CLFIS (U.K.) LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Registered Number: 04356028

Contents

CLFIS (U.K.) LIMITED

Directors and Advisers

Directors	K L Bateman D J Marchant R P Priestley T J Stoves
Company Secretary	L A Rodriguez
Registered Office	Canada Life Place High Street Potters Bar Hertfordshire EN6 5BA
Registered Number	04356028
Auditor	Deloitte LLP Bristol

CLFIS (U.K.) LIMITED

Strategic Report for the year ended 31 December 2020

The principal activity of CLFIS (U.K.) Limited ("the Company") is to provide management services to other group companies and this will continue to be the main activity for the foreseeable future. The directors continue to review the operations of the Company with a view to its future development.

The Company operates a staff pension scheme with two sections, a defined benefit section and a defined contribution section for its employees (for details please refer to Note 19). The defined benefit scheme is closed to new entrants and, with effect from 1 April 2016, has been closed to future accrual by existing members. The staff pension fund deficit of £50,864k (2019: £78,337k) is disclosed on the face of the balance sheet. This is shown gross of deferred tax. The scheme deficit has decreased by £27.5m since the prior year. This is primarily due to gains made on the scheme assets and by contributions made into the scheme by the Company, partially offset by an increase in the value placed on the liabilities.

The immediate parent company is The Canada Life Group (U.K.) Limited ("CLG") incorporated in England. The Company is ultimately wholly owned by Great-West Lifeco Inc ("Lifeco").

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

On 1 January 2020, and pursuant to Part VII of the Financial Services and Markets Act 2000, the entire long-term insurance business of MGM Advantage Life Limited was transferred to Canada Life Limited. At the same time, the Court approved the transfer of legal and beneficial interest in the associated business assets and contracts of MGM Advantage Services Limited to the Company to allow the Company to continue providing management services to support Canada Life Limited's on-going operation of that long-term insurance business.

Results and dividends

The loss after tax for the year was £8,867k (2019 profit after tax: £2,142k). No dividend was paid during the year (2019: £nil) and the directors do not propose a payment of a dividend.

These are the Key Performance Indicators for The Company for the year.

Principal risks, uncertainties and financial instruments

The coronavirus pandemic (COVID-19) is an ongoing event to which the company is exposed. The Company is continuing to monitor the situation closely and management have taken action to mitigate the operational risks and enable the Company to continue to conduct its business activities effectively while ensuring the safety and well-being of customers, employees and wider communities. Continuity plans continue to be in operation with employees working remotely.

In addition, the Company is exposed to financial risk through its assets and liabilities. In particular, the key financial risk to the Company is credit risk: the risk that a counterparty will be unable to pay amounts in full when due. The Company has relatively small third-party debtor balances.

The Company does not use derivative financial instruments.

Principal risks, uncertainties and financial instruments (continued)

On 31 January 2020 the UK formally exited the European Union ("Brexit") and entered into a transition period which came to an end on 31 December 2020. Given the majority of the Company's business is conducted domestically, the overall impact to date and any future impact from Brexit (aside from any economic implications) is considered to be low.

Environmental matters

Sustainability risk is the risk of loss arising from the inability to maintain business operations and sustain the Company's growth due to negative externalities such as environmental degradation, social risk issues and climate change. The Company may experience direct or indirect financial, operational or reputational impact stemming from these externalities.

The Company's business and financial condition may be adversely impacted if the Company does not adequately prepare for or manage both physical and transition risks related to climate change.

Physical risks are associated with direct and indirect damage from weather-related events or environmental disasters. The Company may experience direct or indirect financial, operational or reputational impact stemming from environmental risk events.

Transition risks refer to reputational, market, regulatory, policy, legal and technology-related risks that arise from the shift toward a lower-carbon economy. The Company's financial condition may be negatively impacted by costs associated with changes in environmental laws and regulations and regulatory enforcement. Further, the Company's reputation, financial performance and ability to generate business may suffer if the Company fails to meet stakeholder expectations on environmental risk mitigation practices and carbon reporting.

The Company's operations have a relatively limited impact on the environment. The main areas of potential impact are in respect of its premises from where it operates.

The Company has a strong belief that minimising its environmental footprint is the right thing to do for the well-being of its stakeholders and its communities and has a long-standing commitment to do so.

The primary objective of the environmental policy is to minimise the exposure to risks associated with or arising from environmental issues.

The Company's largest site in Potters Bar was refurbished in 2020 to a standard that meets sustainability good practice criteria set out by The Royal Institution of Chartered Surveyors. Changes have been made to improve energy efficiency and reduce waste, making sure the majority of physical waste is recycled. Significant thought has gone into creating an environment that has a positive impact on the physical and mental health of the occupants, as well as the local environment.

In addition, the Company looks for opportunities to reduce and improve its environmental impact in a number of areas. A Cycle to Work scheme and a free of charge bus service is offered to employees to encourage the use of greener modes of transport when travelling to and from the office.

Our parent Great-West Lifeco Inc conducted an environmental audit under a global sustainability reporting programme, Carbon Disclosure Project (CDP). The CDP is a global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. As part of the CDP's climate change programme, companies can earn a position on the "A List" by disclosing high-quality data related to their carbon emissions and the management of climate change related risks and opportunities.

