(0.6)**	(0.5)
Profit on ordinary activities before taxation		**18.0**	13.7
Income tax	7	**(4.8)**	(2.6)
Profit for the financial year		**13.2**	11.1
Other comprehensive income: Items that will not be reclassified to profit or loss			
Contributions to defined benefit plans made by other members		**79.5**	85.1
Actuarial gain on defined benefit pension plans, restated	13	**268.6**	103.8
Actuarial (loss) on annuity assets	13	**(290.6)**	(73.4)
Tax on other comprehensive income, restated	7	**(14.4)**	(24.3)
Other comprehensive income for the year		**43.1**	91.2
Total comprehensive income for the year		**56.3**	102.3

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

Refer to note 2U for details of the 2021 restatement.

The notes on pages 17 to 33 are an integral part of these financial statements.

Company number 02334263

Balance Sheet

As at 31 December 2022

	Notes	2022 £m	Restated 2021 £m
Non-current assets			
Financial investments	9	**145.3**	120.1
Intangible assets	16	**3.6**	-
Property, plant and equipment	17	**49.8**	12.7
Annuity assets	13	**717.7**	990.6
Deferred tax asset	8	**-**	-
Amounts due from group undertakings	10	**104.4**	73.3
Total non-current assets		**1,020.8**	1,196.7
Current assets			
Other receivables	11	**107.2**	131.4
Cash and cash equivalents		**7.6**	6.5
Total current assets		**114.8**	137.9
Current liabilities			
Trade and other payables	12	**(404.9)**	(327.9)
Total current liabilities		**(404.9)**	(327.9)
Net current liabilities		**(290.1)**	(190.0)
Total assets less current liabilities		**730.7**	1,006.7
Non-current liabilities			
Employee benefit obligations	13	**(601.0)**	(949.1)
Lease liabilities	17	**(8.7)**	(13.0)
Deferred tax liability	8	**(30.4)**	(10.3)
Net assets		**90.6**	34.3
Equity			
Share capital	15	**-**	-
Retained earnings		**90.6**	34.3
Total shareholders' funds		**90.6**	34.3

The notes on pages 17 to 33 are an integral part of these financial statements.

Refer to note 2U for details of the 2021 restatement.

The financial statements on pages 14 to 16 were approved by the board of directors on 25 September 2023 and were signed on their behalf by:

DocuSigned by:
Grace Stevens
9480599CB4E84E6...

G. E. Stevens
Director

Statement of Changes in Equity

	Share capital £m	Retained earnings £m	Total equity £m
As at 1 January 2022, restated	-	**34.3**	**34.3**
Profit for the year	-	**13.2**	**13.2**
Contributions to defined benefit plans made by other members		**79.5**	**79.5**
Actuarial gain on defined benefit plans	-	**268.6**	**268.6**
Actuarial (loss) on annuity assets		**(290.6)**	**(290.6)**
Tax on other comprehensive income	-	**(14.4)**	**(14.4)**
Total comprehensive income for the year	-	**56.3**	**56.3**
As at 31 December 2022	-	**90.6**	**90.6**
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 on defined benefit plans, restated	-	103.8	103.8
Actuarial (loss) on annuity assets		(73.4)	(73.4)
Tax on other comprehensive income, restated	-	(24.3)	(24.3)
Total comprehensive income for the year, restated	-	102.3	102.3
As at 31 December 2021, restated	-	34.3	34.3

Refer to note 2U for details of the 2021 restatement.

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, as modified by the revaluation of certain financial assets at fair value, 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 2S.

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:
  - Paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, plant and equipment
  - 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':
  - 10(d) of IAS 1, 'Presentation of financial statements' (statement of cash flows)
  - 16 (statement of compliance with all IFRS)
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 111 (cash flow statement information), and
  - 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 74A(b) of IAS 16, 'Property, Plant and Equipment'
- 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
As the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, the Company continues to adopt the going concern basis in preparing its financial statements.

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.

2. Summary of significant accounting policies (continued)

B Going concern (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 publicly 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 assets and impairment
On initial recognition, financial assets are measured at fair value. Subsequently, they can be measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL'). The classification depends on two criteria:

(i) the business model within which financial assets are managed; and
(ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest').

Financial assets are measured at amortised cost if the following conditions are met:

(i) it is held within a business model that has an objective to hold financial assets to collect contractual cash flows; and
(ii) the contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal amount outstanding ('SPPI').

