

THE CANADA LIFE GROUP (U.K.) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**



Registered Number 02228475

THE CANADA LIFE GROUP (U.K.) LIMITED

Contents	Pages
Directors and advisers	2
Strategic report	3 – 6
Directors' report	7 – 8
Directors' responsibilities statement	9
Independent auditor's report to the members of The Canada Life Group (U.K.) Limited	10 – 13
Income Statement	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Notes to the financial statements	17 – 39

THE CANADA LIFE GROUP (U.K.) LIMITED

Directors and advisers

Directors

M Campbell
D Harney
C Hayes
P Mahon
S McArthur
N Moss
D Netherton
R Orr
S Vanaselja

Company Secretary

L Rodriguez

Registered Office

Canada Life Place
Potters Bar
Hertfordshire
EN6 5BA
England

Registered Number

02228475

Independent Auditor

Deloitte LLP
Hill House
1 Little New Street
London
United Kingdom
EC4A 3TR

THE CANADA LIFE GROUP (U.K.) LIMITED

Strategic report for the year ended 31 December 2021

Principal Activity

The Canada Life Group (U.K.) Limited ("the Company") ("CLG") is an indirect wholly-owned subsidiary of The Canada Life Assurance Company (incorporated in Canada) and is the parent company of a group of companies whose principal activities during the year were the transacting of ordinary long-term life assurance business and investment management business. This will continue to be the main activity for the foreseeable future.

Business Review

During 2021, the Company continued to act as a holding company.

Profit for the year is £676.5m (2020: £258.1m). The increase is mainly due to higher dividend income in the year of £702.6m (2020: £271.8m).

The Company continued to invest in Financial Investments (Bonds and a Liquidity Fund) during the year in line with its Investment Mandate.

Key Performance Indicators

	2021	2020	2019
	£m	£m	£m
Investments in group undertakings	2,760.3	2,760.3	2,730.1
Profit attributable to shareholders	676.5	258.1	135.5
Dividends paid	685.0	540.0	289.6

Corporate Activity

On 8 October 2021, the Company received approval from the PRA to recognise an Ancillary Own Funds facility as the source of an additional £50m Solvency II Tier 2 capital.

This £50M facility is treated as unissued Share Capital for the purpose of these financial statements, as, in the event that notice is given by the Company, Great-West Lifeco Inc through its subsidiaries, is required to subscribe for the newly issued share capital. The number and price of ordinary shares unissued is determined in the event that notice is given under the terms of the facility.

The facility would be payable on demand within five working days of a call and would then be recorded as fully paid up share capital in the financial statements. It would be treated as Tier 1 capital for Solvency reporting. There is no expiry period under the terms of the facility.

CLG Group Business Acquisitions

On 21 May 2021, Irish Life Group Limited purchased 50% of Vigo Health Limited.

On 1 June 2021, ILGWM Limited purchased 100% of Harvest Financial Services Ltd and Harvest Financial Trustees Ltd.

On 1 November 2021, Irish Life Group Limited through its subsidiary ILHAWK Limited, acquired Ark Life Assurance Company dac.

On 1 December 2021, 1939 ILIV Consulting Limited acquired ILP Pension Trustees dac from Invesco Limited, ILP Pension Trustees dac acquired Invesco Trustees dac from Invesco Limited and ILP Pension Trustees dac also acquired Acumen & Trust Pension Trustees dac from BCRM Financial Holdings (Ireland) dac.

THE CANADA LIFE GROUP (U.K.) LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Outlook

The Company expects to continue as a holding company.

The coronavirus pandemic (Covid-19) remains an ongoing event to which the Company is exposed and is continuing to operate effectively while ensuring the safety and well-being of customers, employees and wider communities. The Company continues to monitor the situation closely to support its decision making during this uncertain period.

The current conflict in Ukraine has led to general market volatility and a surge in oil and energy prices amid supply concerns. If the conflict escalates or persists for a long period of time we expect further volatility in financial markets, reduced economic growth and higher inflation. CLG and its subsidiaries have no direct investment exposure to either Russia, Belarus or Ukraine.

Principal risks and uncertainties

The ongoing pandemic (Covid-19) is an ongoing event that increases the exposure to some of the risks already identified in this section but particularly operational and credit risk.

The Company's strong capital position, combined with a high quality and well diversified investment portfolio, means that it is able to withstand the financial impacts from a deterioration in credit markets. Stress and scenario testing shows the Company can withstand a range of events including pandemics, economic downturns and property market events. Further details are disclosed in Note 15.

Financial risk

The Company is exposed to financial risk through its investments held at market value which may fluctuate.

Liquidity Risk

The Company is exposed to liquidity risk if cash received via dividends from subsidiaries is insufficient to pay expenses as they fall due.

Foreign Currency Risk

The Company receives some dividend income in a foreign currency and is therefore subject to exchange rate fluctuations.

Credit risk

The Company is exposed to the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Financial Statements as at 31 December 2021 have been prepared in accordance with the Financial Reporting Standard 102 ("FRS 102").