Strategic report for the year ended 31 December 2020 (continued)

Environmental matters (continued)

The programme is designed to increase energy efficiency and reduce the environmental impact of our operations. During the year, our parent earned an A rating from the project, putting us in the top 5% of companies globally. This achievement reflects our commitment to sustainability across our operations around the world.

Greenhouse gas emissions – Streamlined Energy Carbon Reporting

Our emissions are calculated in line with the Greenhouse Gas Protocol using the 2018 emission factors provided by The Department for Environment, Food and Rural Affairs. The company's Scope 1, 2 and 3 emissions for the year to 31 December 2020 are set out in the table below. Scope 1 emissions relate to the Company's emissions from the combustion of fuel and operating activities, Scope 2 emissions relate to the Company's electricity usage and Scope 3 emissions relate to business travel including from rental or employee-owned vehicles where organisations are responsible for purchasing fuel.

In order to provide an intensity ratio for our emissions disclosure, we have calculated our greenhouse gas emissions per employee. The number of employees used is the average headcount of employees over the measurement period.

	Tonnes of CO_2
Emissions from:	Current reporting year 2020
Scope 1 – Combustion of fuel and operation of facilities	429
Scope 2 – Purchased energy for own use	1,418
Scope 3 – Business travel	12
Tonnes of CO_2 per employee*	1.63
Energy Consumption (MWh)	8,406

* The average staff numbers for the reporting period were 1,138 (note 7).

Strategic report for the year ended 31 December 2020 (continued)

Section 172(1) Statement

The directors of the Company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to (amongst other matters) those laid out in Section 172 of the Companies Act 2006.

The Board is collectively responsible for the long-term success of the Company and its subsidiaries. It sets Company values and culture and ensures that obligations to its shareholder, customers and other stakeholders are understood and met.

The Company has an Employee Consultation Forum which meets regularly. The aim of the forum is to represent the views of the workforce, communicate with management, provide feedback to the workforce and consult with them on key issues. In 2020 The Company conducted a number of formal and informal colleague surveys. This included a global engagement survey, a culture diagnostic and check-ins on wellbeing and attitudes during Covid-19. The Company takes all the feedback seriously and the Executive team review the feedback, identifying and actioning areas for improvement as well recognising the strengths which are highlighted.

The Company makes every effort to ensure it works with suppliers in line with their Code of Conduct and the supply chain is assessed with regard to the Modern Slavery Act 2015. Outsourcing arrangements and professional service contracts are governed by an Outsourcing and Supplier Risk Operating Policy and Standard. Suppliers are treated fairly with regular communication and timely financial payments. Vital suppliers are assigned a relationship manager to maintain open dialogue and implement regular monitoring and assessment to ensure the continued effectiveness of the arrangement.

The Company takes its charitable giving responsibilities seriously – both in the communities it operates in and also at a national level to support important causes throughout the year. Donations are carried out through the Company. During the year donations were made through the workforce nominated charity scheme with further amounts being raised through fundraising. In addition, the Company made several donations to Covid-19 related charities and to foodbanks over the Christmas period. The Company also has a Sustainability Group, which has launched a number of initiatives to help make the Company more environmentally friendly.

Climate Change is a rapidly evolving situation. The understanding of the risks, the strategies that may be required to manage them, the national and international political responses, the developments within our market, and the developments of tools and techniques to quantify and manage climate risk are all evolving rapidly, and this is expected to continue to develop and change over the coming years.

The company follows the guidelines of the Streamlined Energy and Carbon Reporting, the results of which are outlined above. The company is considering the requirements to provide an assessment of the disclosures in line with the four areas recommended by The Task Force on Climate-Related Financial Disclosures ("TCFD") by 2023.

The Company is a subsidiary of CLG, the sole shareholder. Communications take place regularly with both CLG and Lifeco.

CLFIS (U.K.) LIMITED

Strategic report for the year ended 31 December 2020 (continued)

Section 172(1) Statement (continued)

The Financial Statements at 31 December 2020 have been prepared in accordance with the Financial Reporting Standard 102.

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

K.L. Bateman

Director
Canada Life Place, High Street, Potters Bar, Hertfordshire, EN6 5BA

Date: 3 August 2021

Directors' Report for the year ended 31 December 2020

The directors of CLFIS (U.K.) Limited ("the Company") present their annual report and audited financial statements for the year ended 31 December 2020.

Details of principal risks, uncertainties, dividends, financial instruments and energy and carbon disclosures are included in the Strategic Report and form part of this report by cross-reference.

Principal activity and future developments

The Company's principal activity is to provide management services to other group companies.

This will continue to be the main activity for the foreseeable future. The directors continue to review the operations of the Company with a view to its future development.

Employment of disabled persons

The company gives full and fair consideration to applications for employment by the Company made by disabled persons, having regard to their particular aptitudes and abilities. Where employees have become disabled during the period they were employed by the Company, every effort is made to continue their employment and arrange appropriate training. Otherwise the training, career development and promotion of disabled persons is the same as that of all other employees of the Company.

Employee involvement

Employees are regularly provided with information on matters of concern to them as employees. Their views are taken into account in making decisions which are likely to affect their interests by means of surveys and consultations with the employees or their representatives. The Company promotes awareness in the employees as to its financial performance through bulletins and other means and offers employees a share purchase scheme to encourage their involvement.