Financial assets are measured at FVOCI if the following conditions are met:

(i) it is held for collection of contractual cash flows and for selling the financial assets; and
(ii) the asset's cash flows represent solely payments of principal and interest.

Movements in the carrying amount of financial assets measured at FVOCI are recognised in Other Comprehensive Income except for the recognition of impairment gains or losses and interest revenue which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment expenses are presented as separate line item in profit or loss.

Financial assets which fail the SPPI test and /or fail the business model test are classified and measured at FVTPL. Notwithstanding the criteria for financial assets to be classified at amortised cost or at FVOCI, as described above, financial assets may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

For financial assets held at amortised cost or FVOCI, 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 ('ECL'), 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.

The Company measures loss allowance at an amount equal to lifetime ECLs, except for financial assets that are determined to have low credit risk at the reporting date and other financial assets for which credit risk has not increased significantly since initial recognition. In these cases, ECLs are based on the 12-month ECL, which is the ECL that results from a possible default up to 12 months after the reporting date. The Company uses relevant quantitative and qualitative information and analysis based on historical experience, and informed credit assessment including forward-looking information in order to evaluate the credit worthiness of each security at each reporting date, to determine whether a significant increase in credit risk since origination occurred. Should this be the case, the allowance will be based on the lifetime ECL.

ECLs 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 a financial asset requires determination of a 12-month ECL or lifetime ECL. The loss given default is determined with reference to any exposure reducing instruments such as collateral or liquid assets that the counterparty may have. The exposure at default is determined as the amount of the loan balance outstanding at the reporting date.

E Financial investments
The ESOT investments are included at FVTPL. The cost of shares acquired by the ESOT have been financed by an interest free loan from Legal & General Group Plc.

2. Summary of significant accounting policies (continued)

F Intangible assets
Intangible assets consist of capitalised software costs. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software produce and use it or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software produce are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Capitalised software costs are amortised over their estimated useful lives. The estimated amortisation period is 3-10 years.

Amortisation methods, useful lives and any expected residual values are reviewed at each reporting date and adjusted if necessary. The amortisation charge for the year is recognised in the Income Statement in Other Expenses. Intangible assets with finite useful lives are tested when there are indications of impairment. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Any impairments are recognised in other expenses.

G Property, plant and equipment
Property, plant and equipment is capitalised at initial cost where it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliability. The cost is depreciated on a straight-line basis over the item's estimated useful working life. This ranges from 3-20 years.

Property, plant and equipment includes right of use assets. The accounting policy for right of use assets recognised within plant, property and equipment on the Company's balance sheet is disclosed in Note 2P.

Immaterial items of capital expenditure are charged to the income statement as incurred.

H 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 annuity 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.

I 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.

J Amounts due from group undertakings
Amounts due from group undertakings are held at amortised cost using the effective interest method. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2. Summary of significant accounting policies (continued)

K Investment in subsidiaries
Investments in subsidiary undertakings are carried at cost less provision for impairment, if any.

L Other receivables
Other receivables are amounts due from customers for services performed in the ordinary course of business. Other receivables are held at amortised cost using the effective interest method. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

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

N 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.

O 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.

P Leases
As a lessee, the Company recognises leases on the Balance Sheet as 'right of use' assets and lease liabilities. 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 the addition of any lease payments made on or before the commencement date, the addition of any initial direct costs, and the deduction of any lease incentives received. 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 re-assesses 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.

2. Summary of significant accounting policies (continued)

Q 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 on behalf of Group companies. Revenue from providing services is recognised in the accounting period in which services are rendered.

R 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.

S 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.

T 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.

U Prior year restatement
The table below shows the effect the restatements to the prior year comparatives had on the Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity:

Statement of Comprehensive Income	**As Previously Reported 2021 £m**	Adjustment 2021 £m	**Restated 2021 £m**
Profit for the financial year	**11.1**		**11.1**
Contributions to defined benefit plans made by other members	**85.1**		**85.1**
Actuarial gain on defined benefit pension plans	**32.5**	71.3	**103.8**
Actuarial loss on annuity assets	**(73.4)**		**(73.4)**
Tax on other comprehensive income	**(6.5)**	(17.8)	**(24.3)**
Other comprehensive income for the year, net of tax	**37.7**	53.5	**91.2**
Total comprehensive income for the year	**48.8**	53.5	**102.3**

