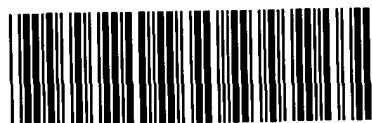


**THE CANADA LIFE GROUP (U.K.) LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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COMPANIES HOUSE

Registered Number 02228475

## **THE CANADA LIFE GROUP (U.K.) LIMITED**

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## **THE CANADA LIFE GROUP (U.K.) LIMITED**

### **Directors and advisers**

#### **Directors**

M Campbell  
C Hayes  
A Jamal  
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

#### **Registered Number**

02228475

#### **Independent Auditor**

Deloitte LLP  
London

## THE CANADA LIFE GROUP (U.K.) LIMITED

### Strategic report for the year ended 31 December 2017

#### Principal Activity

The Canada Life Group (U.K.) Limited ("the company") 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 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 2017 the company continued to act as a holding company.

Profit for the year is £332.8m (2016: £66.7m). The increase is mainly due to higher dividend receipts in the year.

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

#### Key Performance Indicators

	2017 £m	2016 £m	2015 £m
Investments in group undertakings	2,718.8	2,719.8	2,429.9
Profit attributable to shareholders	332.8	66.7	266.6
Dividends paid	288.6	62.5	201.7

#### Principal risks and uncertainties

##### **Financial risk**

The company is exposed to financial risk through its Investment in subsidiary undertakings which may fluctuate in value.

##### **Liquidity Risk**

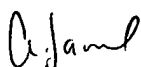
The company is exposed to liquidity risk if cash received via dividends from subsidiaries is insufficient to pay expenses as they fall due.

##### **Foreign Currency Risk**

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

The Financial Statements as at 31 December 2017 have been prepared in accordance with the Financial Reporting Standard 102.

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



Director **A. JAMAL**

Canada Life Place, Potters Bar, Hertfordshire EN6 5BA

Date: 17 May 2018

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Directors' report for the year ended 31 December 2017

The directors of The Canada Life Group (U.K.) Limited present their annual report and audited financial statements for the year ended 31 December 2017.

### 1 Principal activity and future developments

The Canada Life Group (U.K.) Limited is the parent company of a group of companies whose principal activity during the year was transacting of ordinary long-term life assurance 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 £332.8m (2016: £66.7m). An interim dividend of £288.6m was paid during the year (note 15) (2016: £62.5m) and no final dividend is proposed (2016: 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	
C Hayes	Appointed 20 April 2017
A Jamal	
P Mahon	
S McArthur	Appointed 14 September 2017
N Moss	
D Netherton	
R Orr	
T Ryan	Resigned 14 September 2017
S Vanaselja	

### 4 Political contributions

During the year the company made political contributions of £nil (2016: £nil).

### 5 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.

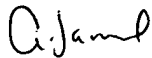
## THE CANADA LIFE GROUP (U.K.) LIMITED

### Directors' report for the year ended 31 December 2017 (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



Director A. JAMAL

Canada Life Place, Potters Bar, Hertfordshire EN6 5BA

Date: 17 May 2018

## **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 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:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 of The Canada Life Group (U.K.) Limited (the 'company') which comprise:

- the income statement;
- the statement of financial position;
- the statements of changes in equity; and
- the related notes 1 to 17.

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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

#### Other information

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



## **THE CANADA LIFE GROUP (U.K.) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CANADA LIFE GROUP (U.K.) LIMITED (continued)**

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

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 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.

#### **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.

## THE CANADA LIFE GROUP (U.K.) LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CANADA LIFE GROUP (U.K.) LIMITED (continued)

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

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

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

We have nothing to report in respect of these matters.



Mark McQueen ACA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

17 May 2018

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Income Statement for the year ended 31 December 2017

	Notes	2017 £m	2016 £m
Investment return	7	350.8	98.3
Administrative expenses		(7.1)	(7.9)
Impairment of investment in subsidiary	10	(1.0)	(14.0)
Interest payable		(13.5)	(14.1)
Interest receivable		0.0	0.1
<b>Operating profit and profit on ordinary activities before taxation</b>	<b>4</b>	<b>329.2</b>	<b>62.4</b>
Tax on profit on ordinary activities	8	3.6	4.3
<b>Profit on ordinary activities after taxation</b>		<b>332.8</b>	<b>66.7</b>

All amounts derive from continuing operations.