Directors

The names of the persons who were directors during the year and up to the date of this report, except as noted, are set out below.

K L Bateman	
D A Brown	Resigned 18 December 2020
R C Fazzini-Jones	Resigned 31 May 2021
D J Marchant	
S W Mason	Resigned 30 May 2021
R P Priestley	
T J Stoves	

Going concern

The directors have adopted the going concern basis in preparing the financial statements. The Company continues to be supported by fellow group undertakings, and the directors consider that the resources available are adequate to meet third party obligations when they fall due, thus ensuring the Company will continue in operational existence. Please also refer to the principal accounting policies for further details.

Auditor

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

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

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

K.L. Bateman
Director
Canada Life Place, High Street, Potters Bar, Hertfordshire, EN6 5BA

Date: 3 August 2021

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of CLFIS (U.K.) Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of CLFIS (U.K.) Limited (the 'Company'):
- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:
- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of CLFIS (U.K.) Limited (Continued)

Other information (Continued)
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Independent auditor's report to the members of CLFIS (U.K.) Limited (Continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud (Continued)

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Independent auditor's report to the members of CLFIS (U.K.) Limited (Continued)

Use of our report
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.

Andrew Holland FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
3 August 2021

CLFIS (U.K.) LIMITED

Income Statement
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Turnover	**5**	153,422	168,189
Administrative expenses		(162,041)	(164,637)
Operating (loss)/profit	**6**	(8,619)	3,552
Interest payable and similar expenses		(24)	(28)
Net interest on pension scheme	**18**	(1,508)	(2,079)
(Loss)/Profit before taxation		(10,151)	1,445
Tax on loss/profit	**9**	1,284	697
(Loss)/Profit for the financial year		(8,867)	2,142

All amounts derive from continuing operations.

The notes on pages 19 to 36 form an integral part of these financial statements.

CLFIS (U.K.) LIMITED

Statement of Other Comprehensive Income
For the year ended 31 December 2020

	2020 £'000	2019 £'000
(Loss)/Profit for the financial year	(8,867)	2,142
Actuarial gain/(loss) on staff pension fund (Note 19)	11,504	(15,414)
Increase in pension deficit deferred tax asset	620	2,630
Total Other Comprehensive gain/(loss)	3,257	(10,642)

The notes on pages 19 to 36 form an integral part of these financial statements.

CLFIS (U.K.) LIMITED

Statement of Financial Position
As at 31 December 2020

	Notes	2020 £'000	Restated 2019 £'000
Fixed Assets			
Intangible assets	11	39,785	11,510
Tangible assets	12	4,962	3,963
Current Assets			
Debtors			
- due within one year	13	18,441	20,177
- due after one year	13	11,116	15,122
Creditors: amounts falling due within one year	14	(156,317)	(108,668)
Net current liabilities		(126,760)	(73,369)
Total assets less current liabilities		(82,013)	(58,196)
Provisions for liabilities	15	(50)	(57)
Creditors: amounts falling due after more than one year	16	(1,000)	(1,000)
Net liabilities excluding pension fund deficit		(83,063)	(58,953)
Pension fund deficit	19	(50,864)	(78,337)
Net liabilities including pension fund deficit		(133,927)	(137,290)
Capital and Reserves			
Called up share capital	17	0	0
Profit and loss account		(133,927)	(137,290)
Shareholders' deficit - equity interests		(133,927)	(137,290)

The notes on pages 19 to 36 form an integral part of these financial statements.

The financial statements of CLFIS (U.K.) Limited (registered number 04356028) were approved by the Board of Directors and signed on its behalf.

For further details on the restatement refer to Note 11.

They were signed on its behalf by:

K.L. Bateman

Director

Date: 3 August 2021

CLFIS (U.K.) LIMITED

Statement of Changes in Equity
For the year ended 31 December 2020

	Ordinary share capital £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2019	0	(126,790)	(126,790)
Profit for the year	-	2,142	2,142
Movement on deferred tax asset in respect of staff pension fund	-	2,630	2,630
Actuarial (loss) on staff pension fund (Note 19)	-	(15,414)	(15,414)
	0	(137,432)	(137,432)
Capital contribution for share based payments expense (Note 20)	-	142	142
Balance at 31 December 2019	0	(137,290)	(137,290)
Balance at 1 January 2020	0	(137,290)	(137,290)
Loss for the year	-	(8,867)	(8,867)
Movement on deferred tax asset in respect of staff pension fund	-	620	620
Actuarial gain on staff pension fund (Note 19)	-	11,504	11,504
	0	(134,043)	(134,043)
Capital contribution for share based payments expense (Note 20)	-	106	106
Balance at 31 December 2020	0	(133,927)	(133,927)

Notes to the financial statements for the year ended 31 December 2020

1 Principal accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year. No significant judgements have been made in applying the accounting policies and no material estimates have been made within the financial statements, with the exception of the valuation of the defined benefit pension scheme, see note 19 for further details.

2 General information

CLFIS (U.K) Limited ("the Company") is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Canada Life Place, Potters Bar, Hertfordshire EN6 5BA. The Company is a wholly owned subsidiary of The Canada Life Group (U.K.) Limited ("CLG") incorporated in England.