Balance Sheet	**As Previously Reported 2021 £m**	Adjustment 2021 £m	**Restated 2021 £m**
Non-current assets			
Financial investments	**120.1**		**120.1**
Property, plant and equipment	**12.7**		**12.7**
Annuity assets	**990.6**		**990.6**
Deferred tax asset	**7.5**	(7.5)	**-**
Amounts due from group undertakings	**73.3**		**73.3**
Total non-current assets	**1,204.2**	(7.5)	**1,196.7**
Total assets less current liabilities	**1,014.2**	(7.5)	**1,006.7**
Non-current liabilities			**-**
Employee benefit obligations	**(1,020.4)**	71.3	**(949.1)**
Lease liabilities	**(13.0)**		**(13.0)**
Deferred tax liability	**-**	(10.3)	**(10.3)**
Net assets	**(19.2)**	53.5	**34.3**

U Prior year restatement (continued)

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
Other comprehensive expense for the year, net of tax, as previously reported	-	37.7	37.7
Adjustment	-	53.5	53.5
Other comprehensive expense for the year, net of tax, restated	-	91.2	91.2
Total comprehensive income for the year, restated	-	102.3	102.3
As at 31 December 2021, restated	-	**34.3**	**34.3**

The fair value of the IAS 19 assets at 31 December 2021 have been restated as a result of a correction to the valuation of the Assured Payment Policies (APPs). The actuarial gain on defined benefit pension plans and corresponding tax effect within other comprehensive income have also been restated.

3. Revenue

The revenue 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:

	2022 £m	2021 £m
Wages and salaries	**401.4**	331.6
Social security costs	**52.5**	43.8
Other pension costs	**76.5**	62.7
Share based payments	**12.4**	4.7
Total staff costs	**542.8**	442.8
Changes in the value of the defined benefit pension scheme deficit and annuity assets:		
Net interest expense	**18.1**	13.8
Current service cost	**2.5**	2.3

Audit fees payable to the Company auditor were £16.9k (2021: £15.4k). The auditor received £nil (2021: £nil) fees for non audit services on the Company's behalf.

5. Employees and directors

Employees

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

	2022	2021
Average headcount	**5,910**	5,534

Directors

The directors' emoluments were as follows:

	2022 £000	2021 £000
Short-term employee benefits	**49.7**	37.2
Post employment benefits	**0.7**	0.5
Aggregate emoluments	**50.4**	37.7

Post-employment benefits are not accruing to any of the directors under a defined benefit pension scheme (2021: none). Four director exercised share options during the year (2021: one).

6. Other operating income / (expense)

	2022 £m	2021 £m
Expected return on annuity assets	17.7	13.0
Fair value movement on ESOT	(19.3)	8.9
Total other operating income / (expense)	(1.6)	21.9

7. Income tax expense

	2022 £m	2021 £m
UK corporation tax at 19% (2021: 19%)		
Current tax for the year	(0.9)	0.1
Total current tax	(0.9)	0.1
Deferred tax		
Movement in temporary differences	5.7	2.5
Total deferred tax	5.7	2.5
Tax charge on profit	4.8	2.6

Tax included in other comprehensive income

	2022 £m	Restated 2021 £m
Deferred tax on actuarial gains on defined benefit pensions schemes	14.4	24.3
Total tax included in other comprehensive income	14.4	24.3

Refer to note 2U for details of the 2021 restatement.

To calculate the current tax on profits, the rate of tax used is 19% (2021: 19%), which is the average rate of corporation tax applicable for the year. The differences are explained below:

	2022 £m	2021 £m
Profit on ordinary activities before taxation	18.0	13.7
Corporation tax at 19% (2021: 19%)	3.4	2.6
Effects of:		
Difference in rates used	1.4	-
Total tax charge	4.8	2.6

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.

8. Deferred tax asset / (liability)

	2022 £m	Restated 2021 £m
As at 1 January	**(10.3)**	16.6
Amount charged to the Income Statement for the period	**(5.7)**	(2.6)
Amount charged to Other Comprehensive Income for period	**(14.4)**	(24.3)
As at 31 December	**(30.4)**	(10.3)

	2022 £m	Restated 2021 £m
The deferred tax liability consists of the following amounts:		
Recognition of deferred tax on defined benefit pension (surplus)/ deficit	**(29.2)**	(10.3)
Excess of depreciation over capital allowances	**(1.2)**	-
As at 31 December	**(30.4)**	(10.3)

Refer to note 2U for details of the 2021 restatement.

9. Financial investments

	2022 £m	2021 £m
Investment in parent shares	**145.3**	120.1

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 2022 4.7m shares were released to satisfy the share scheme requirements. As at 31 December 2022, the ESOT held 58.2m shares acquired at a cost of £138.0m and with a market value of £145.3m, of which 22.5m were purchased at market rates between January and December 2022 at a cost of £56.3m. 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.

