

CANADA LIFE FINANCE (U.K.) LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004**



Registered Number 4493576

CANADA LIFE FINANCE (U.K.) LIMITED

Report and financial statements for the year ended 31 December 2004

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CANADA LIFE FINANCE (U.K.) LIMITED

Report and financial statements for the year ended 31 December 2004

Directors and Advisers

Directors

I Gilmour
H C Snow
S G Thomas

Company Secretary

C W Muir

Registered Office

Canada Life Place
Potters Bar
Hertfordshire
EN6 5BA

Bankers

JP Morgan Chase
125 London Wall
London
EC2Y 5AJ

Registered Number

4493576

Auditors

Deloitte & Touche LLP
London

CANADA LIFE FINANCE (U.K.) LIMITED

Report and financial statements for the year ended 31 December 2004

Directors' Report for the year ended 31 December 2004

The directors present their annual report and audited financial statements for the year ended 31 December 2004.

Principal Activity and Future Developments

The company was incorporated on 24 July 2002 and its principal activity is financing arrangements with fellow group undertakings. This will continue to be the main activity for the foreseeable future.

Ownership

On 10 July 2003 Great-West Lifeco Inc acquired 100% of the company's ultimate parent undertaking, Canada Life Financial Corporation (see note 13).

Directors

The names of the persons who were directors throughout the year and up to the date of this report are set out below. None of the directors had any beneficial interests in the shares of the company or any UK group company at any time during the year.

I Gilmour
H C Snow
S G Thomas

Results and Dividends

The profit after tax for the year was £251,000 (2003: £279,000). No dividend is proposed for the year (2003: £nil). £251,000 (2003: £279,000) will be transferred to reserves.

Auditors

On 9 July 2004, the company changed independent auditors to Deloitte & Touche LLP. In accordance with Section 386 of the Companies Act 1985, the company has dispensed with the obligation to appoint independent auditors annually.

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



S G Thomas
Director

Date: 12 September 2005

CANADA LIFE FINANCE (U.K.) LIMITED

Report and financial statements for the year ended 31 December 2004

Statement of Directors' Responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CANADA LIFE FINANCE (U.K.) LIMITED

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

We have audited the financial statements of Canada Life Finance (U.K.) Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

CANADA LIFE FINANCE (U.K.) LIMITED

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
12 September 2005

CANADA LIFE FINANCE (U.K.) LIMITED

Report and financial statements for the year ended 31 December 2004

Profit and Loss Account for the year ended 31 December 2004

		Year to 31 December 2004 £'000	Period from 24 July 2002 to 31 December 2003 £'000
	Note		
Interest receivable and similar income	3	2,764	3,076
Interest payable	4	(2,396)	(2,677)
Administration expenses		(10)	-
Operating profit and profit on ordinary activities before taxation	2	358	399
Tax on profit on ordinary activities	5	(107)	(120)
Profit on ordinary activities after taxation		251	279
Profit and loss account brought forward		279	-
Profit and loss account carried forward		530	279

The results for the current and preceding year are from continuing operations. The profit and loss account for 2003 is for the period from 24 July 2002 to 31 December 2003.

The company has no recognised gains and losses other than as stated in the profit and loss account for the current or the preceding year and hence no statement of total recognised gains and losses is presented.

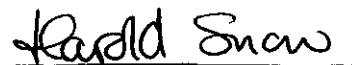
CANADA LIFE FINANCE (U.K.) LIMITED

Report and financial statements for the year ended 31 December 2004

Balance Sheet at 31 December 2004

	Note	2004 £'000	2003 £'000
Current Assets			
Debtors – amounts falling due after more than one year	8	40,000	40,000
Cash at bank and in hand		767	399
Creditors - amounts falling due within one year	9	<u>(237)</u>	<u>(120)</u>
Net Current Assets		40,530	40,279
Total assets less current liabilities		40,530	40,279
Creditors – amounts falling due after more than one year	10	<u>(36,000)</u>	<u>(36,000)</u>
Net Assets		<u>4,530</u>	<u>4,279</u>
		2004 £'000	2003 £'000
Capital and Reserves			
Called up share capital	11	4,000	4,000
Profit and loss account		<u>530</u>	<u>279</u>
Shareholder's funds - equity interests	12	<u>4,530</u>	<u>4,279</u>

The financial statements were approved by the Board of Directors and signed on its behalf by :



H C Snow
Director

Date: 12 September 2005

CANADA LIFE FINANCE (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2004

1 Principal accounting policies

Basis of Presentation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards as defined by section 256 of the Companies Act 1985. The particular accounting policies adopted by the directors are described below.