The Company's principal activity is to provide management services to other group companies and this will continue to be the main activity for the foreseeable future.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

3 Statement of Compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 ("FRS102") and the Companies Act 2006.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of cash flow statement, remuneration of key management personnel and intra-group transactions.

4 Principal accounting information

The principal accounting policies applied in the preparation of these financial statements are summarised below. These polices have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

A. Basis of preparation

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

Going concern
The Strategic Report outlines the Company's activities, performance, principal risks, uncertainties and financial risk management objectives. The Company has taken into consideration the ongoing Covid-19 pandemic when undertaking its Going Concern assessment. Having regard to the Company's financial position, its expected performance in the future and having made appropriate enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Whilst the Company has a significant liability mainly as a result of the pension fund deficit, it will continue to be supported in its operations by the group in line with group policy to provide support to entities which provide management services to other group companies. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

A. Basis of preparation (continued)

Cash flow statement
Advantage has been taken of the exemption under FRS 102 1.12(b), Cash Flow Statements, not to present a cash flow statement as the Company is 100% controlled within the Great-West Lifeco Inc group of companies ("Lifeco"). The consolidated financial statements in which the subsidiary undertakings are included are publicly available (see note 20).

Transactions with related parties
Advantage has been taken under FRS102 33 1.A, Related Party Disclosures, not to disclose transactions between entities, 100% of whose voting rights are controlled within Lifeco. (see note 21).

Key Management Personnel disclosure
Advantage has been taken under FRS 102 1.12(e) to not disclose key management personnel compensation in total. The directors' emoluments are disclosed as per Companies Act 2006.

B. Depreciation of tangible fixed assets

Depreciation is charged so as to write off the cost of the assets, over their estimated useful lives, using the straight line method, on the following bases:

Office Fixtures and Equipment	5 – 10 years
Other Assets	3 – 10 years

Office fixtures and equipment includes leasehold improvements.

C. Amortisation of intangible fixed assets

Amortisation is charged so as to write off the cost of the assets, over their estimated useful lives, using the straight line method, on the following bases:

Computer Software	5 – 10 years

D. Current taxation

Current tax expense is based on the taxable profits for the year, at rates that have been enacted at the balance sheet date after any adjustments in respect of prior years. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

E. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, but only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

F. Turnover

Turnover represents income the Company derives from the provision of management services to other companies within the European division of the Lifeco group of companies and is recognised as management services are provided.

G. Administrative expenses

Administrative expenses are recognised on an accruals basis and represent operating expenses captured on behalf of other group companies.

H. Interest receivable/payable

Interest receivable/payable is accounted for on an accruals basis.

I. Share-based payments

The Company is 100% controlled within Lifeco, and employees of the Company are included within a share option scheme operated by Lifeco ("the Lifeco stock option plan"), as described in Note 20. The Lifeco stock option plan provides for the granting of options on common shares of Lifeco to certain employees of Lifeco and its affiliates.

The Black-Scholes option pricing model is used to determine the fair value of share-based payments granted under the Lifeco stock option plan, as at the date of grant. In accordance with FRS 102 section 26: Share-based payments, this expense is recognised over the vesting period of the granted options, with a corresponding increase directly to retained earnings.

The Company complies with the requirements of paragraph 26.16 of FRS 102 which requires share options issued by a parent company to be recognised as an expense in the subsidiary company.

All permanent employees are entitled to participate in the Canada Life Share Purchase Plan ("the SP Plan"). Each employee is able to invest a maximum of whichever is the lower of, either 10% of their monthly salary or £150 per month. These amounts are transferred over to Computer Share Plan Trust ("the Trust") under intermediary payment arrangements. The Trust purchases and holds the shares of Lifeco. For every £2 contributed by the employee the Company will contribute £1. The Company recognises the expenses incurred in relation to the above in its books. All matching and dividend shares have a holding period of three years. If shares are withdrawn before the end of the three year period the employee will face tax penalties.

At the balance sheet date outstanding matching, partnership and dividend shares are recognised on the company's balance sheet and a corresponding asset and liability created. The forfeited matching shares are held in the Trust and recycled in the monthly share purchase.

Certain key staff and senior executives are entitled to performance share units. These share units have a vesting period of three years. If all the vesting conditions are satisfied, the performance share units will be settled in cash. The cash settled share based payment liability will be recorded at fair value at each balance sheet date. Any changes in fair value will be recognised in the profit and loss account. The expense is recognised over the vesting period of the performance share units.

Notes to the financial statements for the year ended 31 December 2020 (continued)

J. Pension costs

The Company operates pension schemes for its directors and employees, as described in Note 19. The amounts charged to operating profit are the current service costs, finance cost and gains and losses on settlements and curtailments. Past service costs are recognised in the profit and loss account if the benefits have vested. Charges in respect of the employer's contributions are calculated on a basis which spreads the costs over the service lives of scheme members. Actuarial gains and losses are recognised in the statement of other comprehensive income.

Within the funded defined benefit scheme the assets of the scheme are held separately from those of the Company, in separate trustee-administered funds. These assets are measured at fair value and the liabilities of both the funded and unfunded defined benefit schemes are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained triennially and updated at each balance sheet date. The resulting defined benefit asset or liability of both the funded and unfunded defined benefit schemes, net of the related deferred tax, is presented separately after other net assets on the face of the statement of financial position.