Operational Risk

The Company is exposed to operational and other non-financial risks as a result of the people, processes and systems of the Company.

THE CANADA LIFE GROUP (U.K.) LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Section 172(1) Statement

CLG is a holding company with no regulated business or commercial activities other than its investments in its subsidiary businesses in Europe. CLG ensures a joined-up business strategy across its European group which is aligned to the wider Great West-Lifeco Inc. group strategy. CLG serves an important role in ensuring that its subsidiaries' strategic objectives remain aligned with the risk appetite and capital resources of the CLG group and that opportunities to leverage off the activities of each member of the group are identified in order to draw on the strength and expertise residing across the European group. CLG's regulated subsidiaries, will themselves have responsibility for setting strategy and identifying and managing the risks arising and for meeting prudential and other regulatory obligations. CLG relies on its main operating company subsidiaries for monitoring the execution of the divisional strategies.

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

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

The Company's workforce is employed by service companies within the Group. The Company and its subsidiaries have Employee Consultation Forums which meet regularly. The aim of the forum is to represent the views of the workforce, communicate with management, provide feedback to the workforce and consult with them on key issues. In 2021 the Company conducted a number of formal and informal colleague surveys. This included a global engagement survey, a culture diagnostic and check-ins on wellbeing and attitudes during Covid-19. The Company takes all the feedback seriously and reviews the feedback, identifying and actioning areas for improvement as well recognising the strengths which are highlighted.

The Company recognises that its operating subsidiaries have a varied customer base and different customers will inevitably have different and specific needs. A great deal of time and effort is taken to fully understand all our different customers, using surveys and conducting market research, so that we can deliver an excellent level of service.

The Company understands the importance of strong oversight and supervision and fosters open and transparent relationships with its regulators. Proactive engagement ensures we stay ahead of any new regulatory developments and can react and implement changes efficiently and effectively.

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

The Company and its subsidiaries take their charitable giving responsibilities seriously – both in their local communities and also at a national level to support important causes throughout the year. The Company also has a Sustainability Group, which has launched several initiatives to help make the Company and its subsidiaries more environmentally friendly.

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

THE CANADA LIFE GROUP (U.K.) LIMITED

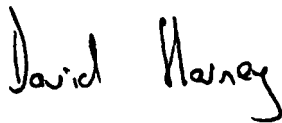
Strategic report for the year ended 31 December 2021 (Continued)

Section 172(1) Statement (continued)

Management have developed a strategic direction for the Company's response to managing climate change risk. The approach is focused on continuing to build a strong foundation of capability - to understand, measure and report against this risk, and to inform our ongoing management of the risks to the business. This allows a strong continued focus on managing any risk to the business or its customers from the investments held and any transition risks associated with those. This also enables a robust position relative to compliance and disclosure requirements, and to evolving customer needs. It maintains a position of good 'optionality' to adapt the strategy in future as the regulatory and commercial landscape evolves.

The Company follows the guidelines of the Streamlined Energy and Carbon Reporting. The emissions relating to the Company's subsidiaries are disclosed in their individual financial statements.

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



D Harney
Director

Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA, England

Date: 10 May 2022

THE CANADA LIFE GROUP (U.K.) LIMITED

Directors' report for the year ended 31 December 2021

The directors of the Company present their annual report and audited financial statements for the year ended 31 December 2021.

1 Principal activity and future developments

The Company is the parent company of a group of companies whose principal activity during the year was transacting of ordinary long-term life assurance business and investment management business. This will continue to be the main activity for the foreseeable future.

2 Results and dividends

The profit after tax for the year was £676.5m (2020: £258.1m). Interim dividends of £685.0m were proposed and paid during the year (note 17) (2020: £540.0m) and no final dividend is proposed (2020: nil).

3 Directors

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

M Campbell
D Harney
C Hayes
P Mahon
S McArthur
N Moss
D Netherton
R Orr
S Vanaselja

4 Political contributions

During the year the Company made political contributions of £nil (2020: £nil).

5 Financial Instruments

Details of financial instruments are included in Note 3D and form part of this report by cross-reference.

6 Auditor

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

(1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

(2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

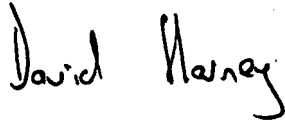
THE CANADA LIFE GROUP (U.K.) LIMITED

Directors' report for the year ended 31 December 2021 (continued)

6 Auditor (continued)

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

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

A handwritten signature in black ink that reads "David Harney". The signature is written in a cursive style with a large initial 'D'.

