

Company Registration Number: 7556539

**LIMITED LIFE ASSETS MASTER LIMITED AND ITS
SUBSIDIARY**

**DIRECTORS' REPORT AND CONSOLIDATED AND
COMPANY FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019



LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY
CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2019

Directors	Mr Timothy Church Mr Alan Morgan
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	7556539
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Auditor	Grant Thornton Limited PO Box 313 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the audited consolidated financial statements of Limited Life Assets Master Limited (the "Company" or "HoldCo") and its subsidiary, Limited Life Assets Services Limited (the "Subsidiary" or "AssetCo") together, (the "Group") and the audited Company financial statements for the year ended 31 December 2019 (collectively, the "financial statements").

DIVIDENDS

The directors have not recommended a dividend during the year (2018: Nil).

DIRECTORS' AND SECRETARY'S INTEREST IN SHARES

The directors who held office during the year were as follows:

Mr Timothy Church

Mr Alan Morgan

The secretary who held office during the year is Wilmington Trust SP Services (London) Limited.

In accordance with the Articles of Association, there is no requirement for the directors to retire by rotation.

None of the directors or the secretary held any interest in either the shares of the Company or Subsidiary during the year ended 31 December 2019.

FUTURE DEVELOPMENTS

There has been no change in the activities during the year under review and the Company intends to continue to pursue these activities for the foreseeable future.

POST BALANCE SHEET EVENTS

During 2020, the Company has received an additional capital injection in the amount of \$5,000,000.

On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a pandemic. The impact of the outbreak on the financial results of the Group will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the financial results of the Group may be materially adversely affected.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' report, Strategic report and the financial statements in accordance with applicable law and regulations.

Companies Act 2006 (the "Company law") requires the directors to prepare financial statements for each financial year. Under the Company law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102") and applicable law.

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgment and accounting estimates that are reasonable and prudent;
- state whether FRS102 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 and the Group will continue in business.

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

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

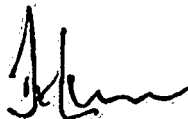
Each of the directors confirms that:

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

RE-APPOINTMENT OF AUDITORS

A resolution to re-appoint Grant Thornton Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

The Directors' report was approved by the Board and signed on its behalf by



Mr Timothy Church
Director

Date: 29 September 2020

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their Strategic report and the audited financial statements of Limited Life Assets Master and its Subsidiary (the "Group") for the year ended 31 December 2019.

GENERAL

PRINCIPAL ACTIVITIES

The Company was incorporated as a limited company on 8 March 2011. The principal activity of the Company is that of acquiring life insurance contracts for investment purposes (the "life settlement contracts").

In accordance with the Issuer HoldCo Loan Agreement between the Company and Limited Life Assets Issuance PLC ("Issuer PLC") dated 31 May 2011, the Company has borrowed \$57,304,322 long term loan in order to purchase life settlement contracts. The loan is due to mature in May 2021.

In accordance with the Issuer AssetCo Loan Agreement between the Subsidiary and Issuer PLC dated 31 May 2011, the Subsidiary borrowed \$128,990,613 long term loan in order to purchase life settlement contracts. The loan is due to mature in May 2021. As per the First Supplemental Issuer AssetCo Loan Agreement dated 30 September 2011, the Subsidiary has taken a further loan of \$30,177,363 to purchase additional life settlement contracts.

REVIEW OF THE BUSINESS

RESULTS

The results for the year and the Group's and Company's financial positions as at the balance sheet date are shown in the attached financial statements. As at 31 December 2019, the Group and Company had net assets of \$130,041 and \$48,836 respectively (2018: \$68,421 restated and \$21,046). The Group's and Company's total comprehensive loss for the year was \$33,938,380 and \$33,972,210, respectively (2018: \$44,045,854 restated and \$191,990,162 restated). The results are due to a decrease in fair value of life policies compared to the life settlement contracts as at the balance sheet date.

KEY PERFORMANCE INDICATORS

The directors see the return on the Company's portfolio of life settlement contracts as the key performance indicator. During the year the Company received \$39,469,304 (2018: \$48,030,694) from matured life settlement contracts and paid \$21,666,632 (2018: \$23,364,090) in premium payments for life settlement contracts. The Company has an unrealised loss in fair value during the year of \$24,662,118 (2018: \$14,741,253).

The key non-financial indicator is continued compliance with regulatory requirements such as compliance with United Kingdom Generally Accepted Accounting Practice including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and Companies Act 2006.

FINANCIAL RISK MANAGEMENT

The Directors have established a risk and financial Framework where its primary role is to protect the Group from events that hinder the achievements of group performance.

Further details regarding financial risk factors and exposure of the Group to market and price risk, credit risk, interest rate risk, foreign currency risk and liquidity risk are provided in Note 13 of these financial statements.

GOING CONCERN

As explained in more detail in note 1 to the financial statements, the Directors have undertaken a detailed assessment of the Company and the Group's ongoing business model and have made extensive enquiries of management. Given the details set out in note 1, the Directors believe it is appropriate to prepare these financial statements on the assumption that the Company and the Group will be able to continue as a going concern for the foreseeable future.



Mr Timothy Church
Director
29 September 2020

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LIMITED LIFE ASSETS MASTER LIMITED

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Limited Life Assets Master Limited (the "Company") and its subsidiary (together, the "Group") for the year ended 31 December 2019 which comprise the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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 United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2019 and of the Group's and Company's loss for the year then ended;
- are in accordance with United Kingdom Generally Accepted Accounting Practice; and
- comply with Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 Group and of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

Emphasis of matter – subsequent events relating to COVID-19

We draw attention to Note 18, Post balance sheet events which explains that the directors are of the opinion that the going concern basis remains appropriate in preparing the financial statements and they have considered COVID-19 to be a non-adjusting event and therefore no adjustment has been made to the valuation of life settlement contracts and loans payable as at 31 December 2019. The directors will be closely monitoring the latest market developments relating to COVID-19 and the possible future impact on the Group and Company.

Emphasis of matter – Life settlement contracts and loans payable valuation

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the uncertainty relating to the valuation of the life settlement contracts and loans payable included in the statement of financial position. As explained in Note 1, the life settlement contracts and loans payable are carried at fair value, using valuation techniques which involve judgements and estimates of management. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources and thus, actual results may differ from these estimates. Our opinion is not modified in this respect.