The notes on pages 13 to 30 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

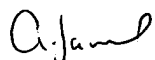
## Statement of Financial Position at 31 December 2017

	Notes	2017 £m	2016 £m
<b>Fixed assets</b>			
Financial Investments	9	105.7	62.9
Investments in group undertakings	10	2,718.8	2,719.8
<b>Current assets</b>			
Amounts due from group companies		-	-
Current tax asset		9.4	6.6
Cash at bank and in hand		171.0	9.9
Other debtors and accrued income		74.4	-
<b>Creditors - amounts falling due within one year</b>	11	(2.9)	(2.0)
<b>Net Current Assets</b>		251.9	14.5
<b>Creditors – amounts falling due after more than one year</b>	11	(325.1)	(250.1)
<b>Total assets less current liabilities</b>		<u>2,751.3</u>	<u>2,547.1</u>
<b>Capital and reserves</b>			
Called up share capital	12	404.2	404.2
Share premium		1,605.2	1,445.2
Capital contribution		597.7	597.7
Profit and loss account		144.2	100.0
<b>Shareholders' funds – equity interests</b>	12	<u>2,751.3</u>	<u>2,547.1</u>

The notes on pages 13 to 30 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 17 May 2018.

They were signed on its behalf by:



Director A JAMAL

Date: 17 May 2018

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Statement of change in equity for the year ended 31 December 2017

	Ordinary share capital	Share premium account	Capital contribution	Retained earnings	Total 2017	Total 2016
	£m	£m	£m	£m	£m	£m
At beginning of the year	404.2	1,445.2	597.7	100.0	2,547.1	2,132.2
Profit attributable to shareholders	-	-	-	332.8	332.8	66.7
New shares issued (Note 12)	0.0	160.0	-	-	160.0	293.9
Capitalisation of loan (Note 12)	-	-	-	-	-	116.8
Dividend paid (Note 15)	-	-	-	(288.6)	(288.6)	(62.5)
At end of the year	404.2	1,605.2	597.7	144.2	2,751.3	2,547.1

# **THE CANADA LIFE GROUP (U.K.) LIMITED**

## **Notes to the financial statements for the year ended 31 December 2017**

### **1 Principal accounting policies**

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

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

The Canada Life Group (U.K.) Limited is a private company limited by shares and is incorporated and domiciled in United Kingdom. The address of its registered office is Canada Life Place, Potters Bar, Hertfordshire EN6 5BA. The company is a wholly owned subsidiary of The Canada Life 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 considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

### **2 Statement of Compliance**

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

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of cash flow statement, 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 and in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The particular accounting policies adopted by the directors are described below.

#### **Basis of consolidation**

The financial statements present information about the company as an individual undertaking 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.

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### A. Basis of preparation (continued)

#### 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. Accordingly, they continue 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 17).

#### 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 14).

#### Key Management Personnel

Advantage has been taken under FRS 102 33.7, 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. No other significant judgements or material estimates have been made in applying the accounting policies.

### D. Financial instruments

The Company has chosen to adopt the section 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.

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

## Notes to the financial statements for the year ended 31 December 2017

### D. Financial instruments (continued)

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 payable, 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 2017

### **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.

### **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 2017

### 4 Operating profit

Operating profit is after charging:

	2017 £'000	2016 £'000
Fees payable to the company's auditors and their associates for the audit of the company's annual accounts	55	51
Fees payable to the company's auditor and their associate for other services to the company	-	6
Fees payable to the company's auditors and their associate for audit related assurance services to the company	72	88
Fees	<u>127</u>	<u>145</u>
Impairment of investment in subsidiary	<u>1,000</u>	<u>14,000</u>

### 5 Staff costs

The company had no employees during the year (including directors) (2016: none).

All contracts of employment with the company are held with CLFIS (UK) Limited, 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.

### 6 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 entities within the group; as such no disclosure is made in relation to their emoluments.