D Harney
Director

Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA, England

Date: 10 May 2022

THE CANADA LIFE GROUP (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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE CANADA LIFE GROUP (U.K.) LIMITED

Independent auditor's report to the members of The Canada Life Group (U.K.) Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 18.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

THE CANADA LIFE GROUP (U.K.) LIMITED

Independent auditor's report to the members of The Canada Life Group (U.K.) Limited (continued)

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

We have nothing to report in this regard.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

THE CANADA LIFE GROUP (U.K.) LIMITED

Independent auditor's report to the members of The Canada Life Group (U.K.) Limited (continued)

For the revenue recognition of dividend income we have performed the following procedures:

- We have agreed the dividend income received to bank;
- We have agreed the dividends received to their signed board approval; and
- Where dividends are received in foreign currency, we have performed a recalculation of the foreign currency exchange using an independent translation rate.

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

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

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

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
-

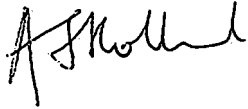
We have nothing to report in respect of these matters.

THE CANADA LIFE GROUP (U.K.) LIMITED

Independent auditor's report to the members of The Canada Life Group (U.K.) Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Holland FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
10 May 2022

THE CANADA LIFE GROUP (U.K.) LIMITED

Income Statement for the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Investment return	8	702.5	273.6
Administrative expenses		(16.0)	(5.5)
Interest expense		(15.7)	(16.0)
Interest income		0.4	2.9
Operating profit and profit on ordinary activities before taxation	5	671.2	255.0
Tax on profit on ordinary activities	9	5.3	3.1
Profit on ordinary activities after taxation		676.5	258.1

All amounts derive from continuing operations.

The notes on pages 17 to 39 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.

THE CANADA LIFE GROUP (U.K.) LIMITED

Statement of Financial Position As at 31 December 2021

	Notes	2021 £m	2020 £m
Investments			
Financial Investments	10	16.9	15.5
Investments in group undertakings	11	2,760.3	2,760.3
Current assets			
Cash at bank and in hand		16.2	23.4
Current tax asset		8.5	6.1
Other debtors and accrued income		-	0.1
Creditors - amounts falling due within one year	13	(6.6)	(1.6)
Net Current Assets		18.1	28.0
Debtors – amounts falling due after more than one year	12	51.1	51.1
Creditors – amounts falling due after more than one year	13	(325.1)	(325.1)
Net assets		<u>2,521.3</u>	<u>2,529.8</u>
Capital and reserves			
Called up share capital	14	404.2	404.2
Share premium		1,605.2	1,605.2
Capital contribution		102.0	597.7
Profit and loss account		409.9	(77.3)
Shareholders' funds – equity interests		<u>2,521.3</u>	<u>2,529.8</u>

The notes on pages 17 to 39 form an integral part of these financial statements.

The financial statements of The Canada Life Group (U.K.) Limited (registered number 02228475) were approved by the Board of Directors and authorised for issue on:

They were signed on behalf of the Board by:



D Harney
Director

Date: 10 May 2022

THE CANADA LIFE GROUP (U.K.) LIMITED

Statement of change in equity for the year ended 31 December 2021

	Ordinary share capital	Share premium account	Capital contribution	Profit and loss account	Total
	£m	£m	£m	£m	£m
Balance at 1 January 2020	404.2	1,605.2	597.7	204.6	2,811.7
Total comprehensive income attributable to shareholders	-	-	-	258.1	258.1
Dividend paid (Note 17)	-	-	-	(540.0)	(540.0)
At end of the year	404.2	1,605.2	597.7	(77.3)	2,529.8
Balance at 1 January 2021	404.2	1,605.2	597.7	(77.3)	2,529.8
Total comprehensive income attributable to shareholders	-	-	-	676.5	676.5
Transfer	-	-	(495.7)	495.7	-
Dividend paid (Note 17)	-	-	-	(685.0)	(685.0)
At end of the year	404.2	1,605.2	102.0	409.9	2,521.3

All shareholders' funds are attributable to equity shareholders.

Following board approval on 10 May 2021, a transfer of £495.7m was made between the Capital Contribution Account and the Profit and Loss Account.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

1 Principal accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

A General information

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA, England. The Company is a wholly owned subsidiary of The Canada Life Assurance Company (incorporated in Canada).

The Company is the parent of a group of companies whose principal activities during the year were transacting of ordinary long-term life assurance business and investment management business. This will continue to be the main activity for the foreseeable future.

The functional currency of the Company is 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 FRS 102 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, intra-group transactions and remuneration of key management personnel.

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, modified to include certain items at fair value, and in accordance with applicable law and United Kingdom Accounting Standards, including FRS 102. The accounting policies adopted by the directors are described below.

The financial statements present information about the Company on an unconsolidated basis as it is exempt from the obligation to prepare consolidated financial statements under section 401 of the Companies Act 2006. The Company's results are included in the consolidated financial statements of The Canada Life Assurance Company, a company incorporated in Canada.

Going concern

The Strategic report outlines the Company's activities, principal risks and uncertainties. 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.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

A. Basis of preparation (continued)

The Strategic Report outlines the Company's activities, performance, principal risks, uncertainties and financial risk management objectives. Note 15 to the financial statements sets out the Company's policies and procedures for managing insurance and financial risk and the Statement of Financial Position sets out the Company's capital resources. The Company has taken into consideration the ongoing Covid-19 outbreak when undertaking its Going Concern assessment. Having regard to the Company's financial position, its expected performance in the future and having made appropriate enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

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 18).