Conclusions relating to going concern

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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 Group's and 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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LIMITED LIFE ASSETS MASTER LIMITED

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
<p>Classification and measurement of loans payable</p> <p>The Group's loans payables are a significant area of the financial statements, with a value of \$359.11 million at year end (2018: \$419.69 million) as at 31 December 2019.</p> <p>Previously, the Group recorded the principal amount of the loans payable at par value and reduced this for any repayments. The interest, as determined by the Calculation Agent, on the instruments was recorded when paid. The interest on the loans payable is not fixed and its variability does not meet the requirements in FRS 102.11.9 and FRS 102.11.9(a). Hence, the classification of the loans payable should be other than basic financial instruments within the scope of FRS 102, Section 12.</p> <p>The classification of the loans payable as other than basic financial instruments requires a fair value assessment to be performed, which involves judgements and estimation by management. The cash flows and risks of the loans payable are deemed to match those of the life settlement contracts held by the Group, as loan repayments are wholly based on the receipt of investment proceeds from those contracts. Hence, the determination of the fair values of the loans based on the valuation of the life settlement contracts held by the Group involves judgements and estimates.</p> <p>The classification and measurement of the loans payable are therefore an area of significant judgement and a risk that requires special audit attention.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none">• Obtaining an understanding of the Company's classification and measurement through discussions with management;• Reviewing the classification of the loan instrument based on the requirements of FRS 102;• Engaging our Grant Thornton UK LLP – National Assurance Services (GT UK NAS) financial reporting technical team to assess the proper classification of the loan instrument;• Engaging our GT valuation experts (Grant Thornton UK LLP and Grant Thornton Bharat LLP) to review the methodology and assumptions used by the Client in arriving at the fair value of the loans payable and assessing their reasonableness; and• Reviewing the adequacy of the financial instruments disclosures. <p>The Company's accounting policies and other disclosures on loans payables are included in Notes 1, 3 and 10 to the financial statements.</p> <p>Key observations</p> <p>Management have reassessed the classification of the loans payable as other than basic financial instruments in the current year and have recorded a prior year adjustment to reflect the fair value of the loans payable for the current and prior year as presented in the Statement of Financial Position, with a corresponding movement of fair value in the Statement of Comprehensive Income.</p> <p>We are satisfied that the loans payable as at 31 December 2019 are classified and measured appropriately.</p> <p>Aside from the matter described above, we did not note any material issues which require reporting to those charged with governance.</p>

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF LIMITED LIFE ASSETS MASTER LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and Strategic report set out on pages 2 to 4, 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. 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 this regard.

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 and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006.

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 material misstatements in the Directors' Report and the Strategic Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with UK GAAP, 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 Groups' and 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.

INDEPENDENT AUDITOR'S REPORT

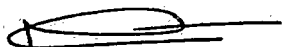
TO THE SHAREHOLDERS OF LIMITED LIFE ASSETS MASTER LIMITED

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report

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 shareholders, as a body, 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.



Michael Carpenter
Senior Statutory Auditor
For and on behalf of Grant Thornton Limited
Chartered Accountants and Registered Auditors
St Peter Port
Guernsey
Channel Islands

30 September 2020

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	As restated 2018 \$
Continuing operations			
Investment (loss) / income	2	(77,906,026)	41,856,782
Interest income	2	3,516,240	146,363
Other income		<u>-</u>	<u>197,642</u>
Net investment (loss) / income		(74,389,786)	42,200,787
Fair value gain/(loss) on loans payable	10,19	50,213,991	(56,542,168)
Loan interest paid	3	(8,086,262)	(27,710,706)
Interest amortisation		(170,000)	(170,000)
Administrative expenses	4	<u>(1,504,792)</u>	<u>(1,823,767)</u>
Total expenses		40,452,937	(86,246,641)
Loss on ordinary activities before tax for the year		(33,936,849)	(44,045,854)
Taxation	5	<u>(1,531)</u>	<u>-</u>
Loss on ordinary activities after tax for the year attributable to equity holders		<u>(33,938,380)</u>	<u>(44,045,854)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(33,938,380)</u>	<u>(44,045,854)</u>

The above results relate to the continuing operations of the Group.

The notes on pages 16 to 30 form an integral part of these financial statements.

LIMITED LIFE ASSETS MASTER LIMITED
COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	As restated 2018 \$
Continuing operations			
Investment (loss) / income	2	(15,020,169)	41,235,136
Interest income	2	1,610,510	116,087
Other income	2	813,407	81,397
Impairment loss on investment subsidiary		<u>(33,572,290)</u>	<u>(183,467,239)</u>
Net investment loss		(46,168,542)	(142,034,079)
Loan interest paid	3	(8,086,262)	(27,710,706)
Fair value gain / (loss) on loans payable	10,19	20,903,526	(21,477,990)
Interest amortisation		(45,900)	(45,900)
Administrative expenses	4	<u>(574,281)</u>	<u>(721,487)</u>
Total expenses		12,197,083	(49,956,083)
Loss on ordinary activities before tax for the year		(33,971,459)	(191,990,162)
Taxation	5	<u>(751)</u>	<u>-</u>
Loss on ordinary activities after tax for the year attributable to equity holders		<u>(33,972,210)</u>	<u>(191,990,162)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(33,972,210)</u>	<u>(191,990,162)</u>

The above results relate to the continuing operations of the Company.

The notes on pages 16 to 30 form an integral part of these financial statements.

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 \$	As restated 2018 \$
Fixed assets			
Life settlement contracts	6	<u>305,641,210</u>	<u>384,721,751</u>
Total fixed assets		<u>305,641,210</u>	<u>384,721,751</u>
Current assets			
Debtors and prepayments	7	38,206,799	24,230,759
Cash and cash equivalents	8	<u>15,469,491</u>	<u>10,924,647</u>
Total current assets		53,676,290	35,155,406
Creditors: amounts falling due within one year	9	<u>(69,376)</u>	<u>(112,190)</u>
Net current assets		<u>53,606,914</u>	<u>35,043,216</u>
Total assets less current liabilities		<u>359,248,124</u>	<u>419,764,967</u>
Creditors: amounts falling due after more than one year	10	<u>(359,118,083)</u>	<u>(419,696,546)</u>
Net assets		<u>130,041</u>	<u>68,421</u>
Equity			
Called up share capital	11	423,603,793	389,603,793
Accumulated deficit		<u>(423,473,752)</u>	<u>(389,535,372)</u>
Shareholders' fund		<u>130,041</u>	<u>68,421</u>

These consolidated financial statements for Limited Life Assets Master Limited, Company registration 7556539, and its Subsidiary on pages 8 to 30 were approved and authorised for issue by the directors on 29 September 2020, signed on its behalf by:



Mr Timothy Church
Director

The notes on pages 16 to 30 form an integral part of these financial statements.

