

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

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



**Registered Number: 04493576**

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

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

### **Directors and Advisers**

#### **Directors**

K L Bateman  
D A Brown  
A M Kewney

#### **Registered Office**

Canada Life Place  
Potters Bar  
Hertfordshire  
EN6 5BA

#### **Registered Number**

04493576

#### **Auditor**

Deloitte LLP  
London

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

### **Directors' Report for the year ended 31 December 2019**

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

The directors of the company present their Annual Report and audited financial statements for the year ended 31 December 2019. The Financial Statements have been prepared in accordance with the Financial Reporting Standard 102.

#### **Future Developments**

Canada Life Finance (U.K.) Limited's (the "Company") principal activity is financing arrangements with fellow group undertakings. This will continue to be the main activity for the foreseeable future.

#### **Principal risks, uncertainties and financial instruments**

Financial risks, namely credit and interest rate risks are the principal risks of the company. Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The company has no third party debtors, and so does not consider this risk material. Interest rate risk arises from the potential change in the LIBOR rate, and the effect this will have on the interest payable on a loan due to group undertakings. The company does not consider this risk material as it is mitigated by the effect of changes in the LIBOR rate on the interest receivable on a loan to Canada Life Limited. The company does not use hedge accounting.

The Company is exposed to LIBOR in respect of one of its loans receivable and one of its loans payable. As it has been announced that this rate will be discontinued at the end of 2021, both loans will require a new reference interest rate from that point onwards. The Company has scheduled these loans for amendments prior to LIBOR being discontinued.

The ongoing coronavirus pandemic (COVID-19) is an emerging situation that increases the exposure to some of the risks already identified in this section but particularly operational and credit risk. 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 are in operation with employees working remotely. Further details are disclosed in Note 16.

#### **Dividends**

No dividends were declared or paid during the year (2018: £nil).

#### **Directors**

The names of the persons who were directors throughout the year and up to the date of this report are set out below.

D A Brown

K L Bateman

A M Kewney

H C Snow

Appointed 5 February 2019

Resigned 1 February 2019

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

### **Political Contributions**

During the year the company made political contributions of £nil (2018: £nil).

### **Auditors**

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

### **COVID-19**

The details of events occurring after the reporting period are presented in Note 16, while their impacts on consideration of the Company's Going Concern status are presented in Note 3A.

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



K Bateman

### **Director**

Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA  
Date: 28 May 2020

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

### **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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.

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

### **Independent auditor's report to the members of Canada Life Finance (U.K.) Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Canada Life Finance (U.K.) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, 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; and
- the related notes 1 to 16.

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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

### **Independent auditor's report to the members of Canada Life Finance (U.K.) Limited (continued)**

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **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 in the directors' report.



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

### **Independent auditor's report to the members of Canada Life Finance (U.K.) Limited (continued)**

#### **Matters on which we are required to report by exception**

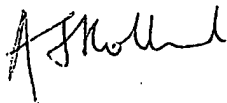
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

#### **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

28 May 2020

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

### Income Statement for the year ended 31 December 2019

	Notes	2019 £'000	2018 £'000
Interest receivable and similar income	5	15,176	15,032
Interest payable	6	(12,645)	(12,550)
Administration expenses		(8)	(4)
<b>Operating profit and profit on ordinary activities before taxation</b>	<b>4</b>	<b>2,523</b>	<b>2,478</b>
Tax on profit on ordinary activities	7	(480)	(471)
<b>Profit for the financial year</b>		<b>2,043</b>	<b>2,007</b>

The results for the current and preceding years are from continuing operations.

The notes on pages 12 to 20 form an integral part of these financial statements.

The company has no recognised gains or losses other than those included in the income statement above for the current or the preceding year and consequently no statement of other comprehensive income is presented.

# CANADA LIFE FINANCE (U.K.) LIMITED

## Statement of Financial Position at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Current Assets</b>			
Cash at bank and in hand		15,032	13,335
<b>Creditors - amounts falling due within one year</b>	<b>11</b>	<u>(1,423)</u>	<u>(1,769)</u>
<b>Net Current Assets</b>		<b>13,609</b>	<b>11,566</b>
Debtors—amounts falling due after more than one year	<b>10</b>	270,920	270,920
<b>Creditors – amounts falling due after more than one year</b>	<b>12</b>	<u>(241,421)</u>	<u>(241,421)</u>
<b>Net Assets</b>		<u><b>43,108</b></u>	<u><b>41,065</b></u>
<b>Capital and Reserves</b>			
Called up share capital	<b>13</b>	4,000	4,000
Capital contribution		25,000	25,000
Retained earnings		<u>14,108</u>	<u>12,065</u>
<b>Shareholder's funds</b>		<u><b>43,108</b></u>	<u><b>41,065</b></u>

The notes on pages 12 to 20 form an integral part of these financial statements.