Transaction with related parties

Advantage has been taken under FRS 102 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 16).

Key Management Personnel

Advantage has been taken under FRS 102 33.7 to disclose key management personnel compensation in total. The directors' emoluments are disclosed as per Companies Acts 2006.

B. Dividends received from group undertakings

Dividends received from group undertakings comprise ordinary share dividends received from subsidiary undertakings.

C. Investments in group undertakings

Investments in subsidiaries are held at cost less accumulated impairment losses. The company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired (see Note 4B). No other significant judgements or material estimates have been made in applying the accounting policies.

D. Financial instruments

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

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.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

D. Financial instruments (continued)

Other financial assets

Other financial assets, including investment in equity instruments, which are not subsidiaries, associates or Joint Ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Income Statement. The Company has classified its other financial assets as debts and other fixed income securities at fair value through profit and loss.

The fair value of other financial assets is calculated based on paragraph 11.27 of FRS 102:

- Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Inputs are unobservable for the asset or liability.

Purchases and sales of financial assets are recognised on the trade date, i.e. the date the Company commits to purchase or sell the asset. Purchases or sales of financial assets require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

A financial asset is derecognised when the contractual right to receive cash flows expires or when the asset, together with substantially all the risks and rewards of ownership, has been transferred.

Financial liabilities and equity

Basic financial liabilities, including trade and other payables, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where a debt instrument 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 profit and loss account 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.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

E. Investment income

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses.

Dividends are included as investment income on the date that the shares are quoted ex-dividend and include the imputed tax credits. Interest, rent and expenses are accounted for on an accruals basis.

Realised gains and losses on investments

Realised gains and losses on investments carried at fair value are calculated as the difference between net sales proceeds and purchase price. In the case of investments included at amortised cost, realised gains and losses are calculated as the difference between sale proceeds and their latest carrying value.

Unrealised gains and losses on investments

Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

F. 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.

G. Deferred taxation

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

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

H. 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.

I. 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.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

4 Critical accounting judgements and estimation uncertainty

A. Critical judgements in applying the accounting policies

There are no significant judgements in accounting policies to disclose.

B. Key sources of estimation uncertainty

Assessing impairment of investments in group undertakings

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The Company assesses at each balance sheet date whether there is objective evidence that any financial asset or subsidiary undertaking not carried at fair value is impaired. Such an asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the asset that can be reliably estimated.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement for the period. If an investment carried at amortised cost has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed through the income statement for the period.

The Company's policies for assessing impairment are disclosed in Notes 3C.

5 Operating profit

Operating profit is after charging:

	2021	2020
	£'000	£'000
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	60	58
Fees payable to the company's auditor and their associate for audit related assurance services to the company	86	84
Fees	<u>146</u>	<u>142</u>

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

6 Staff costs

The company had no employees during the year (including directors) (2020: none).

All contracts of employment with the company are held with CLFIS (U.K.) Limited ("CLFIS"), Canada Life Group Services Limited and Irish Life Group Services Limited, subsidiaries of the company. The associated costs are recharged back to the company, where appropriate.

7 Directors' emoluments

Certain directors of this Company have served during the year as directors of other companies within the Great-West Lifeco Inc. group of companies, and their remuneration has been paid by other group companies. These directors do not consider that it is possible to apportion their remuneration between their services as directors of the Company and their services as directors of other entities within the group; as such no disclosure is made in relation to their emoluments.

In addition, certain directors of this Company have their remuneration paid by CLFIS, a subsidiary of the Company. It is not considered practicable to apportion the emoluments between their services as directors of the Company and their services as directors of other group undertakings. In respect of these directors the amount of fees paid during the year were as follows:

	2021	2020
	£'000	£'000
Fees	<u>500</u>	<u>500</u>
Fee paid to the highest paid director	<u>120</u>	<u>120</u>

As at 31 December 2021, the highest paid director had accrued pension benefits of £nil (2020: £nil) (including the defined contribution and defined benefit pension scheme) per annum assuming normal age at retirement.

As at 31 December 2021, no (2020: no) director had accrued retirement benefits.