10. Amounts due from group undertakings

	2022 £m	2021 £m
Long term loan due from group undertakings	**1.6**	1.6
Amounts due from group undertakings	**102.8**	71.7
Total amounts due from group undertakings	**104.4**	73.3

Long term loans to group undertakings total £1.6m (2021: £1.6m). A loan agreement was signed on 17 March 2018 for 5 years. While the loan agreement expired in March 2023, the intent is that the loan agreement shall be renewed, and repayment of the balance is not expected within 12 months of the reporting 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.

11. Other receivables

	2022 £m	2021 £m
Amounts owed from group undertakings	**52.9**	80.3
Prepayments	**46.6**	43.9
Income tax	**0.8**	-
Other receivables	**6.9**	7.2
Total other receivables	**107.2**	131.4

All receivables fall due within one year.

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

12. Trade and other payables

	2022 £m	2021 £m
Amounts owed to group undertakings	**(247.9)**	(191.3)
Trade and other creditors	**(7.7)**	(6.4)
Taxation and social security	**(13.7)**	(16.0)
Accruals	**(135.6)**	(114.2)
Total current liabilities	**(404.9)**	(327.9)

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); and
- Legal & General Staff Stakeholder Pension Scheme (UK).

Contributions of £77.3m (2021: £68.7m) were made during the year in respect of defined contribution schemes.

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 2021 was completed on 21 September 2022.

- 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 2021 was completed on 21 September 2022.

There are three participating entities of the Fund and the Scheme (the Company, Legal & General Investment Management (Holdings) Limited 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.

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.

13. Post-employment benefits (continued)

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

	2022	2021
Employed deferreds	73	79
Deferreds	2,557	2,782
Pensioners	3,911	3,791
Total number of active members of the Fund and Scheme	**6,541**	6,652

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 2022 the value of these annuities, on an IAS 19 basis, was £718m (2021: £991m). The assets are measured at their fair value at the balance sheet. The expected return on annuity assets credited to profit or loss in 2022 was £18m (2021: £13m). Actuarial losses on the annuity assets charged to Other Comprehensive Income in 2022 were £(291)m (2021: £(73)m loss).

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. The purchase of the APP assets significantly reduces this risk as the value of the APP assets is expected to move in line with the value of liabilities.
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.

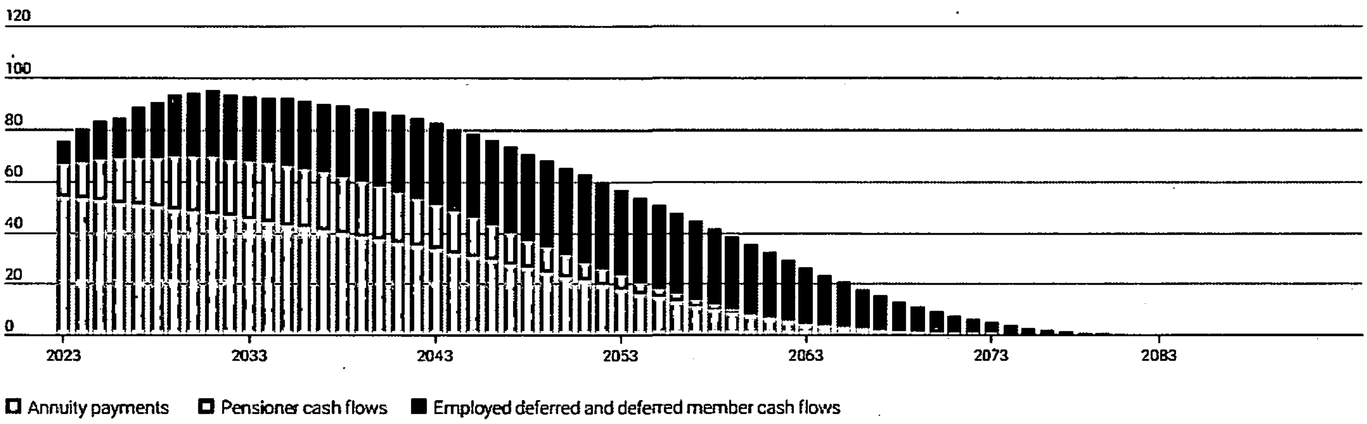
The sensitivity of the net obligations to changes in any of the variables are monitored and action is taken if any risk moves outside of the appetite.