The financial statements of Canada Life Finance (U.K.) Limited (registered number 04493576) were approved by the Board of Directors, authorised for issue and were signed on its behalf by:



K Bateman

**Director**

Date: 28 May 2020

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

## **Statement of Changes in Equity at 31 December 2019**

	<b>Ordinary share capital £'000</b>	<b>Capital contribution £'000</b>	<b>Retained earnings £'000</b>	<b>Total £'000</b>
Balance at 1 January 2018	4,000	25,000	10,058	39,058
Profit and total comprehensive income attributable to shareholders	-	-	2,007	2,007
At end of the year	<u>4,000</u>	<u>25,000</u>	<u>12,065</u>	<u>41,065</u>
Balance at 1 January 2019	4,000	25,000	12,065	41,065
Profit and total comprehensive income attributable to shareholders	-	-	2,043	2,043
At end of the year	<u>4,000</u>	<u>25,000</u>	<u>14,108</u>	<u>43,108</u>

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

## **Notes to the financial statements for the year ended 31 December 2019**

### **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.

#### **1A General information**

Canada Life Finance (U.K.) limited 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 member of Power Financial Corporation Group which is incorporated in Canada.

The company's main activity is financing arrangements with fellow group undertakings. This will continue to be the main activity for the foreseeable future. During 2018 the company received and paid interest on loans from/to other group undertakings.

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.

### **2 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 and intra-group transactions.

### **3 Principal accounting information**

The principal accounting policies applied in the preparation of these Financial Statements are summarised below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **A. Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The particular accounting policies adopted by the directors are described below.

##### **Going concern**

The Company has taken into consideration the recent COVID-19 outbreak when undertaking its Going Concern assessment and further details are outlined in Note 16. Having regard to the Company's financial position, its expected performance in the future and having made appropriate enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

**CANADA LIFE FINANCE (U.K.) LIMITED**  
**Notes to the financial statements for the year ended 31 December 2019**

**3 Principal accounting information (continued)**

**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. The consolidated financial statements in which the subsidiary undertakings are included are publicly available (see note 15).

**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 the Great-West Lifeco Inc group of companies (see note 14).

**B. Interest receivable/payable**

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

**C. Financial instruments**

The Company has chosen to adopt the section 11 and 12 of FRS 102 in respect of financial instruments.

**D. Financial assets**

Basic financial assets, including trade and other receivables, cash and cash equivalent, loans and receivables, are initially recognised at transaction price, unless the arrangement constitute a financing transaction where the transaction is measured at present value of futures receipts discounted at market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment.

**E. Financial liabilities and equity**

Basic financial liabilities, including trade and other payable, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where a debt instruments is measured at present value of future receipts discounted at market rate of interest.

Debt instruments that are payable or receivable within one year shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously. Income and expenses will not be offset in the income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the company.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

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

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3 Principal accounting information (continued)**

##### **F. Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

##### **G. 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.

##### **H. 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.

##### **I. 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 date. Non-monetary items at historical cost are translated using the exchange rate at the date of transaction, and non-monetary assets measured at fair value are translated using the exchange rate when the fair value was determined. All differences are taken to the income statement.

##### **J. Dividends**

Interim dividends are recognised when paid and final dividends are booked as a liability when they are approved by the Board of Directors passing a written resolution.

**CANADA LIFE FINANCE (U.K.) LIMITED**  
**Notes to the financial statements for the year ended 31 December 2019**

**4 Operating profit**

Operating profit is stated after charging:

	2019 £'000	2018 £'000
Auditor's remuneration in respect of the audit of the company's annual accounts	<u>3</u>	<u>3</u>

**5 Interest receivable and similar income**

	2019 £'000	2018 £'000
Interest on loans to group undertaking	15,078	14,973
Short-term deposit interest	<u>98</u>	<u>59</u>
	<u>15,176</u>	<u>15,032</u>

**6 Interest payable**

	2019 £'000	2018 £'000
Interest on loans from group undertaking	<u>12,645</u>	<u>12,550</u>
	<u>12,645</u>	<u>12,550</u>

**7 Tax on profit on ordinary activities**

	2019 £'000	2018 £'000
Total tax charge for the year	<u>480</u>	<u>471</u>
Reconciliation of tax charge for the year		
Profit on ordinary activities before taxation	<u>2,523</u>	<u>2,478</u>
Corporation tax at standard UK Corporation tax rate of 19% (2018: 19%)	479	471
Prior period adjustment	0.2	-
Total tax charge for the year	<u>480</u>	<u>471</u>

The standard rate of tax applied to reported profit on ordinary activities is 19% (2018: 19%).