As at 31 December 2021, none (2020: none) of the Company's directors were employed within the UK group of companies.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

8 Net Investment return

	2021	2020
	£m	£m
Dividend received from subsidiaries	702.6	271.8
Income from financial instruments at fair value through profit and loss		
▪ Designated as such on initial recognition	0.2	2.0
Investment income	<u>702.8</u>	<u>273.8</u>
Unrealised losses from financial instruments at fair value through profit and loss		
▪ Designated as such on initial recognition	(0.3)	(0.9)
Unrealised losses on investments	<u>(0.3)</u>	<u>(0.9)</u>
Realised gains from financial assets at fair value through profit and loss		
▪ Designated as such on initial recognition	-	0.7
Realised losses on investments	<u>-</u>	<u>0.7</u>
Investment return	<u>702.5</u>	<u>273.6</u>

9 Taxation

	2021	2020
	£m	£m
Current year tax credit	(5.3)	(3.2)
Prior year tax charge	-	0.1
Total tax credit for the year	<u>(5.3)</u>	<u>(3.1)</u>

Reconciliation of tax (credit) for the year

	2021	2020
	£m	£m
Profit on ordinary activities before taxation	671.2	255.0
Corporation tax charge at standard UK Corporation tax rate of 19% (2020: 19%)	127.5	48.4
Non-taxable dividends	(133.5)	(51.6)
Prior year adjustment	-	0.1
Non-deductible expenses	0.7	-
Total tax (credit) for the year	<u>(5.3)</u>	<u>(3.1)</u>

The standard rate of tax applied to reported profit on ordinary activities is 19% (2020: 19%). It will increase to 25% from 1 April 2023.

The tax attributes which are recognised do not have an expiry date.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

10 Investments

Financial Assets

Financial assets designated at fair value through profit and loss

	2021 £m	2020 £m
Debts and other fixed income securities	16.9	15.5
	<u>16.9</u>	<u>15.5</u>

For listed financial assets at fair value through profit and loss, fair value is by reference to quoted bid-values or where not available on a model price based upon market observable data.

The table below shows financial assets carried at fair value through profit and loss by valuation method.

	2021 £m	2020 £m
Quoted prices in active markets (level 1)	-	-
Valuation technique		
Market observable data (level 2)	16.9	15.5
Other than observable market data (level 3)	-	-

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings

At the balance sheet date the Company directly or indirectly held investments in the issued ordinary share capital of the following undertakings.