K. Foreign currencies

Transactions in foreign currencies are recorded at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling at the balance sheet. All differences are taken to the income statement.

L. Net interest payable on pension scheme

Net interest payable is the interest cost on net of pension scheme assets and liabilities.

5 Turnover

Turnover for the Company principally derives from the recharges to other companies within the European division of the Lifeco group of companies for payroll and operating costs incurred on their behalf.

	2020 £'000	2019 £'000
Turnover		
Management fee	153,422	168,189

6 Operating Profit

This is stated after charging the following operating expenses:

	2020 £'000	Restated 2019 £'000
Rentals under operating leases	2,531	2,313
Amortisation of intangible fixed assets (restated)	546	441
Depreciation of tangible fixed assets (restated)	1,559	1,551
Auditor's remuneration in respect of fees payable for the audit of the Company's annual accounts	24	28

For further details on the restatement refer to Note 11.

7 Employee information

	2020 £'000	2019 £'000
Wages and salaries	68,364	63,674
Social security costs	8,099	7,734
Share-based payment expense	106	142
	76,569	71,550

The Company's employees can be members of the Canada Life UK Division Staff Pension Fund ("The Fund") (see Note 19).

The average monthly number of employees, including executive directors, during the year was as follows:

	2020 No.	2019 No.
Sales	70	69
Management	303	249
Administration	765	697
	1,138	1,015

8 Directors' emoluments

The aggregate amount of emoluments paid or receivable by the directors during the year was as follows:

	2020 £'000	2019 £'000
Emoluments	4,314	4,814
Highest paid director		
Emoluments	1,041	1,014

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Directors' emoluments (continued)

Some of the directors of the Company have served during the year as directors of fellow subsidiaries. The directors do not consider it is possible to apportion the total remuneration between their services as directors of the Company and their services as directors of entities whose businesses form part of the CLG group of companies.

During the year, the Company made contributions of £4.1k (2019: £7.8k) into the defined contribution pension scheme on behalf of the highest paid director. During the year, the Company made contributions on behalf of three (2019: four) directors into the defined contribution pension scheme.

As at 31 December 2020, five (2019: seven) of the Company's directors had share options. One of the Company's directors exercised share options during the year (2019: No directors).

The highest paid director did not exercise any share options in the year and did have shares receivable under long-term incentive schemes.

9 Taxation

i) Analysis of tax credit / (charge) on ordinary activities

	2020 £'000	2019 £'000
Current tax		
UK corporation tax credit based on the Company's profit for the period	5,564	3,023
Prior period adjustment	346	(962)
	5,910	2,061
Deferred tax		
Timing differences, origination and reversal	(312)	(106)
Prior period adjustment	-	1,327
Decrease in pension deficit deferred tax asset	(4,314)	(2,585)
Total tax credit	1,284	697

The standard rate of tax applied to reported profit on ordinary activities is 19% (2019: 19%).

A proposal to increase the UK shareholder tax rate to 25% from 1 April 2023 was announced in the Budget on 3 March 2021 and was enacted on 24 May 2021.

9 Taxation (continued)

ii) Factors affecting tax charge for the current period

The tax assessed for the period is lower (2019: lower) than that resulting from applying the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
(Loss)/Profit on ordinary activities before tax	(10,151)	1,445
Tax credit/(charge) at 19% (2019: 19%) thereon:	1,929	(274)
Effects of:		
Staff pension	(1,279)	315
Non-deductible expenses	480	-
Capital allowances	72	258
Other timing differences	(264)	33
Prior period adjustment	346	365
Total tax credit	1,284	697

10 Investments in subsidiary undertakings

During the year the Company owned the whole of the issued ordinary share capital of the following undertakings, all of which are incorporated in the United Kingdom and registered in England and Wales. The registered office of its subsidiary is Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA.

Company	Business type
Canada Life UK Staff Pension Trustee Limited	Trustee Services

The investment in subsidiary undertakings is as follows:

		£
Cost :	At 1 January 2020	1
	Additions	-
	At 31 December 2020	1
Provision :	At 1 January 2020	-
	Provision for the year	-
	At 31 December 2020	-
Net Book Value:	At 31 December 2020	1
Net Book Value:	At 31 December 2019	1

11 Intangible assets (restated)

	Computer software	Total
	£'000	£'000
Cost		
At 1 January 2020	17,161	17,161
Additions	28,820	28,820
Disposals	(4,760)	(4,760)
At 31 December 2020	41,221	41,221
Amortisation		
At 1 January 2020	5,650	5,650
Charge for the year	546	546
Disposals	(4,760)	(4,760)
At 31 December 2020	1,436	1,436
Net book value at 31 December 2020	39,785	39,785
Net book value at 31 December 2019	11,510	11,510
Net book value at 1 January 2019	1,002	1,002

A reclassification has been made to the 2019 figures as a result of an error. The net book value of computer software as at 1 January 2019 was made up of £6,211k of cost and £5,209k of accumulated depreciation. All capitalised computer software was previously included with tangible assets (note 12).

The remaining amortisation period for all assets is up to 10 years.