LIMITED LIFE ASSETS MASTER LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 \$	As restated 2018 \$
Fixed assets			
Investment in subsidiary	12	-	-
Life settlement contracts	6	<u>70,997,169</u>	<u>99,350,704</u>
Total fixed assets		<u>70,997,169</u>	<u>99,350,704</u>
Current assets			
Debtors and prepayments	7	20,062,094	24,490,352
Cash and cash equivalents	8	<u>4,628,789</u>	<u>2,718,385</u>
Total current assets		24,690,883	27,208,737
Creditors: amounts falling due within one year	9	<u>(1,246,399)</u>	<u>(753,479)</u>
Net current assets		<u>23,444,484</u>	<u>26,455,258</u>
Total assets less current liabilities		<u>94,441,653</u>	<u>125,805,962</u>
Creditors: amounts falling due after more than one year	10	<u>(94,392,817)</u>	<u>(125,784,916)</u>
Net Assets		<u>48,836</u>	<u>21,046</u>
Equity			
Called up share capital	11	423,603,793	389,603,793
Accumulated deficit		<u>(423,554,957)</u>	<u>(389,582,747)</u>
Shareholders' fund		<u>48,836</u>	<u>21,046</u>

These financial statements for Limited Life Assets Master Limited, Company registration 7556539, on pages 8 to 30 were approved and authorised for issue by the directors on 29 September 2020, signed on its behalf by:



Mr Timothy Church
Director

The notes on pages 16 to 30 form an integral part of these financial statements.

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Called up Share capital \$	Accumulated deficit \$	Total \$
Balance as at 1 January 2018		345,603,793	(139,062,708)	206,541,085
Changes in accounting policy		-	(206,426,810)	(206,426,810)
Issue of shares	11	44,000,000	-	44,000,000
Loss for the year		-	(44,045,854)	(44,045,854)
Other comprehensive income		-	-	-
Total comprehensive loss		-	(44,045,854)	(44,045,854)
Balance as at 31 December 2018		<u>389,603,793</u>	<u>(389,535,372)</u>	<u>68,421</u>
Balance as at 1 January 2019		389,603,793	(389,535,372)	68,421
Issue of shares	11	34,000,000	-	34,000,000
Loss for the year		-	(33,938,380)	(33,938,380)
Other comprehensive income		-	-	-
Total comprehensive loss		-	(33,938,380)	(33,938,380)
Balance as at 31 December 2019		<u>423,603,793</u>	<u>(423,473,752)</u>	<u>130,041</u>

The notes on pages 16 to 30 form an integral part of these financial statements.

LIMITED LIFE ASSETS MASTER LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Called up Share capital \$	Accumulated deficit \$	Total \$
Balance at 1 January 2018		345,603,793	(134,011,878)	211,591,915
Changes in accounting policy			(63,580,707)	(63,580,707)
Issue of shares	11	44,000,000	-	44,000,000
Loss for the year as restated		-	(191,990,162)	(191,990,162)
Other comprehensive income		-	-	-
Total comprehensive loss		-	(191,990,162)	(191,990,162)
Balance at 31 December 2018 as restated		<u>389,603,793</u>	<u>(389,582,747)</u>	<u>21,046</u>
Balance as at 1 January 2019		389,603,793	(389,582,747)	21,046
Issue of shares	11	34,000,000	-	34,000,000
Loss for the year		-	(33,972,210)	(33,972,210)
Other comprehensive income		-	-	-
Total comprehensive loss		-	(33,972,210)	(33,972,210)
Balance as at 31 December 2019		<u>423,603,793</u>	<u>(423,554,957)</u>	<u>48,836</u>

The notes on pages 16 to 30 form an integral part of these financial statements.

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019	As restated 2018
		\$	\$
Cash flows from operating activities			
Loss on ordinary activities before tax		(33,936,849)	(44,045,854)
Adjustments			
Tax Paid		(1,530)	-
Unrealised change in fair value	2	69,356,328	(64,708,070)
Unrealised gain/(loss) on fair value of loan payable		(51,213,991)	56,542,168
Premium payments from matured investments	2	100,892,856	97,550,220
Interest income	2	(3,516,240)	(344,055)
Loan interest paid	3	(8,086,262)	27,710,706
Income from matured policies	2	(92,343,158)	(74,698,932)
Interest amortisation	10	170,000	170,000
(Increase) / decrease in debtors and prepayments	7	(138,378)	45,854
(Decrease) / increase in creditors	9	<u>(42,814)</u>	<u>23,926</u>
Net cash used in operating activities		<u>(17,860,038)</u>	<u>(1,754,037)</u>
Cash flows from investing activities			
Premium payments	2	(100,892,856)	(97,550,220)
Proceeds from matured and sold policies		88,229,709	85,287,662
Interest received	2	<u>3,516,240</u>	<u>344,055</u>
Net cash used in from investing activities		<u>(9,146,907)</u>	<u>(11,918,503)</u>
Cash flows from financing activities			
Issue of shares	11	34,000,000	44,000,000
Loan interest paid	3	8,086,262	(27,710,706)
Loan repayment	10	<u>(10,534,473)</u>	<u>(5,132,179)</u>
Net cash generated from financing activities		<u>31,551,789</u>	<u>11,157,115</u>
Net decrease in cash and cash equivalents		4,544,844	(2,515,425)
Cash and cash equivalents at 1 January		<u>10,924,647</u>	<u>13,440,072</u>
Cash and cash equivalents at 31 December	8	<u>15,469,491</u>	<u>10,924,647</u>

All withdrawals from the Group's bank accounts are restricted by the detailed priority of payments set out in the cash management agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

The notes on pages 16 to 30 form an integral part of these financial statements.

LIMITED LIFE ASSETS MASTER LIMITED
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	As restated 2018 \$
Cash flows from operating activities			
Loss on ordinary activities before tax		(33,971,459)	(191,990,162)
Adjustments			
Tax paid		(751)	-
Unrealised change in fair value	2	24,662,118	(14,741,253)
Unrealised gain/loss on fair value of loan payable		(20,903,526)	21,477,990
Impairment of investment in subsidiary		33,572,290	183,467,239
Premium payments from matured investments	2	21,666,632	23,364,090
Interest income	2	(1,610,510)	(198,024)
Loan interest paid	3	(8,086,262)	27,710,706
Interest amortisation	10	45,900	45,900
Income from matured policies	2	(31,308,581)	(49,857,973)
Increase in debtors and prepayments	7	(41,048)	22,923
Increase in creditors and accruals	9	<u>492,920</u>	<u>8,752</u>
Net cash used in operating activities		<u>(15,482,277)</u>	<u>(689,812)</u>
Investing activities			
Premium payments	2	(21,666,632)	(23,364,090)
Investment in subsidiary	12	(33,572,290)	(35,500,000)
Interest received	2	1,610,510	198,024
Proceeds from matured and sold policies		<u>39,469,304</u>	<u>48,030,694</u>
Net cash used in investing activities		<u>(14,149,108)</u>	<u>(10,635,072)</u>
Cash flows from financing activities			
Issue of shares	11	34,000,000	44,000,000
Loan interest paid	3	8,086,262	(27,710,706)
Loan repayment	10	<u>(10,534,473)</u>	<u>(5,132,179)</u>
Net cash generated from financing activities		<u>31,551,789</u>	<u>11,157,115</u>
Net decrease in cash and cash equivalents		1,910,404	(168,069)
Cash and cash equivalents at 1 January		<u>2,718,385</u>	<u>2,886,454</u>
Cash and cash equivalents at 31 December	8	<u><u>4,628,789</u></u>	<u><u>2,718,385</u></u>

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the cash management agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

The notes on pages 16 to 30 form an integral part of these financial statements.