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 as at 31 December 2021 was completed on 21 September 2022. 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 deficit over a certain period of time. The triennial valuation at 31 December 2021 showed a total funding deficit for both the Fund and Scheme of £184m. A recovery plan has been agreed of £98m per annum until 31 December 2024. Payments due under the recovery plan may pause if the estimated funding level of the scheme suggests the scheme is in surplus. Following a pause, the estimated funding level of the schemes will continue to be monitored, and payments would be restarted if the estimated funding level reduces back into a deficit. As a consequence, the expected contribution for 2023 will be determined based on the estimated funding level in 2023.

13. Post-employment benefits (continued)

The Fund and the Scheme liabilities have an average duration of 13.9 years (2021: 17.8 years) and 13.2 years (2021: 16.9 years) respectively. The reduction in the duration is driven by the higher discount rate, as a result of material increases in interest rates over 2022. 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. 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 2022 %	2021 %
Rate used to discount liabilities	**4.8**	1.8
Rate of increase in pensions in payment	**3.7**	3.8
Rate of increase in deferred pensions	**3.9**	4.0
Rate of general inflation (RPI)	**3.4**	3.5

Post retirement mortality	**2022**	2021
Fund	**72.5% PCMA00/82.5% PCFA00**	72.5% PCMA00/82.5% PCFA00
Scheme	**67.5% PCMA00/77.5% PCFA00**	67.5% PCMA00/77.5% PCFA00
Mortality Improvements (Fund and Scheme)[1]	**CMI 2020, base date 2019 Sk = 7.5**	CMI 2019, base date 2018 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 (2021: long-term rates of 1.5% males and 1.0% females to age 85, tapering to nil by age 110).

This equates to average life expectancy as follows:

	Fund and Scheme 2022 years	2021 years
Normal retirement age	**60.0**	60.0
Male life expectancy at retirement age	**87.0**	87.2
Female life expectancy at retirement age	**88.1**	88.4
Male life expectancy at age 60, for a current 40-year old	**89.0**	89.3
Female life expectancy at 60, for a current 40-year old	**89.5**	89.8

13. Post-employment benefits (continued)

	Fund and Scheme 2022 £m	Restated 2021 £m
Movement in present value of defined benefit obligations		
As at 1 January	**(2,348.6)**	(2,614.8)
Current service cost	**(2.5)**	(2.3)
Past service credit / (cost)	**-**	-
Interest expense	**(42.5)**	(32.2)
Actuarial remeasurement (recognised in Statement of Comprehensive Income)	**810.8**	197.2
Benefits paid	**102.2**	103.5
As at 31 December	**(1,480.6)**	(2,348.6)
Movement in fair value of plan assets		
As at 1 January	**1,399.5**	1,476.8
Expected return on plan assets at liability discount rate	**24.4**	18.4
Actuarial remeasurement (recognised in Statement of Comprehensive Income)	**(542.2)**	(93.4)
Employer contributions	**100.1**	101.2
Benefits paid	**(102.2)**	(103.5)
As at 31 December	**879.6**	1,399.5
Employee benefit obligations	**(601.0)**	(949.1)
Insured annuity obligations[1]	**717.7**	990.6
Gross defined benefit pension surplus	**116.7**	41.5
Deferred tax on defined benefit pension surplus	**(29.2)**	(10.3)
Net defined benefit pension surplus	**87.5**	31.2

[1] Insured by Legal and General Assurance Society Limited

Refer to note 2U for details of the 2021 restatements within note 13.

During 2022 annuities were purchased from LGAS. A premium of £61m (2021: £82m) 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.

2022 has seen significant increases in interest rates. The net defined pension deficit above is not affected by the full extent of the market movement, because the schemes' assets are principally APPs, and around half the liabilities are matched through the purchase of annuities from LGAS. As a result, interest rate and inflation changes are broadly offset, and liquidity of the schemes is not significantly affected.

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.

	2022 £m	2021 £m
1 year increase in life expectancy	**(33)**	(76)
0.1% p.a. decrease in discount rate	**-**	(6)
0.1% p.a. increase in RPI and CPI	**-**	(3)

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	**-**	**831**
Cash and cash equivalents	**48**	**-**
As at 31 December 2022	**48**	**831**

13. Post-employment benefits (continued)

	Valuation based on quoted market price UK	Valuation based on other than quoted market price UK
	£m	£m
Assured payment policy, restated	-	1,285
Cash and cash equivalents	114	-
As at 31 December 2021, restated	114	1,285

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

	2022	2021
	£m	£m
Current service costs	**2.5**	2.3
Net interest expense	**18.1**	13.8
Total included in administrative expenses	**20.6**	16.1

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 30 months (2021: 31 months). The weighted average share price at the date of exercise was 205p (2021: 204p).