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Life Assurance Companies				
AIB JV Designated Activity Company	6th Floor, 2 Grand Canal Square, Dublin 2, Dublin, D02 A342	Ireland	Insurance Company	50%
Ark Life Assurance Company Designated Activity Company	College Park House, Nassau Street, Dublin 2, Dublin, D02VY46	Ireland	Life insurance	100%
Canada Life Assurance Europe Public Limited Company	14 – 15 Abbey Street Lower, Dublin 1, Ireland	Ireland	Life assurance	100%
Canada Life Dublin dac	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Reinsurance Company	100%
Canada Life International Assurance (Ireland) Designated Activity Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Life Assurance	100%
Canada Life Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Life assurance	100%
Canada Life Platform Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Life assurance	100%
Canada Life Re Ireland Designated Activity Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Reinsurance Company	100%
Irish Life Assurance Public Limited Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Life assurance	100%
Irish Life Health Designated Activity Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Health Insurance	100%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Fund Management Companies				
BB-Wertpapier-Verwaltungsgesellschaft mbH	Döllgaststraße 12, 12, 86199, Augsburg, Germany	Germany	Fund management	20%
Canada Life Asset Management Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Investment fund manager	100%
Canada Life Fund Managers (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Fund management	100%
Irish Life Investment Managers Limited	Beresford Court, Beresford Place, Dublin 1	Ireland	Investment fund manager	100%
Setanta Asset Management Limited	Beresford Court, Beresford Place, Dublin 1	Ireland	Investment fund manager	100%
Summit Asset Managers Limited	Beresford Court, Beresford Place, Dublin 1	Ireland	Fund management	100%
Service Companies				
Canada Life Group Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Service provider	100%
Canada Life Group Services (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%
Canada Life Ireland Holdings Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Ancillary services	100%
CLFIS (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Irish Life Financial Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Insurance intermediary, investment business, mortgage intermediary, life assurance service provider	100%
Irish Life Group Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Administrative service provider	100%
Irish Life Wellbeing Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Other personal service activities	100%
MGM Advantage Services Limited	6th floor, 110 Canon Street, London, EC4N 6EU	United Kingdom	Ancillary services	100%
Brokerage Companies				
Clearview Investments & Pensions Ltd	Roselawn House, National Technology Park, Castletroy V94 6R68, Limerick, Ireland	Ireland	Insurance broker, financial planning company	100%
Cornmarket Group Financial Services Limited	Liberties House, Christchurch Square, Dublin 8, D08FP21	Ireland	Insurance brokerage holding company	100%
Cornmarket Insurance Services Limited	1st Floor, Boucher Plaza, 4-6 Boucher Road, Belfast, BT12 6HR	United Kingdom	Insurance brokerage	100%
EIS Financial Services Limited	6 Clairmont Gardens, Glasgow, G3 7LW	United Kingdom	Activities of insurance agents and brokers	100%
City Life Limited	Unit 2 Nore House Bessboro Road Blackrock Cork Co. Cork	Ireland	Insurance brokerage	75%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Acumen & Trust DAC	Suite 4&5, The Avenue, Beacon Court, Sandyford Dublin, D18 CY22 Ireland	Ireland	Wealth Management	75%
Acumen & Trust Pension Trustees DAC	Suite 4&5, The Avenue, Beacon Court, Sandyford Dublin, D18 CY22 Ireland	Ireland	Wealth Management	75%
APTFS Nominees Ltd	Unit A, 1st Floor, Apex Business Centre, Blackthorn Road, Sandyford, D18 N2T6 Dublin, Ireland	Ireland	Wealth Management	100%
APT Wealth Management Limited	Block B, Apex Business Centre, Blackthorn Road, Sandyford, Dublin 18, Ireland	Ireland	Wealth Management	100%
BCRM Financial Holdings (Ireland) DAC	4A Sandyford Business Centre, Burton Hall Road, Sandyford, D18 K656 Dublin, Ireland	Ireland	Wealth Management	75%
Conexim Advisors Limited	97 Haddington Road, D04 YK79 Dublin, Ireland	Ireland	Wealth Management	100%
Platform Capital Holdings Limited	97 Haddington Road, D04 YK79 Dublin, Ireland	Ireland	Wealth Management	100%
APT Workplace Pension Ltd	Block B, Apex Business Centre, Blackthorn Road, Sandyford, Dublin 18, Ireland	Ireland	Wealth Management	100%
FINUM.PRIVATE Finance Holding GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Wealth Management	27%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
FINUM. Finanzhaus AG	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Wealth Management	27%
FINUM.Pension Consulting GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Wealth Management	27%
FINUM.Private Finance AG	Tauentzienstrasse 7 b / c 10789 Berlin, Germany	Germany	Wealth Management	27%
FINUM.PRIVATE Finance Holding GmbH	Teinfaltstrasse 4/8, 1010 Vienna, Austria	Austria	Wealth Management	27%
FINUM.Private Finance AG	Krugerstrasse 13 / 4th floor, A-1010 Vienna, Austria	Austria	Wealth Management	27%
FVV GmbH	Söhnleinstr. 8, 65201 Wiesbaden, Deutschland	Germany	Insurance Brokerage	27%
JDC Group AG	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Holding company	27%
JDC Geld.de GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	27%
JDC plus GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	27%
JDC B-LAB GmbH	Landstrasse 123, Triesen, 9495 Liechtenstein	Liechtenstein	Financial Technology Company	27%
Jung, DMS & Cie. AG	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	27%
Jung, DMS & Cie. Pro GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	27%
Jung, DMS & Cie. Pool GmbH	Kormoranweg 1, 65201 Wiesbaden, Germany	Germany	Insurance brokerage	27%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Jung, DMS & Cie. GmbH	Krugerstrasse 13 / 4th floor, A-1010 Vienna, Austria	Austria	Financial Advisors	27%
Jupoo finance GmbH	Liechtensteinstrasse 63, 1090 Vienna, Austria	Austria	Financial Advisors	14%
ILGAPT Limited	Irish Life Centre, Lower Abbey Street, Dublin 1	Ireland	Wealth Management Consulting Services	100%
Invesco Limited	2 Sandyford Business Centre, Burtonhall Road, Sandyford, Dublin 18, D18XK37	Ireland	Wealth Management and Pensions Consulting Services	75%
Morgen & Morgen GmbH	Wickerer Weg 13-15 65719, Hofheim am Taunus, Hessen Germany	Germany	Brokerage	27%
Vestone Limited	Liberties House, Christchurch Square, Dublin 8, D08FP21	Ireland	Insurance brokerage holding company	100%
Vigo Health Limited	1 Briar Wood, Bray, Wicklow, A98W592, Ireland	Ireland	Financial Advisory Company	50%
Stonehaven UK Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Insurance brokerage	100%
Benefit Consulting GmbH	Mariahilfer Straße 55/9, 1060 Wien	Austria	Consulting Services	9%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Holding Companies				
AIB JV Holdings Limited	6th Floor, 2 Grand Canal Square, Dublin 2, Dublin, D02 A342	Ireland	Holding Company	50%
Canada Life Europe Investment Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
Canada Life Europe Management Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
Canada Life Irish Holding Company Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
Canada Life (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Holding company	100%
ILGWM Limited	Irish Life Centre, Lower Abbey Street, Dublin 1, Ireland	Ireland	Holding company	100%
ILHAWK Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
Irish Life Associate Holdings Unlimited Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
Irish Life Group Limited	Irish Life Centre, Lower Abbey Street, Dublin 1	Ireland	Holding company	100%
Irish Life Irish Holdings Unlimited Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
MGM Advantage Holdings Limited	6th floor, 110 Canon Street, London, EC4N 6EU	United Kingdom	Holding company	100%
1939 ILIV Consulting Limited	Irish Life Centre, Lower Abbey Street, Dublin 1	Ireland	Holding company	75%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Property Management Companies				
Canada Life European Real Estate Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%
City Gate Park Administration Company Limited	1104 City Gate, Mahon Co.Cork	Ireland	Property Management	67%
Dakline Company Limited by Guarantee	c/o Savills commercial (Ireland) Limited, 33 Molesworth Street, Dublin 2	Ireland	Property Management	50%
GD (2,3 & 4) Basement Company Limited	1st Floor, 1 Exchange Place, IFSC, Dublin 1, Ireland, D01R8W8	Ireland	Property Management	100%
Hotel Operations (Cardiff) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Other letting and operating of own or leased real estate	100%
Hotel Operations (Walsall) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Other letting and operating of own or leased real estate	100%
ILIM European Real Estate Fund General Partner SARL	Rte d'Esch 80, 1470 Luxembourg	Luxembourg	Property Management	100%
Stephen Court Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Property Management	100%
Springvale Management Company Limited	6th Floor, 55 Colmore Row, Birmingham, England, B3 2AA	United Kingdom	Property Management	28%
Synergy Sunrise (Wellington Row) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Property Management	100%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Trustee Companies				
Canada Life Home Finance Trustee Limited	Canada Life Place, High Street, Potters Bar, England, EN6 5BA	United Kingdom	Ancillary Services	100%
Canada Life SIPP Trustee Company Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Nominee company	100%
Canada Life UK Staff Pension Trustee Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary Services	100%
Harvest Trustees Limited	Block 3 The Oval, Shelbourne Road, Dublin 4, Dublin, D04T8F2	Ireland	Trustee Company	100%
Harvest Financial Services Limited	Block 3 The Oval, Shelbourne Road, Dublin 4, Dublin, D04T8F2	Ireland	Trustee Company	100%
Iona Financial Group Inc.	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	USA	Management Services	100%
ILP Pension Trustees Designated Activity Company	2 Sandyford Business Centre, Burtonhall Road, Sandyford, Dublin 18, D18XK37	Ireland	Corporate Trustee for Revenue Approved Pension Schemes	75%
Irish Life Trustee Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Management Services	100%
Invesco Trustees Designated Activity Company	2 Sandyford Business Centre, Burtonhall Road, Sandyford, Dublin 18, D18XK37	Ireland	Pension Trustee for Revenue Approved Pension Schemes	75%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Dormant Companies				
Albany Life Assurance Company Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
CL Abbey Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Dormant	100%
Canada Life Holdings (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Irish Operations Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Management (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Platform Nominee Limited	Canada Life Place, High Street, Potters Bar, England, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Services (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Trustee Services (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Radial Park Management Limited	The Brampton, Newcastle-Under-Lyme, Staffordshire, ST5 0QW	United Kingdom	Dormant	76%