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. PRINCIPAL ACCOUNTING POLICIES

Limited Life Assets Master Limited (the "Company"), with registered number 7556539, and its subsidiary, Limited Life Assets Services Limited (the "Subsidiary"), with registered number 7557001, collectively (the "Group"), are limited companies incorporated and domiciled in the United Kingdom and their registered office is at Third Floor, 1 King's Arms Yard, London, EC2R 7AF.

Statement of Compliance

The Group's and Company's financial statements (collectively the "financial statements") have been prepared in compliance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP") including the Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland ("FRS 102")' as it applies to the financial statements for the year ended 31 December 2019.

Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for the modification to fair value basis of investments, in accordance with applicable accounting standards, including FRS 102 and with the Companies Act 2006. The financial statements are prepared in US dollars ("\$\$") which is the functional and presentational currency of the Company.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 4. In addition, note 13 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk, interest rate risk, foreign currency risk and liquidity risk.

The shareholders, in accordance with the Shareholders' Agreement, have agreed to provide funding to the Group. The Directors are of the opinion that the shareholders have the financial means to provide such funding to the Group for the foreseeable future. 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 these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and company controlled by the Company, the Subsidiary. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company's and Group's financial assets comprise life settlement contracts, short-term debtors or receivables, and cash and cash equivalents. Its financial liabilities comprise interest bearing loans from Issuer Plc, short-term intercompany loans and creditors, and accruals. Financial assets and financial liabilities are classified as either basic or other than basic.

Basic Financial Instruments

Basic financial instruments are those that satisfy the conditions in paragraph 11.8 of FRS 102 and are within the scope of Section 11. These include the short-term debtors or receivables, cash and cash equivalents, short-term intercompany loans and creditors, and accruals.

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Initial recognition

The Company and Group recognises a financial asset or a financial liability only when it becomes a party to the contractual provisions of the instrument. When a financial asset or financial liability is recognised initially, it is measured at the transaction price (adjusted for transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction. An arrangement constitutes a financing transaction if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. Except as set out in paragraph 11.13A of FRS 102, if the arrangement constitutes a financing transaction, the Company and Group measures the financial asset or financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition adjusted for transaction costs.

Subsequent measurement

At the end of each reporting period, the Company and Group measures its financial instruments as follows, without any deduction for transaction costs the Company and Group may incur on sale or disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) or paragraph 11.8(bA) of FRS 102 shall be measured at amortised cost using the effective method.

- For a non-interest bearing debt instrument that is payable or receivable within one year on normal business terms, amortised cost shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received, i.e., net of impairment.

Impairment of financial instruments measured at cost or amortised cost

At the end of each reporting period, the Company and Group assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment set out in paragraphs 11.22 and 11.23 of FRS 102, the Company and Group recognises an impairment loss in profit or loss immediately. The Company and Group assesses individually for impairment all equity instruments regardless of significance, and other financial assets that are individually significant. The Company and Group assesses other financial assets for impairment either individually or grouped on the basis of similar credit risk characteristics. If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the Company and Group reverses the previously recognised impairment loss either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The Company and Group recognises the amount of the reversal in profit or loss immediately.

Derecognition of financial instruments

The Company and Group derecognises a financial asset in accordance with paragraphs 11.33 to 11.35 of FRS 102. A financial liability (or part of a financial liability) is derecognised only when it is extinguished, i.e., when the obligation specified in the contract is discharged, is cancelled or expires and in accordance with paragraphs 11.36 to 11.38 of FRS 102.

Other than basic financial instruments

Other than basic financial instruments are those within the scope of Section 12 of FRS 102. They are recognised only when the entity becomes a party to the contractual provisions of the instrument. These include the life settlement contracts and interest bearing loans from Issuer Plc. On initial recognition these were measured at fair value, which was the transaction price.

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Subsequent measurement and derecognition

At the end of each reporting period, the Company and Group measures its life settlement contracts and interest bearing loans from Issuer Plc at fair value and recognises changes in fair value in profit or loss. The Company and Group also applies the derecognition requirements in paragraphs 11.33 to 11.38 of FRS 102 to other than basic financial instruments.

Offsetting

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, the entity

- Currently has a legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Classification of Financial assets and Financial liabilities

The Group's financial assets and financial liabilities measured at fair value in the Statement of financial position are grouped into three classifications of fair value hierarchy in accordance with FRS 102, Section 11.27. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Classification A – quoted prices in active markets for identical assets or liabilities that are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

Classification B – inputs other than quoted prices included within Classification A that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) that provides evidence of fair value as long as there has not been the significant change in economic circumstances or significant lapse of time since the last transaction took place. If the entity could demonstrate that the last transaction price is not good estimate of fair value, that price is adjusted.

Classification C – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The financial assets through profit or loss, life settlement contracts and loans payable are considered to be Classification C.

Investment in Subsidiary

In the Company's financial statements, investment in subsidiary is carried at cost less any impairment.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in banks with less than three months to maturity. All withdrawals from the Group's bank accounts are restricted by the detailed priority of payments set out in the cash management agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

Life Settlement Contracts

Recognition, initial measurement and subsequent measurement

Life settlement contracts are financial assets at fair value through profit or loss within the scope of FRS 102, Section 11. The Group records such assets upon initial recognition at fair value, which is the transaction price excluding the transaction costs unless it constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. The Group believes that recording life settlement contracts at fair value through profit or loss significantly reduces the inconsistent treatment that would otherwise arise from recognising gains or losses on a different basis. Subsequently, the Group updates their fair value at each reporting date and recognises changes in fair value in earnings in the Statement of comprehensive income.

Cash flows from the Group's life settlement activities are included in operating activities in the accompanying cash flow statement.

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Derecognition

The Group derecognises its financial assets in accordance with the provisions of FRS 102, Section 11.

Taxation

Corporation tax is provided on taxable profits at the current attributable rates. It is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year.

Interest payable

Interest is accounted for on an accrual basis, by reference to the principal outstanding at the interest rate applicable, which is set by the calculating agent as per the loan agreements.

Expenses

Expense consists principally of accrued professional fees. These fees are accrued when incurred.