Interest receivable / payable

Interest receivable and interest payable is accounted for on the accruals basis.

Cash Flow Statement

Advantage has been taken of the exemption under the revised FRS1, Cash Flow Statements, not to present a cash flow statement as the subsidiary is 100% controlled within the Great-West Lifeco Inc group of companies. The consolidated financial statements in which the subsidiary undertakings are included are publicly available.

Transactions with Related Parties

Advantage has been taken under FRS8, Related Party Disclosures, not to disclose transactions between entities 100% of whose voting rights are controlled by Great-West Lifeco Inc group of companies.

Current tax

Current taxation, including UK corporation tax, is provided at amounts expected to be paid or recovered using the tax rates applicable to the relevant financial years.

2 Operating profit

Operating profit is stated after charging: -

	Year to 31 December 2004 £'000	Period from 24 July 2002 to 31 December 2003 £'000
Audit fees in respect of audit services	10	-

3 Interest receivable and similar income

	Year to 31 December 2004 £'000	Period from 24 July 2002 to 31 December 2003 £'000
Interest on loan to group undertaking	2,742	3,076
Bank interest	22	-
	<u>2,764</u>	<u>3,076</u>

CANADA LIFE FINANCE (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2004

4 Interest payable

	Year to 31 December 2004 £'000	Period from 24 July 2002 to 31 December 2003 £'000
Interest on loan from group undertaking	<u>2,396</u>	<u>2,677</u>

5 Tax on profit on ordinary activities

	Year to 31 December 2004 £'000	Period from 24 July 2002 to 31 December 2003 £'000
Profit before taxation	<u>358</u>	<u>399</u>
UK Corporation tax at 30% (2003: 30%)	<u>107</u>	<u>120</u>

6 Employee information

There were no persons (including directors) employed by the company during the year (2003: nil).

7 Directors' emoluments

None of the directors received remuneration for their services as directors of the company (2003: £nil).

8 Debtors – amounts falling due after more than one year

	2004 £'000	2003 £'000
Loans to group undertakings	<u>40,000</u>	<u>40,000</u>

A subordinated loan debt was issued to Canada Life Limited, a group undertaking, on 25 September 2002. Interest is receivable in respect of the loan at GBP LIBOR plus 2.25% for the first 10 years in two equal instalments each year. The loan is for an undated term.

The loan may be repaid by Canada Life Limited on the tenth anniversary of the drawdown date. If the company does not make such repayment, interest will be charged for the remaining term until maturity at GBP LIBOR plus 2.90%.

CANADA LIFE FINANCE (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2004

9 Creditors - amounts falling due within one year

	2004 £'000	2003 £'000
Amounts owed to group undertakings	130	-
Corporation tax creditor	107	120
	<u>237</u>	<u>120</u>

10 Creditors – amounts falling due after more than one year

	2004 £'000	2003 £'000
Amounts owed to group undertakings	<u>36,000</u>	<u>36,000</u>

The loan was received from CLH International Capital Management Limited, a group undertaking, on 25 September 2002. Interest is payable semi-annually in respect of the 30 year term loan on 30th June and 31st December each year at the GBP LIBOR plus 2.05% for the first 10 years. The loan will be repaid with accrued interest on the business day immediately preceding the thirtieth anniversary of the drawdown date.

The loan may be repaid on the tenth anniversary of the drawdown date. If the company does not make such repayment, interest will be charged for the remaining term until maturity at GBP LIBOR plus 2.70%.

11 Called up share capital

	2004 £'000	2003 £'000
Authorised		
10,000,000 (2003: 10,000,000) Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
4,000,100 (2003: 4,000,100) Ordinary share of £1 each	<u>4,000</u>	<u>4,000</u>

12 Reconciliation of shareholders' funds and movements on reserves

	Ordinary share capital	Profit and loss account	Total shareholder's funds
	£	£	£
Shareholder's funds at 1 January 2004	4,000	279	4,279
Profit for the year	-	251	251
Shareholder's funds at 31 December 2004	<u>4,000</u>	<u>530</u>	<u>4,530</u>

CANADA LIFE FINANCE (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2004

13 Parent Undertaking and Controlling Party

In July 2003 the Canada Life Financial Corporation was acquired by Great-West Lifeco Inc, a company incorporated in Canada and listed on the Toronto and Montreal Stock Exchanges, which has as its ultimate parent company The Power Corporation of Canada.

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

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