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

11 Group Undertakings (continued)

The investments in subsidiary undertakings are as follows:

		2021 £m	2020 £m
Cost :	At 1 January	4,483.4	4,453.2
	Additions during the year	<u>-</u>	<u>30.2</u>
	At 31 December	<u>4,483.4</u>	<u>4,483.4</u>
Provision :	At 1 January	(1,723.1)	(1,723.1)
	Movement during the year	<u>-</u>	<u>-</u>
	At 31 December	<u>(1,723.1)</u>	<u>(1,723.1)</u>
Carrying value :	At 31 December	<u>2,760.3</u>	<u>2,760.3</u>

CLG performs annual impairment testing on its subsidiaries to ensure that the carrying value of its investments does not exceed its underlying fair value. No impairments were required in 2021.

12 Debtors – amounts falling due after more than one year

	2021 £m	2020 £m
Loans to group undertakings	<u>51.1</u>	<u>51.1</u>

The Promissory Note of £51.1m is due from Canada Life Limited to CLG and is callable on demand.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

13 Other creditors

	2021 £m	2020 £m
Creditors - amounts falling due within one year		
Other creditors	2.3	1.3
Amounts owed to group undertaking	<u>4.3</u>	<u>0.3</u>
Total	<u>6.6</u>	<u>1.6</u>
	2021 £m	2020 £m
Creditors - amounts falling due after more than one year		
Loans to group undertakings	<u>325.1</u>	<u>325.1</u>
Total	<u>325.1</u>	<u>325.1</u>

A £150.9m loan was received from Canada Life Finance (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 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 at a fixed rate of 5.80% per annum thereafter and there is no time limit for the repayment of the loan.

A £99.2m 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 5.25% per annum. 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 5.55% per annum. The loan will be repaid in full with accrued interest no later than the business day immediately preceding the thirtieth anniversary of the drawdown date.

A £75m loan was received from CL Luxembourg Capital Management S.a.r.l, a fellow subsidiary of Canada Life Financial Corporation on 20 December 2017. The loan is for a term of thirty years, interest is payable semi-annually on 30 June and 31 December each year at 2.90% above London Inter-bank Offer Rate (LIBOR). The principal amount of the loan is payable on the maturity date together with arrears of interest, if any, and any other accrued and unpaid interest thereon to the maturity date. LIBOR was discontinued at the end of 2021. During 2021 the company agreed the replacement reference interest rate would be Sterling Overnight Index Average ("SONIA") with effect from no later than 31 December 2021. The loan agreement was amended at the end of 2021 and the interest rate was updated to 2.90% above SONIA and a Credit Adjustment Spread ("CAS") of 0.2766%.