Income income

Interest income and expense is accounted for on an accrual basis, by reference to the principal outstanding at the interest rate applicable, which is set by the calculating agent as per the loan agreements.

Income is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount can be measured reliably.

Segmental Reporting

An operating segment is a component of a Company that engages in business activities from which it may earn revenues and incur expenses. The principal assets of the Company are a portfolio of investments in life settlement contracts which generate the Company's revenue and are managed by a Board in the United Kingdom. The Board has assessed that the Company has only one operating segment and operates in only one geographical area being the United Kingdom.

Accounting judgements and estimates

In preparing its financial statements in conformity with FRS 102, the Company makes estimates concerning a variety of matters. The Company has made estimates and judgements in relation to valuation of life settlement contracts and loans payable.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

The cash flows and risks of the loan payable match those of the life settlement contracts as repayments are based on the receipt of investment proceeds from those contracts. Hence, the determination of the fair value of the loans payable is based on the valuation of the underlying life settlement contracts.

The Group utilises estimates of fair value in connection with its investment in life settlement contracts. Fair value of investment in life settlement contracts are calculated using the actuarial asset share method. Inputs and data used in the calculation, such as life expectancy estimates, are obtained from independent third party underwriters and computed based on policy provisions obtained from insurance carriers.

The Group uses industry standard tables for male and female smokers and non-smokers for computing the probability of insured dying in each given year. Discount rates ranging from 15% - 20% were used for discounting future projected cash flows (i.e. death benefits and premium payments). The discount rates were determined after considering various factors such as illiquidity, uncertain time to maturity and implied IRR ("internal rate of return") from policy purchases, among others. The Company engaged Lyric Services, LLC to prepare the monthly valuation of the Company's investment in life settlement contracts.

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2. INVESTMENT (LOSS)/INCOME AND INTEREST INCOME

	2019 Group	2019 Company	2018 Group	2018 Company
	\$	\$	\$	\$
Income from matured investments	92,343,158	31,308,581	74,698,932	49,857,973
Premium payments from matured investments	(100,892,856)	(21,666,632)	(97,550,220)	(23,364,090)
Unrealised change in fair value	<u>(69,356,328)</u>	<u>(24,662,118)</u>	<u>64,708,070</u>	<u>14,741,253</u>
	<u>(77,906,026)</u>	<u>(15,020,169)</u>	<u>41,856,782</u>	<u>41,235,136</u>

Interest income includes interest received from money held at bank and on the proceeds of matured policies held by the insurance companies.

	2019 Group	2019 Company	As restated 2018 Group	As restated 2018 Company
	\$	\$	\$	\$
Interest earned on proceeds from maturity	3,065,776	1,550,537	62,436	62,436
Dividend and bank interest	<u>450,464</u>	<u>59,973</u>	<u>83,927</u>	<u>53,651</u>
	<u>3,516,240</u>	<u>1,610,510</u>	<u>146,363</u>	<u>116,087</u>
Other income	-	<u>813,407</u>	<u>197,641</u>	<u>81,937</u>

3. LOAN INTEREST PAID

Interest is accounted for on a time basis, by reference to the principal outstanding at the interest rate applicable, which is set by the calculating agent as per the loan agreements.

	2019 Group	2019 Company	2018 Group	2018 Company
	\$	\$	\$	\$
Interest paid on loan from Limited Life Assets Issuance PLC	<u>8,086,262</u>	<u>8,086,262</u>	<u>27,710,706</u>	<u>27,710,706</u>
	<u>8,086,262</u>	<u>8,086,262</u>	<u>27,710,706</u>	<u>27,710,706</u>

4. ADMINISTRATIVE EXPENSES

	2019 Group	2019 Company	2018 Group	2018 Company
	\$	\$	\$	\$
Fees payable for the audit of the annual accounts	60,694	26,994	40,190	16,832
Fees payable relating to tax services	12,151	7,953	18,317	10,486
Servicing fees	879,200	269,565	839,697	269,130
Facility fees	-	-	7,496	2,306
Corporate services, trustee and accountancy fees	95,656	58,618	384,332	167,634
Director and other fees	173,655	71,526	12,500	3,845
Legal and professional fees	227,542	89,316	521,180	251,254
Bank charges	9,000	4,500	55	-
Disbursement and other expenses	<u>46,894</u>	<u>45,809</u>	<u>-</u>	<u>-</u>
	<u>1,504,792</u>	<u>574,281</u>	<u>1,823,767</u>	<u>721,487</u>

The Group has no employees and two directors, Mr Alan Morgan and Mr Timothy Church, who received \$173,655 (2018:\$12,500).

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

5. TAXATION

Policies in the Company's portfolio were held through Limited Liability Corporations (LLCs) in the US. LLCs do not qualify as "securitised assets" and thus they are subject to 30% withholding tax. As at 31 December 2019, there are no tax-related contingent assets or contingent liabilities in accordance with FRS 102 'Provisions, Contingent Liabilities and Contingent Assets'.

(a) Analysis of charge in the year:

	2019 Group	2019 Company	2018 Group	2018 Company
	\$	\$	\$	\$
Corporation tax charged for the year	498	249	-	-
Prior years underprovision	1,033	502	-	-
U.S. withholding tax:				
Withholding tax charge for the year	-	-	-	-
	<u>1,531</u>	<u>751</u>	<u>-</u>	<u>-</u>

(b) Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the year is equal to the rate of corporation tax in the UK of 19% (2018: 19%).

	2019 Group	2019 Company	As restated 2018 Group	As restated 2018 Company
	\$	\$	\$	\$
Loss before tax	(33,936,849)	(33,971,459)	(44,045,854)	(191,990,162)
Loss on ordinary activities before tax multiplied by the rate of corporation tax in the UK of 19% (2018: 19%)	(6,448,001)	(6,454,577)	(8,368,712)	(36,478,131)
Tax on fair value movement on life settlement contracts	13,177,702	4,685,802	(12,294,533)	2,800,838
Tax on fair value movement in loans payable	(9,540,658)	(3,971,670)	10,743,012	4,080,818
Permanent differences relating to application of Taxation of Securitisation Companies Regulations 2006	2,811,455	5,740,694	9,920,233	29,596,475
Total corporation tax charge	<u>498</u>	<u>249</u>	<u>-</u>	<u>-</u>

6. LIFE SETTLEMENT CONTRACTS

The movement of the Group's and Company's investment in life settlement contracts during the year are shown below.