**8 Employee information**

There were no individuals (including directors) employed by the company during the year (2018: none). All staff contracts of employment are with CLFIS (U.K.) Limited, a fellow subsidiary of CLFC. The associated costs were recharged back to the company, where appropriate.



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

### Notes to the financial statements for the year ended 31 December 2019

#### 9 Directors' emoluments

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

#### 10 Debtors – amounts falling due after more than one year

	2019 £'000	2018 £'000
Loans to group undertakings	<u>270,920</u>	<u>270,920</u>

A £40m subordinated loan was issued to Canada Life Limited, a group undertaking, on 25 September 2002. Interest was receivable in respect of the loan at GBP LIBOR plus 2.25% per annum for the first 10 years in two equal instalments each year. The loan is for an undated term.

Canada Life Limited had the option to repay the loan on the tenth anniversary of the drawdown date, 25 September 2012. As no repayment was made, interest was then to be charged for the remaining term at GBP LIBOR plus 2.90% per annum.

The loan agreement was amended in February 2016, as part of those changes, the interest rate was updated to be in line with prevailing market rates. Interest will be charged at 4.20% per annum above LIBOR for the remaining term.

An £80m subordinated loan was issued to Canada Life Limited, a group undertaking, on 8 May 2006. Interest is receivable in respect of the loan at a fixed rate of 5.65% per annum for the first 10 years in two equal instalments each year. The loan is for an undated term.

Canada Life Limited had the option to repay the loan on the tenth anniversary of the drawdown date, 8 May 2016. As no repayment was made, interest will be charged for the remaining term at a fixed rate of 5.90% per annum.

A £150.9m loan was issued to The Canada Life Group (U.K.) Limited, a group undertaking, on 8 July 2013. Interest is payable semi-annually on 30 June and 31 December each year at a fixed rate of 5.5% per annum. The loan is for an undated term.

The loan may be repaid by The Canada Life Group (U.K.) Limited on the business day immediately preceding the tenth anniversary of the drawdown date. If such repayment is not made, interest will be charged for the remaining term at a fixed rate of 5.8% per annum.

# CANADA LIFE FINANCE (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2019

### 10 Debtors – amounts falling due after more than one year (continued)

The following table provides information about the maturity periods of the company's debtors as at 31 December 2019:

	< 1yr £m	1-5 yrs £m	5-15 yrs £m	15 yrs + £m	Total £m
<b>Loan receivable</b>					
GBP LIBOR + 4.20% £40 million					
undated loan receivable	-	-	-	40.0	40.0
Fixed 5.90% £80 million					
undated loan receivable	-	-	-	80.0	80.0
Fixed 5.5% £150.9 million					
undated loan receivable	-	-	-	150.9	150.9
	-	-	-	270.9	270.9

The following table provides information about the maturity periods of the company's debtors as at 31 December 2018:

	< 1yr £m	1-5 yrs £m	5-15 yrs £m	15 yrs + £m	Total £m
<b>Loan receivable</b>					
GBP LIBOR + 4.20% £40 million					
undated loan receivable	-	-	-	40.0	40.0
Fixed 5.90% £80 million					
undated loan receivable	-	-	-	80.0	80.0
Fixed 5.5% £150.9 million					
undated loan receivable	-	-	-	150.9	150.9
	-	-	-	270.9	270.9

### 11 Creditors - amounts falling due within one year

	2019 £'000	2018 £'000
Corporation tax payable	1,419	1,764
Amounts owed to group undertakings	4	5
	<u>1,423</u>	<u>1,769</u>

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

### Notes to the financial statements for the year ended 31 December 2019

#### 12 Creditors – amounts falling due after more than one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings	<u>241,421</u>	<u>241,421</u>

A £36m loan was received from CLH International Capital Management Hungary Limited, a group undertaking, on 25 September 2002. On 15 June 2012 this loan was assigned by CLH International Capital Management Hungary Limited to CL Luxembourg Capital Management S.a.r.l., a fellow subsidiary of Canada Life Financial Corporation. There were no changes to the terms and conditions of the loan.