12 Tangible assets (restated)

	Leasehold improvements	Other assets	Total
	£'000	£'000	£'000
Cost			
At 1 January 2020	7,117	13,080	20,197
Additions	1,672	886	2,558
Disposals	(973)	(6,952)	(7,925)
At 31 December 2020	7,816	7,014	14,830
Depreciation			
At 1 January 2020	5,207	11,027	16,234
Charge for the year	617	942	1,559
Disposals	(973)	(6,952)	(7,925)
At 31 December 2020	4,851	5,017	9,868
Net book value at 31 December 2020	2,965	1,997	4,962
Net book value at 31 December 2019	1,910	2,053	3,963

Other assets include servers, fixtures and fittings and other immaterial items. As a result of a restatement computer software is now disclosed in Intangible Assets (note 11).

On 1 January 2020, and pursuant to Part VII of the Financial Services and Markets Act 2000, the entire long-term insurance business of MGM Advantage Life Limited was transferred to Canada Life Limited. At the same time, the Court approved the transfer of legal and beneficial interest in the associated business assets and contracts of MGM Advantage Services Limited to the Company to allow the Company to continue providing management services to support Canada Life Limited's on-going operation of that long-term insurance business.

Included in the transfer of business to the Company was computer equipment and fixtures and fittings with an original cost of £2.4m. However, these assets had been fully depreciated in the accounts of MGM Advantage Services Limited and at the date of transfer had a net book value of £nil.

13 Debtors

	2020	2019
	£'000	£'000
Due in less than one year		
Other debtors	10	430
Prepayments and accrued income	5,453	5,565
Share-based payment asset	5,892	6,021
Corporation tax	7,086	8,161
	18,441	20,177
Due in more than one year		
Deferred tax asset	11,116	15,122
	29,557	35,299

13 Debtors (continued)

Analysis of deferred tax asset:

	2020 £'000	2019 £'000
Accelerated depreciation	559	607
Deferred tax relief on long term disability provision and other	47	12
Deferred tax relief on staff bonus	285	230
Deferred tax relief on defined benefit pension fund deficit	9,504	13,197
Deferred tax relief on redundancy provision	721	1,076
Deferred tax asset	11,116	15,122

14 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	820	134
Amounts owed to group undertakings	119,963	73,817
Bank overdraft	256	333
Other taxation and social security	3,099	2,654
Accruals and deferred income	26,287	25,709
Share-based payment liability	5,892	6,021
	156,317	108,668

15 Provisions for liabilities

	2020 £'000	2019 £'000
1 January	57	64
Amounts expended during the period	(7)	(7)
31 December	50	57

The provision represents the net present value of projected future costs associated with staff currently on long-term disability leave.

16 Creditors: amounts falling due after more than one year

	2020 £'000	2019 £'000
Notes payable to other group undertakings	1,000	1,000
	1,000	1,000

17 Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019: 1) Ordinary share of £1	1	1

18 Financial commitments

At 31 December 2020 the Company had annual commitments under non-cancellable operating leases as follows:

	2020		2019	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Not later than one year	2,191	19	2,102	41
Between one year and five years	3,448	5	5,550	5
Later than five years	-	-	-	-
	5,639	24	7,652	46

19 Pension commitments

Employees of the Company can be members of the Fund which is a defined benefit scheme closed to new entrants and, with effect from 1 April 2016, has been closed to future accrual by existing members and/or defined contribution section of the Fund which was transferred to the Lifesight Master Trust in July 2019.

The Fund's assets are held in a separate Corporate Trustee-administered Fund to meet long-term pension liabilities to past and present employees. The Corporate Trustee of the Fund is required to act in the best interest of the Fund's beneficiaries and Corporate Trustee directors are appointed in accordance with the Fund's trust documentation. The Company has a policy that one-third of all Trustees should be nominated and voted for by members of the Fund.

Defined contribution section
The total cost charged to income of £6,565k (2019: £6,320k) represents contributions payable to the scheme by the Company at rates specified in the rules of the defined contribution section of the Fund until July 2019 and the Lifesight Master Trust plan thereafter.

Where there are employees who leave the scheme prior to fully vesting the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

Defined benefit section
The Company's parent undertaking CLG has provided a guarantee to the Corporate Trustee of the defined benefit pension scheme in the event of employer insolvency or failure to make agreed contributions.

A full actuarial calculation was carried out at 31 December 2019 and updated to 31 December 2020 by a qualified independent actuary.

The scheme deficit (net of the related deferred tax asset) as at 31 December 2020 was £41.2m (2019: £65.1m). The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments, discount rate and the rates of increase in salaries (see below).