	2019 Group	2019 Company	2018 Group	2018 Company
	\$	\$	\$	\$
Balance at the start the year, at fair value	384,721,751	99,350,704	328,564,749	92,251,478
Matured and sold life settlement contracts	(9,724,214)	(3,691,417)	(8,551,068)	(7,642,027)
Unrealised change in fair value of life settlement contracts (see note 2)	(69,356,327)	(24,662,118)	64,708,070	14,741,253
Balance at the end of the year, at fair value	<u>305,641,210</u>	<u>70,997,169</u>	<u>384,721,751</u>	<u>99,350,704</u>

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

6. LIFE SETTLEMENT CONTRACTS (CONTINUED)

	2019	2019	2018	2018
	Group	Company	Group	Company
	\$	\$	\$	\$
Balance at the start of the year, at cost	130,455,658	31,389,685	139,006,726	39,031,712
Matured and sold life settlement contracts	(9,724,214)	(3,691,419)	(8,551,068)	(7,642,027)
Balance at the end of the year, at cost	<u>120,731,444</u>	<u>27,698,266</u>	<u>130,455,658</u>	<u>31,389,685</u>

No new life settlement contracts acquired in 2019 (2018: none).

No life settlement contracts lapsed in 2019 (2018: none).

7. DEBTORS AND PREPAYMENTS

	2019	2019	2018	2018
	Group	Company	Group	Company
	\$	\$	\$	\$
Prepayments	130,041	48,836	68,421	21,046
Receivable on matured and sold policies	38,000,000	20,000,000	24,162,338	24,469,306
Payable to intercompany	<u>76,758</u>	<u>13,258</u>	-	-
	<u>38,206,799</u>	<u>20,062,094</u>	<u>24,230,759</u>	<u>24,490,352</u>

8. CASH AND CASH EQUIVALENTS

	2019	2019	2018	2018
	Group	Company	Group	Company
	\$	\$	\$	\$
Cash in bank	12,869,730	3,792,245	7,197,898	1,780,339
Security intermediary account	<u>2,599,761</u>	<u>836,544</u>	<u>3,726,749</u>	<u>938,046</u>
	<u>15,469,491</u>	<u>4,628,789</u>	<u>10,924,647</u>	<u>2,718,385</u>

All withdrawals from the Group's bank accounts are restricted by the detailed priority of payments set out in the cash management agreements.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2019	2018	2018
	Group	Company	Group	Company
	\$	\$	\$	\$
Accruals	68,376	32,000	112,190	39,831
Payable to AssetCo	-	1,213,648	-	713,648
Corporation tax	<u>1,000</u>	<u>751</u>	-	-
	<u>69,376</u>	<u>1,246,399</u>	<u>112,190</u>	<u>753,479</u>

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2019	As restated 2018	As restated 2018
	Group	Company	Group	Company
	\$	\$	\$	\$
At 1 January	419,696,547	125,784,916	368,116,558	109,393,205
Interest amortisation	170,000	45,900	170,000	45,900
Loan repayment	(10,534,473)	(10,534,473)	(5,132,179)	(5,132,179)
Effect of change in fair value	(50,213,991)	(20,903,526)	56,542,168	21,477,990
At 31 December	<u>359,118,083</u>	<u>94,392,817</u>	<u>419,696,547</u>	<u>125,784,916</u>

Subject to the terms of "Issuer HoldCo Loan Agreement", between the Company and Limited Life Assets Issuance PLC ("Issuer PLC"), and "Issuer AssetCo Loan Agreement" between the Subsidiary and Issuer PLC (collectively, the Loan Agreements), the Issuer PLC makes available to the Group a US Dollar term loan facility in an aggregate amount of \$359,118,083. The Group will repay an amount equal to the loan to the Issuer PLC on the loan interest payment date in May 2021. Any principal amounts prepaid shall reduce the amount repayable by the Group on the repayment date to the extent of such prepayment.

On each loan interest payment date, the Group shall prepay an amount equal to the aggregate of:

- the allocated loan amount of the un-invested portion of any realised asset amounts received in the immediately preceding collection period; and
- the allocated loan amount of the un-invested portion of any net disposal proceeds received following a disposal of an asset in the immediately preceding collection period.

The HoldCo and AssetCo Deed of Charge secure all the obligations of the Group to the HoldCo and AssetCo secured parties. In accordance with the HoldCo and AssetCo Deed of Charge, the Group, by way of first fixed security for the payment or discharge of its obligations, assigned in favour of the borrower Security Trustee, Wilmington Trust (London) Limited, for the benefit of the HoldCo and AssetCo secured parties all of its right, title and interest under the HoldCo and AssetCo charged documents which include all contracts and agreements to which the Group becomes a party and of which its rights are assignable by way of security. This includes the right to receive and collect payment of amounts payable to the Group. Notwithstanding such assignment, the Group may continue to receive all payments due to the Group. Interest paid on loan from Limited Life Assets Issuance PLC is disclosed in note 3.

11. SHARE CAPITAL

Shares allotted, issued and fully paid for the Group and the Company:

	No. of Shares	Class	Nominal Value	Amount
			\$	\$
At 1 January 2018	345,603,793	Ordinary	1	345,603,793
Shares issued during the year	44,000,000	Ordinary	1	44,000,000
At 31 December 2018	<u>389,603,793</u>			<u>389,603,793</u>
At 1 January 2019	389,603,793	Ordinary	1	389,603,793
Shares issued during the year	34,000,000	Ordinary	1	34,000,000
At 31 December 2019	<u>423,603,793</u>			<u>423,603,793</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share. The directors have not recommended a dividend during the year (2018: Nil).

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. INVESTMENT IN SUBSIDIARY

	2019	2018
	\$	\$
At 1 January	-	147,967,239
\$1 Ordinary shares acquired during the year	33,572,290	35,500,000
Allowance for impairment on investment subsidiary	<u>(33,572,290)</u>	<u>(183,467,239)</u>
At 31 December	<u>-</u>	<u>-</u>

Shares in group undertakings

The Company has the following interests in group undertakings:

Subsidiary undertakings	Country of incorporation	Class of shares	Holding (%)
Limited Life Assets Services Limited	Great Britain	Ordinary	100

Principal activity

The Subsidiary was established as a special purpose vehicle for the sole purpose of investing in life settlement contracts. The Subsidiary was incorporated on 8 March 2011. The Company acquired 1 share at \$1 per share as its initial subscription. \$33,572,290 share subscriptions were made during the year (2018: \$35,500,000) in order to meet the subsidiary's premium reserve and operating cash requirements.

13. FINANCIAL RISK MANAGEMENT

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern through additional capitalization and collection of life settlement proceeds. The Group manages its capital structure in light of the business opportunities available to it. To maintain or adjust the capital structure, the Group has the ability to issue new shares which it has during the year to maintain the liquidity of the Group. The Group manages capital in the amount approximately \$424 million.

Longevity risk

Longevity risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because estimates of the remaining life of the insured lives are incorrect. This risk can be separated into systematic lives risk and specific lives risk as follows:

1. Systematic lives risk – the population as a whole starts to live longer (or the population of lives whose life insurance policies have been traded in the market to start to live longer).
2. Specific lives risk – the specific lives purchased by the Group live than expected. This may be due to particularly poor experience for the types of lives purchased by the Group or that certain types of lives respond particularly well to treatment.