Performance Share Plan
Nil Cost Options can be granted to senior managers under the Performance Share Plan ('PSP'), based upon individual and company performance. From 2014, the number of options that vest are equally dependent on the Group's relative TSR and Earnings per Share ('EPS') / Dividend per Share ('DPS') growth. The awards vest after the end of the three year performance period and become exercisable in thirds over three, four and five years.

Changes were made to the performance conditions for awards granted from 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. Shares in respect of dividend equivalents will normally be awarded when Conditional Share awards vest.

The weighted average remaining contractual life for the outstanding options under the SBP scheme is 102 months (2021: 100 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.

14. Share-based payments (continued)

The weighted average fair value of the shares issued was 268.8p (2021: 296.4p).

Total options
Options over shares are outstanding under CSOP, the Executive Share Option Scheme ('ESOS') and SaveShare at 31 December 2022 as shown below:

Option price (pence per share)	Number of shares	Option period ending in
0 – 100.00	357,531	2026-2031
190.01 – 200.00	4,317,735	2023-2025
200.01 – 210.00	5,180,398	2023-2030
210.01 – 220.00	660,519	2023-2024
230.01 – 240.00	1,756,204	2024-2026
270.01 – 280.00	1,035,902	2032
290.01 – 300.00	375,537	2031
Total	**13,683,826**	

Options over shares outstanding under CSOP, ESOS and SaveShare at 31 December 2021 were 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	

15. Share capital

	2022 £	2021 £
Allotted and fully paid: 100 ordinary shares (2020: 100) of £1 each	**100**	100

16. Intangible assets

	Capitalised software costs 2022 £m	Total 2022 £m
Balance as at 1 January 2022	-	-
Additions	3.6	3.6
Disposals	-	-
Amortisation for the period	-	-
Carrying amount as at 31 December 2022	**3.6**	**3.6**

Total capitalised software costs include £3.6m work in progress assets that are not yet available for use as at 31 December 2022.

17. Property, plant & equipment

	Office buildings 2022 £m	IT equipment 2022 £m	Cars 2022 £m	Total 2022 £m
Balance as at 1 January 2022	-	11.7	1.0	12.7
Additions	38.9	2.5	0.1	41.5
Disposals	-	-	(0.1)	(0.1)
Depreciation for the period	-	(4.0)	(0.3)	(4.3)
Carrying amount as at 31 December 2022	38.9	10.2	0.7	49.8

	Office buildings 2021 £m	IT equipment 2021 £m	Cars 2021 £m	Total 2021 £m
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
Included in the above line items are right-of-use assets	-	11.7	1.0	12.7

The maturity profile of lease liabilities at 31 December 2022 is presented in the table below:

	Undiscounted lease payments 2022 £m	Finance charge 2022 £m	Total 2022 £m
Within 1 year	4.5	(0.3)	4.2
1-2 years	4.5	(0.1)	4.4
2-3 years	0.1	(0.0)	0.1
3-4 years	0.0	(0.0)	0.0
4-5 years	-	-	-
After 5 years	-	-	-
Total lease liabilities	9.1	(0.4)	8.7

The maturity profile of lease liabilities at 31 December 2021 was as shown 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

17. Property, plant & equipment (continued)

Lease contracts are typically entered into for fixed periods ranging from 3 to 8 years (FY21: 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. Of these leases, 30% have extension options (FY21: 29%) and 60% leases have termination options (FY21: 72%).

Interest expense of £0.6 million (FY21: £0.5 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 (FY21: none).

At 31 December 2022 the Company had to committed to one additional lease which had not yet commenced. The total future cash outflows for the leases that have not yet commenced is £59m (2021: committed to one additional lease).

18. 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.

19. 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 2022 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.

20. 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.

20. Risk management and control (continued)

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.
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.

21. Post balance sheet events
The Company is the sponsoring employer of the Group operated defined pension schemes in the UK. Assured Payment Policies (APPs), previously transacted between the group's defined benefit schemes and Legal and General Assurance Society Limited ('LGAS') were surrendered and converted into annuity contracts in April 2023.

There were no adjusting or non-adjusting post balance sheet events between 31 December 2022 and the approval of the report and accounts of the Company that require disclosure.