19 Pension commitments (continued)

(a) Assets and liabilities of the defined benefit section:

	2020 £'000	2019 £'000
Scheme assets at fair value		
Equities and property	156,524	147,415
Corporate bonds	65,118	77,020
Gilts and cash	127,882	84,896
Fair value of scheme assets	349,524	309,331
Present value of scheme liabilities	(400,388)	(387,668)
Defined benefit pension scheme deficit	(50,864)	(78,337)
Net liability in the balance sheet	(50,864)	(78,337)

(b) Analysis of the amounts recognised in the profit and loss account:

	2020 £'000	2019 £'000
Past service cost	(35)	-
Total operating charge	(35)	-
Net Interest	(1,508)	(2,079)
Net return on defined benefit pension section	(1,543)	(2,079)

(c) Analysis of the amounts recognised in the statement of other comprehensive income:

	2020 £'000	2019 £'000
Actuarial gain/(loss) recognised in the statement of other comprehensive income	11,504	(15,414)

19 Pension commitments (continued)

(d) Main financial assumptions:

	2020	2019
Rate of increase in salaries	N/A	N/A
Rate of increase in pensions in payment:		
Pension accrued before 6 April 1997	0.00%	0.00%
Pension accrued after 6 April 1997 and before 6 April 2005	2.70%	3.10%
Pension accrued after 6 April 2005	2.00%	2.20%
Discount rate	1.50%	2.10%
Expected rate of return on scheme assets	2.70%	3.20%
Price inflation	2.20%	2.20%
The assumed life expectations on retirement at age 65 are:		
Retiring today		
Males	88.10	88.60
Females	89.70	89.60
Retiring in 20 years		
Males	88.70	90.10
Females	90.40	91.40

The Retail Price Index ("RPI") assumption has been based on the difference between the yields available on long-term fixed interest and index-linked gilts at the relevant date. The expected RPI inflation is further reduced using an inflation risk premium of 0.2% per annum. The Consumer Price Index ("CPI") assumption has been determined as the RPI assumption less a deduction of 1.1% p.a.

(e) Sensitivity analysis

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%	Decrease obligation by £69,113k
Discount rate	Decrease by 1%	Increase obligation by £92,474k
Inflation rate	Increase by 1%	Increase obligation by £54,205k
Inflation rate	Decrease by 1%	Decrease obligation by £48,291k
Life expectancy	Increase by 1 year	Increase obligation by £15,148k

(f) Future funding obligations of the defined benefit section:

The employer's best estimate of contributions to be paid to the scheme by the Company in 2021 is £17,512k.

The employer's best estimate of contributions to be paid to the scheme by employees in 2021 is £nil.

19 Pension commitments (continued)

(g) Nature and extent of risks arising from assets in the defined benefit section:

At 31 December 2020 the scheme assets were invested in a diversified portfolio that consisted primarily of equity, property, gilts and cash. The fair value of the scheme assets as a percentage of total scheme assets are set out below:

	2020	2019
Equities and property	45%	48%
Corporate bonds	18%	25%
Gilts and cash	37%	27%

The overall expected return on assets is equal to the discount rate.

(h) Changes in the present value of the defined benefit obligation:

	2020 £'000	2019 £'000
At 1 January	387,668	341,513
Interest cost	8,030	10,104
Members' contributions	-	-
Benefits paid	(10,629)	(13,990)
Actuarial losses	15,284	50,041
Past service cost	35	-
At 31 December	400,388	387,668

The defined benefit obligation includes £6,637k (2019: £6,538k) arising from the unfunded scheme.

(i) Changes in the fair value of plan assets:

	2020 £'000	2019 £'000
At 1 January	309,331	263,773
Expected return on plan assets	6,522	8,025
Contributions by the company	17,512	16,896
Contributions by members	-	-
Benefits paid	(10,629)	(13,990)
Actuarial gains and losses	26,788	34,627
At 31 December	349,524	309,331

Notes to the financial statements for the year ended 31 December 2020 (continued)

19 Pension commitments (continued)

(j) History of experience gains and losses:

	2020 £'000	2019 £'000	2018 £'000	2017 £'000	2016 £'000
Fair value of scheme assets	349,524	309,331	263,773	271,784	244,235
Present value of defined benefit obligation	(400,388)	(387,668)	(341,513)	(360,456)	(360,221)
Deficit in the scheme	(50,864)	(78,337)	(77,740)	(88,672)	(115,986)
Experience adjustments arising on plan liabilities	(8,974)	912	197	829	1,992
Experience adjustments arising on plan assets	26,788	34,627	(23,181)	13,948	13,835

20 Share-based payments

The Company is 100% controlled within Lifeco, and employees of this Company are included within the Lifeco stock option plan. The Lifeco stock option plan provides for the granting of options on common shares of Lifeco to certain employees of Lifeco and its affiliates.

Lifeco's Compensation Committee (the "Committee") administers the Lifeco stock option plan and fixes the terms and conditions upon which options are granted. The exercise price of each option granted under the Lifeco stock option plan is fixed by the Committee, but cannot under any circumstances be less than the weighted average trading price per Lifeco common share on the Toronto Stock Exchange for the five trading days preceding the date of the grant. Termination of employment may, in certain circumstances, result in forfeiture of the options, unless otherwise determined by the Committee.

To 31 December 2020, three categories of options had been granted to employees of the Company under the plan.

In the first category of options, 50% of the options are exercisable in one year, and 50% two years from the grant date respectively. The exercise of options in this category is subject to the attainment of certain financial targets of the group, and these financial targets have been satisfied.

In the second category of options, 20% of the options are exercisable each year following the date of grant. All of the options have a maximum exercise period of ten years from the date of grant.

In the third category of options, there are two types of options, referred to as 'Basic' and 'Basic7.5'. For the Basic options, 20% of the options are exercisable each year following the date of grant. For the Basic 7.5 options, 4% are exercisable after year one, 8% after year two and 14.66% annually for years three to seven, with the balance exercisable a further six months later. All of these options have a maximum exercise period of ten years from the date of grant.