Assumptions are made about the remaining life expectancy ("LE") of each life based on the methodology described in note 1. There is a risk that the actual experience may unfold in a different way from the assumptions of that new evidence emerges requiring a significant change to assumptions. There is a rolling programme of life expectancy reviews conducted by third party valuer. The results of these reviews are then communicated to the Board and where appropriate reflected in the valuations. If the assumptions were changed the valuation of these investments could significantly differ from that shown in the financial statements.

As at 31 December 2019, the Company held 42 life settlement contracts valued at \$71 million (2018: 46 life settlement contracts valued at \$99.4 million). As at 31 December 2019, the Group held 243 life settlement contracts valued at \$305.6 million (2018: 260 life settlement contracts valued at \$384.7 million).

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13. FINANCIAL RISK MANAGEMENT (Continued)

The table below illustrates how the valuation changes should these assumptions be altered. The following are shown:

- a) The valuation included in the financial statements on the assumptions for risk discount rate and LEs.
- b) How the valuation varies should the risk discount rates be increased or reduced by 100 bps with the LEs unchanged.
- c) How this value varies should the LEs increase by 1 year with the risk discount rate unchanged.

	Group	Company	Group	Company
	2019	2019	2018	2018
	\$ (in million)	\$ (in million)	\$ (in million)	\$ (in million)
a) Valuation included in the financial statements	305.6	71	384.7	99.4
b) Valuation if adjust discount rate + 100 bps	291.9	68.3	369.5	96.2
Valuation if adjust discount rate – 100 bps	320.4	73.9	401	102.7
c) Valuation + 1 year to valuation (LE)	161.5	44.0	244.8	68.9

Systematic lives risk

There are two parts to this risk:

- (i) Underwriters' estimations of life expectancy are incorrect
- (ii) Systematic improvements in mortality due to medical advancements

All life settlement contracts are underwritten individually, and different life expectancies and uplift factors (the relative increase in mortality required for the life) are determined for each life. The underwriter produces an underwriting report including the LE.

If the underlying insured lives longer than the underwriter expected, the valuation will decrease. This is because profits arising from death benefit are being realised later and total future premiums are underestimated. The reverse is true if the underlying insured dies before the underwriter expected. As seen from the table above, the valuation is highly sensitive to mortality changes.

The second risk is that medical advancements will improve mortality significantly, resulting in profit being delayed and reduced.

Specific lives risk

There is a risk that the underlying lives with acute diseases respond well to treatment which gives rise to the impairment going into remission. If this happens on a large number of lives, the overall LE of the portfolio could be extended and the value of the policies will reduce.

Similarly, there is a risk that the policies purchased by the Group happen to experience particularly poor experiences for other reasons (e.g. poor underwriting).

Risk discount rate

The "risk premium" is added to the risk free rate in order to calculate the risk discount rate used to discount future cash flows. It allows for the risk inherent in the cash flows. From the table, it can be seen that the valuation is sensitive to changes in the risk discount rate.

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13. FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

Interest rate risk is the risk of a reduction in the value of an asset resulted from unexpected fluctuations in interest rates. The floating interest rate for the Group's loan from Issuer PLC is determined by the calculation agent in accordance with the Loan Agreements. The Group's carrying amount of financial liabilities at floating interest rates amounted to \$359,118,083 (2018: \$419,696,546 restated). The Company's carrying amount of financial liabilities at floating interest rates amounted to \$94,392,817 (2018: \$125,784,916 restated). The Directors monitor the headroom between amounts due from the life insurance contracts held and loan notes to ensure that the risk is managed.

Foreign currency risk

All of the Group's assets and liabilities are denominated in U.S. dollars therefore there is no foreign currency risk.

Credit risk

Credit risk is the risk that a counter party will not meet its obligation under a financial instrument or contract, leading to a financial loss. The Company and the Group's credit risk is principally attributable to its life settlement contracts and receivable on matured policies. The credit risk is also dependent on the financial stability of the underlying insurance companies and their ability to pay the benefits. The management actively analyzes the health of the insurance companies.

The maximum exposure to credit risk is the carrying amount of the Company and the Group's financial assets amounting to \$95,625,958 (2018: \$126,538,395 restated) and \$358,806,353 (2018: \$419,808,736 restated), respectively. Based on evaluation of the insurance companies, management considers the credit quality of receivables on matured policies that are not past due or impaired to be good. The cash balances are held with reputable banks with high external credit ratings. To this extent, the Company and the Group's credit risk is considered low.

Market and price risk

Market risk is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. Fair value of life settlement contracts are subject to fluctuation.

In general, the fair value of a life settlement contract is dependent upon, among other things, the contract's net death benefit, the cost of maintaining the contract, mortality assumptions and the discount rate used.

Management manages the market risk through active portfolio management, analysing the policies to be serviced and lapsing the policies if they are not considered beneficial in the long-run.

An increase of 10% in the fair value of the portfolio (as a result of the variables discussed above) with all other variables held constant, would have increased total shareholders' funds by approximately \$31 million. A decrease of 10% would have an equal and opposite effect.

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13. FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial instruments

The fair values together with the carrying amounts shown in the Statement of financial position of the financial assets and financial liabilities are as follows:

2019		Group	Group	Company	Company
	Notes	Carrying amount	Fair value	Carrying amount	Fair value
		\$	\$	\$	\$
Financial assets:					
Life settlement contracts	6	305,641,210	305,641,210	70,997,169	70,997,169
Receivable on matured and sold policies	7	38,000,000	38,000,000	20,000,000	20,000,000
Cash and cash equivalents	8	<u>15,165,143</u>	<u>15,165,143</u>	<u>4,628,789</u>	<u>4,628,789</u>
		<u>358,806,353</u>	<u>358,806,353</u>	<u>95,625,958</u>	<u>95,625,958</u>
Financial liabilities:					
Loan from Issuer PLC	10	359,118,083	359,118,083	94,392,817	94,392,817
Payable to AssetCo	9	-	-	1,213,648	1,213,648
Accruals	9	<u>68,376</u>	<u>68,376</u>	<u>32,000</u>	<u>32,000</u>
		<u>359,186,459</u>	<u>359,186,459</u>	<u>95,638,465</u>	<u>95,638,465</u>
2018 (restated)					
	Notes	Group	Group	Company	Company
		Carrying amount	Fair value	Carrying amount	Fair value
		\$	\$	\$	\$
Financial assets:					
Life settlement contracts	6	384,721,751	384,721,751	99,350,704	99,350,704
Receivable on matured and sold policies	7	24,162,338	24,162,338	24,469,306	24,469,306
Cash and cash equivalents	8	<u>10,924,647</u>	<u>10,924,647</u>	<u>2,718,385</u>	<u>2,718,385</u>
		<u>419,808,736</u>	<u>419,808,736</u>	<u>126,538,395</u>	<u>126,538,395</u>
Financial liabilities:					
Loan from Issuer PLC	10	419,696,547	419,696,547	125,784,916	125,784,916
Payable to AssetCo	9	-	-	713,648	713,648
Accruals	9	<u>112,190</u>	<u>112,190</u>	<u>39,831</u>	<u>39,831</u>
		<u>419,808,737</u>	<u>419,808,737</u>	<u>126,538,395</u>	<u>126,538,395</u>

Fair values of the Group's and the Company's financial assets and liabilities approximate their carrying amounts at year end. The Company's investment subsidiary is carried at \$nil (2018: \$nil) which is also its fair value as at 31 December 2019.