Interest is payable semi-annually in respect of the above loan on 30 June and 31 December each year at the GBP LIBOR plus 2.05% per annum 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 company had the option to repay the loan on the tenth anniversary of the drawdown date, 25 September 2012. As no repayment was made, interest will be charged for the remaining term until maturity at GBP LIBOR plus 2.70%.

A £60m loan was received from CLH International Capital Management Hungary Limited, a group undertaking, on 9 May 2006. On 15 June 2012 this loan was assigned by CLH International Capital Management Hungary Limited to CL Luxembourg Capital Management S.a.r.l., a fellow subsidiary of Canada Life Financial Corporation. There were no changes to the terms and conditions of the loans.

Interest is payable semi-annually in respect of this loan on 30 June and 31 December each year at a fixed rate of 5.55% per annum 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 company had the option to repay the loan on the tenth anniversary of the drawdown date, 9 May 2016. As no repayment was made, interest will be charged for the remaining term until maturity at a fixed rate of 5.80% per annum.

A £145.4m loan was received from Canada Life Group Holdings Limited, a group undertaking, on 8 July 2013. This loan was assigned by Canada Life Group Holdings Limited to CL Luxembourg Capital Management S.a.r.l., a fellow subsidiary of Canada Life Financial Corporation on 8 July 2013. There were no changes to the terms and conditions of the loan. Interest is payable semi-annually on 30 June and 31 December each year at a fixed rate of 5.4% per annum for the first 10 years.

The loan may be repaid at the option of the borrower on the business day immediately preceding the tenth anniversary of the drawdown date. If such repayment is not made, interest will be charged for the remaining term until maturity at a fixed rate of 5.7% per annum. The loan will be repaid in full with accrued interest on the business day immediately preceding the thirtieth anniversary of the drawdown date.

**CANADA LIFE FINANCE (U.K.) LIMITED****Notes to the financial statements for the year ended 31 December 2019****12 Creditors – amounts falling due after more than one year (continued)**

The following table provides information about the maturity periods of the company's liabilities as at 31 December 2019:

<b>Liabilities</b>	<b>&lt; 1yr £m</b>	<b>1-5 yrs £m</b>	<b>5-15 yrs £m</b>	<b>15 yrs + £m</b>	<b>Total £m</b>
GBP LIBOR + 2.70% £36 million loan 2032	-	-	36.0	-	36.0
Fixed 5.80% £60 million loan 2036	-	-	-	60.0	60.0
Fixed 5.4% £145.4 million loan 2043	-	-	-	145.4	145.4
	-	-	36.0	205.4	241.4

The following table provides information about the maturity periods of the company's liabilities as at 31 December 2018:

<b>Liabilities</b>	<b>&lt; 1yr £m</b>	<b>1-5 yrs £m</b>	<b>5-15 yrs £m</b>	<b>15 yrs + £m</b>	<b>Total £m</b>
GBP LIBOR + 2.70% £36 million loan 2032	-	-	36.0	-	36.0
Fixed 5.80% £60 million loan 2036	-	-	-	60.0	60.0
Fixed 5.4% £145.4 million loan 2043	-	-	-	145.4	145.4
	-	-	36.0	205.4	241.4

**13 Called up share capital**

	<b>2019 £'000</b>	<b>2018 £'000</b>
<b>Allotted, called up and fully paid</b>		
4,000,100 (2018: 4,000,100) Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>

**14 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 the Great-West Lifeco Inc group of companies.

**15 Parent company and controlling party**

As at the balance sheet date the immediate parent company is 4073649 Canada Inc. 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, is Power Financial Corporation Group of Companies, a company 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, is The Canada Life Assurance Company, a company 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.

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

### **Notes to the financial statements for the year ended 31 December 2019**

#### **16 Events after the reporting period**

The ongoing coronavirus pandemic (COVID-19) is an emerging risk to which the Company is exposed. The directors consider the emergence of COVID-19 as a pandemic, and the associated economic impact and government measures in response, as a non-adjusting post balance sheet event.

The Company is monitoring the situation closely and has made preparations to ensure that it will continue to operate effectively while ensuring the safety and well-being of customers, employees and wider communities. Continuity plans are in operation with employees working remotely.

COVID-19 has not materially impacted the Company's financial position. The estimated net assets of the Company as at 31 March 2020 were £43.7m (unaudited) which is unchanged from 31 December 2019.