Under Solvency II regulations, any amount which falls due for payment under the terms of these loans is conditional upon the Company complying with the Solvency Capital Requirements and Minimum Capital Requirements of these regulations. The repayment of the loans is subject to no objection being received from the PRA.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

14 Called up share capital

	2021	2020
	£m	£m
Allotted, called up and fully paid		
Equity interest		
404,154,721 (2020: 404,154,721) ordinary shares of £1 each	<u>404.2</u>	<u>404.2</u>

On 8 October 2021, the Company received approval from the PRA to recognise an Ancillary Own Funds facility as the source of an additional £50m Solvency II Tier 2 capital.

This £50M facility is treated as unissued Share Capital for the purpose of these financial statements, as, in the event that notice is given by the Company, Great-West Lifeco Inc through its subsidiaries, is required to subscribe for the newly issued share capital. The number and price of ordinary shares unissued is determined in the event that notice is given under the terms of the facility.

The facility would be payable on demand within five working days of a call and would then be recorded as fully paid up share capital in the financial statements. It would be treated as Tier 1 capital for Solvency reporting. There is no expiry period under the terms of the facility.

15 Risk management objectives and policies for mitigating risks

The risk management objective is to manage risks in accordance with the Company's risk appetite and business strategy. The Company's risk management policies and the processes for identifying risks include identification and control of financial and other risks. The key components are:

- Financial risk
- Liquidity risk
- Foreign currency risk
- Credit risk
- Operational risk

For each of the risks above, the Company determines its risk appetite and sets its policies accordingly. Risk policy is documented including the actions to mitigate those risks. A summary of how each risk is mitigated is provided below with quantitative information on the exposure to that risk, where appropriate.

Risk owners are assigned to manage these risks and there are key process controls to identify, assess, report, monitor and mitigate these risks.

Financial risk

The largest financial risk the Company faces is the risk of loss arising from the impairment in the values of the subsidiaries that the Company holds. The financial risks of these subsidiaries include insurance risk, credit risk, insurance rate risk and equity price risk, and the risks are managed by the companies directly.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its commitments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The Company's exposure to liquidity risk is mitigated through the use of an Investment Mandate that ensures it holds adequate liquid assets.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

15 Risk management objectives and policies for mitigating risks (continued)

Foreign currency risk

Foreign currency risk is the risk that a Company holding assets in foreign currencies is exposed to exchange rate fluctuations. The Company receives dividends in Euros from its European subsidiaries and pays some expenses in Euros and Canadian dollars. In order to mitigate the exposure to exchange rate fluctuations, dividends are translated into Sterling immediately upon receipt and money required to pay non sterling expenses is translated into foreign currencies only as and when required.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. It is the potential loss of earnings or capital arising from a financial loss attributed to:

- the default of that security in its financing obligations;
- the downgrade of a security's credit worthiness; and
- a change in the yield premium required by the market in respect of credit risk on risky assets.

A key area where the Company is exposed to credit risk is its exposure to corporate bonds;

The following table gives an indication of the level of creditworthiness of those categories of assets which are most exposed to credit risk; this assists to mitigate credit risk. The ratings used are derived from the ratings published by three external ratings agencies (Standard and Poor's, Moody's Investors Service and Fitch Ratings) where the rating of the instrument is no higher than the highest published rating.

As at 31 December 2021

	AAA £m	AA £m	Total £m
Corporate Bonds	-	-	-
Gilts	-	16.9	16.9
Total	-	16.9	16.9
	0%	100.0%	100.0%

As at 31 December 2020

	AAA £m	AA £m	Total £m
Corporate Bonds	-	-	-
Gilts	-	15.5	15.5
Total	-	15.5	15.5
	0%	100.0%	100.0%

To mitigate credit risk the Company has an Investment Mandate that limits its exposure to Corporate Bonds and other non-liquid assets.

THE CANADA LIFE GROUP (U.K.) LIMITED

Notes to the financial statements for the year ended 31 December 2021

15 Risk management objectives and policies for mitigating risks (continued)

Operational risk

Operational risk is the potential loss of earnings or capital, as well as poor treatment of customers and company reputation implications, arising from potential problems due to inadequate or failed internal processes, people and systems, or from external events.

Operational risk assessments are conducted within each department of CLG as a starting point. The assessment aims to identify all material operational risk scenarios that, if they were to crystallise, would lead to a material reduction in the level of capital resources or adversely impact the operations or reputation of the Company.

The Company's Risk team works with the departments to provide challenge and oversight to each of these assessments. Action plans for unacceptable levels of risk and/or the remediation of control weaknesses are put in place and managed through to closure.

These assessments are taken into account when quantifying the impact of operational risk scenarios when calculating the capital required in respect of operational risk.

16 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.

17 Dividend paid

	2021	2020
	£m	£m
Dividend paid	685.0	540.0
	<u>685.0</u>	<u>540.0</u>

18 Parent company and controlling party

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

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