Liquidity risk

The Group's policy is to manage liquidity risk through its use of cash balances. As per the Shareholders' Agreement the Company and the subsidiary will maintain cash reserves equal to at least five weeks' worth of projected premium payments on the policies and will each maintain sufficient operating cash to meet expected operating expenses including any fees payable to the servicer for a period of not less than one calendar month as determined by the calculation agent, unless otherwise determined by the Board.

The Shareholders' Agreement is designed to match the availability of funds, there are deemed to be limited liquidity risks facing the Group. Payments made by the Group are made in accordance with the priority of payments as set out in the cash management agreement. Under these terms, payments are made on a monthly basis. The prepayments on the loans are determined by the calculation agent in accordance with the loan agreements (see note 10).

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13. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk (continued)

2019 GROUP	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$
Financial liabilities					
Loan from Issuer PLC	359,118,082	-	-	359,118,082	-
Accruals	<u>68,376</u>	<u>68,376</u>	-	-	-
	<u>359,186,458</u>	<u>68,376</u>	<u>-</u>	<u>359,118,082</u>	<u>-</u>
2019 COMPANY	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$
Financial liabilities					
Loan from Issuer PLC	94,392,817	-	-	94,392,817	-
Payable to subsidiary	1,213,648	1,213,648	-	-	-
Accruals	<u>32,000</u>	<u>32,000</u>	-	-	-
	<u>95,638,465</u>	<u>1,245,648</u>	<u>-</u>	<u>94,392,817</u>	<u>-</u>
2018 (restated) GROUP	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$
Loan from Issuer PLC	419,696,547	-	-	-	419,696,547
Accruals	<u>112,190</u>	<u>112,190</u>	-	-	-
	<u>419,808,737</u>	<u>112,190</u>	<u>-</u>	<u>-</u>	<u>419,696,547</u>
2018 (restated) COMPANY	Total	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$
Financial liabilities					
Loan from Issuer PLC	125,784,916	-	-	-	125,784,916
Payable to subsidiary	713,648	713,648	-	-	-
Accruals	<u>39,831</u>	<u>39,831</u>	-	-	-
	<u>126,538,395</u>	<u>753,479</u>	<u>-</u>	<u>-</u>	<u>125,784,916</u>

14. RELATED PARTY TRANSACTIONS

The Group has identified the following transactions which are required to be disclosed under the terms of the terms of FRS 102, section 33 Related Party Disclosures.

The Company subscribed for additional shares in the current year of 34,000,000 shares at \$1 per share (2018: 44,000,000 shares at \$1 per share).

Mr Alan Morgan and Mr Timothy Church, who are directors in both the Company and the subsidiary, received an aggregate amount of \$173,655 (2018: \$12,500) as directors' fee included in the administrative expenses in note 4.

LIMITED LIFE ASSETS MASTER LIMITED AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

15. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2019 Group \$	2019 Company \$	2018 Group \$	2018 Company \$
Increase / (decrease) in cash	4,544,844	1,910,404	(2,515,425)	(168,069)
Cash inflow from repayment of loans	<u>10,534,473</u>	<u>10,534,473</u>	<u>5,132,179</u>	<u>5,132,179</u>
Change in net debt resulting from cash flows	15,079,317	12,444,877	2,616,754	4,964,110
Interest amortisation	(170,000)	(45,900)	(170,000)	(45,900)
Effect of change in fair value-non cash	<u>50,213,991</u>	<u>20,903,526</u>	<u>(56,542,168)</u>	<u>(21,477,990)</u>
Movement in net debt	65,123,308	33,302,503	(54,095,414)	(16,559,780)
Net debt at 1 January	<u>408,771,900</u>	<u>(123,066,531)</u>	<u>(354,676,486)</u>	<u>(106,506,751)</u>
Net debt at 31 December	<u>(343,648,952)</u>	<u>(89,764,028)</u>	<u>(408,771,900)</u>	<u>(123,066,531)</u>

The Group's and Company's net debt comprises borrowings less cash and cash equivalents.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Barfield Nominees Limited holds 51.25% of the issued share capital of the Group as nominee for SSALT Fund Limited. SSALT Fund Limited, which is a company incorporated in Guernsey, is deemed both the immediate and the ultimate controlling party.

17. CONTINGENCIES AND COMMITMENT

As at 31 December 2019, the Group had no significant contractual obligations (2018: Nil).

18. POST BALANCE SHEET EVENTS

During 2020, the Company have an additional capital injection in the amount of \$5,000,000.

On March 11, 2020, the World Health Organization characterized the COVID-19 outbreak as a pandemic. The impact of the outbreak on the financial results of the Group will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the financial results of the Group may be materially adversely affected. The directors have considered COVID-19 to be a non-adjusting event and therefore no adjustment has been made to the valuation of the life settlement contracts and loans payable as at 31 December 2019. The directors will be closely monitoring the latest market developments relating to COVID-19 and the possible future impact on the Group and Company.

19. PRIOR PERIOD ADJUSTMENT

In prior years, the Company and Group accounted the interest bearing loans from Issuer Plc at par value and reduced these for any repayments. Based on further review, the interests on the interest bearing loans are not fixed and their variability does not meet the requirements in FRS 102 paragraphs 11.9 and 11.9A; hence, they have been reclassified as other than basic financial instruments within the scope of paragraph 12 of FRS 102 and measured at fair value.

The accounts have been restated to incorporate the impact of the misclassification of the interest bearing loans to other than basic financial instruments. The change has increased the Company's creditors and its retained earnings by \$63,580,707 and the Group's creditors and its retained earnings by \$206,426,810 as at 31 December 2018 and decreased the Company's and Group's profits for the year ended 31 December 2018 by \$21,477,990 and \$56,542,168, respectively.

In the books of the Company, the investments in subsidiary has been written down to \$nil as of 31 December 2018 to match the net asset value of the subsidiary after the above adjustment.