Notes to the financial statements for the year ended 31 December 2020 (continued)

20 Share-based payments (continued)

Details of the share options outstanding during the year are as follows:

	2020		2019	
	Number of share options	Weighted average exercise price (C$)	Number of share options	Weighted average exercise price (C$)
Outstanding at beginning of period	444,920	32.13	400,000	32.26
Granted during the period	30,600	32.22	56,700	30.28
Forfeited during the period	(4,820)	27.33	(1,080)	36.87
Exercised during the period	(7,700)	25.65	(10,700)	26.62
Outstanding at the end of the period	463,000	32.30	444,920	32.13
Exercisable at the end of the period	313,160	31.91	265,180	31.07

The following table summarises information on the ranges of exercise prices, and the weighted average remaining contractual life as at 31 December 2020:

Outstanding			Exercisable		
Weighted average exercise price (C$)	No of options	Weighted average remaining contractual life	Options	Weighted average exercise price (C$)	Expiry
27.16	16,000	0.16	16,000	27.16	2021
23.16	31,500	1.16	31,500	23.16	2022
27.13	41,700	2.16	41,700	27.13	2023
31.14	40,700	3.16	40,700	31.14	2024
35.62	50,700	4.16	50,700	35.62	2025
34.68	74,100	5.16	59,280	34.68	2026
36.87	67,700	6.16	40,620	36.87	2027
34.00	53,300	7.20	21,320	34.00	2028
30.28	56,700	8.17	11,340	30.28	2029
32.22	30,600	9.17	-	-	2030

At the year end the number of share options outstanding was 463,000 (2019: 444,920). During the period 7,700 share options were exercised (2019: 10,700). The options outstanding at 31 December 2020 had a weighted average exercise price of C$32.30 (2019: C$32.13) and a weighted average contractual life of 4.57 years (2019: 5.69 years). In 2020 30,600 share options were granted (2019: 56,700).

20 Share-based payments (continued)

The fair value of share options granted is determined using the Black-Scholes options pricing model. The inputs into the Black-Scholes options pricing model are as follows:

Year options granted	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Weighted average share price (C$)	32.22	30.28	34.00	36.87	34.67	35.62
Weighted average exercise price (C$)	32.22	30.28	34.00	36.87	34.67	35.62
Expected volatility	15.75%	18.29%	8.68%	14.08%	19.44%	24.08%
Option life	10 years	10 years	10 years	10 years	10 years	10 years
Risk-free interest rate	1.10%	1.88%	2.10%	1.46%	1.01%	1.14%
Dividend yield	5.44%	5.46%	4.55%	3.98%	3.99%	3.66%

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous seven years. The expected life used in the model has been assessed, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Company used the inputs noted above to measure the fair value of the old and new options.

During the year, an expense was recognised of £384k (2019: £421k) relating to equity-settled share-based payment transactions and £2,361k (2019: £604k) relating to cash-settled share based payment transactions.

Expense items are translated at an average year-to-date rate. The average year-to-date rate of Canadian dollars (C$) to the pound sterling was 1.72 for 2020 (2019: 1.70).

All permanent employees of the Company are entitled to participate in the Share Purchase Plan. The current 'Evergreen' plan was launched in July 2012. Each employee is able to invest a maximum of whichever is the lower of, either 10% of their monthly salary or £150 per month. Previously employees were able to invest a maximum of whichever is the lower of, either 10% of their monthly salary or £125 per month for the 2007, 2012, 2013 plans. For every two partnership shares purchased a single matching share is awarded to scheme participants. All matching and dividend shares have a holding period of three years. The share-based payment expense for the purchase of matching shares was £278k during 2020 (2019: £279k).

During the year, Performance Share Units ("PSU's") were granted to certain key employees and executive officers. The 2014, 2013, 2012 and 2011 grant of PSU's are subject to non-market performance conditions and have a vesting period of three years. The share based payment expense recognised during the year in relation to the award of PSU's was £2,361k (2019: £604k).

21 Related party transactions

No contracts of significance existed at any time during the year in which a director or key manager was materially interested or which requires disclosure as a related party transaction as defined under FRS 102 section 33 Related Party Disclosures. No other contracts of significance existed at any time during the year between the company and other related parties that similarly require disclosure under FRS 102 section 33. Advantage has been taken under FRS 102 33.1A, Related Party Disclosures, not to disclose transactions between entities, 100% of whose voting rights are controlled within Lifeco.

22 Parent undertaking and controlling party

At the balance sheet date the controlling party and the ultimate parent company, which is also the parent company of the largest group of companies for which group financial statements are drawn up and of which the Company is a member, Power Corporation of Canada, is incorporated in Canada. The parent of the smallest group for which group financial statements are drawn up and of which the Company is a member, The Canada Life Assurance Company, is incorporated in Canada.

Copies of the group financial statements for both The Canada Life Assurance Company (330 University Avenue, Toronto, Ontario, Canada, M5G 1R8) and Power Corporation of Canada (751 Victoria Square Montréal, Québec, Canada, H2Y 2J3) can be obtained from the Company's registered office.

The immediate parent of the Company is CLG, a company incorporated in the UK.