Certain directors of this company have their remuneration paid by CLFIS (UK) Ltd, a subsidiary of The Canada Life Group (UK) Limited. 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 aggregate amount of emoluments and fees paid during the year was as follows:

	2017 £'000	2016 £'000
Fees	631	450
Emoluments	<u>-</u>	<u>-</u>
Highest paid director		
Fees	158	71
Emoluments	<u>-</u>	<u>-</u>

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 6 Directors' emoluments (continued)

As at 31 December 2017 the highest paid director had accrued pension benefits of £nil (2016: £nil) (including the defined contribution and defined benefit pension scheme) per annum assuming normal age at retirement.

As at 31 December 2017, no (2016: no) director had accrued retirement benefits.

As at 31 December 2017, none (2016: none) of the company's directors were employed within the UK group of companies.

### 7 Net Investment return

	2017	2016
	£m	£m
Dividend received from subsidiaries	351.1	93.4
Income from financial instruments at fair value through profit and loss		
▪ Designated as such on initial recognition	2.0	0.4
<b>Investment income</b>	<b>353.1</b>	<b>93.8</b>
Unrealised (losses)/gains from financial instruments at fair value through profit and loss		
▪ Designated as such on initial recognition	(2.0)	4.5
<b>Unrealised (losses) / gains on investments</b>	<b>(2.0)</b>	<b>4.5</b>
Realised gains from financial assets at fair value through profit and loss		
▪ Designated as such on initial recognition	(0.3)	-
<b>Realised gains/(losses) on investments</b>	<b>(0.3)</b>	<b>-</b>
<b>Investment return</b>	<b>350.8</b>	<b>98.3</b>

### 8 Taxation

	2017	2016
	£m	£m
Total tax credit for the year	(3.6)	(4.3)
Reconciliation of tax (credit) / charge for the year		
Profit on ordinary activities before taxation	329.2	62.4
Corporation tax charge at standard UK Corporation tax rate of 19.25% (2016: 20%)	63.4	12.5
Non-taxable dividends	(67.6)	(18.7)
Unrelievable expenses	0.4	-
Prior year adjustment	-	(0.9)
Impairment on valuation in subs	0.2	2.8
Total tax (credit) for the year	(3.6)	(4.3)

The standard rate of tax applied to reported profit on ordinary activities is 19.25% (2016: 20%).

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 9 Investments

#### Financial Assets

##### Financial assets designated at fair value through profit and loss

	2017 £m	2016 £m
• Debts and other fixed income securities	105.7	62.9
	<u>105.7</u>	<u>62.9</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. The table also includes the valuation method for cash at bank and in hand:

	2017 £m	2016 £m
Quoted prices in active markets (level 1)	-	-
Valuation technique		
Market observable data (level 2)	105.7	62.9
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 2017

### 10 Group Undertakings

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

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Affinity First Limited	6th Floor Charles House, 108-110 Finchley Road, London, England, NW3 5JJ	United Kingdom	Management Services	49%
Albany Life Assurance Company Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Baggot Court Management Limited	5 Baggot Bridge Court, Pembroke Row, Dublin 2	Ireland	Property Management	14%
Canada Life (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Holding company	100%
Canada Life Asset Management Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Investment fund manager	100%
Canada Life Assurance Europe Public Limited Company	14 – 15 Abbey Street Lower, Dublin 1, Ireland	Ireland	Life assurance	100%
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 European Real Estate Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%
Canada Life Fund Managers (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Fund management	100%
Canada Life Group Services (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%
Canada Life Group Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Service provider	100%
Canada Life Holdings (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 10 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Canada Life International Assurance (Ireland) Designated Activity Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Life Assurance	100%
Canada Life International Re Designated Activity Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Reinsurance Company	100%
Canada Life Ireland Holdings Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Ancillary services	100%
Canada Life Irish Holding Company Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding Company	100%
Canada Life Irish Operations Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Life assurance	100%
Canada Life Management (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
Canada Life Pension Managers & Trustees Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	100%
Canada Life Reinsurance International Ltd.	Clarendon House, 2 Church St, PO Box HM1022, Hamilton HM CX	Bermuda	Reinsurer	70% Class A shares; nil Class B and C shares
Canada Life Reinsurance Limited	Fourth Floor, Cedar Court, Widley, St Michael BB14006, Barbados, W.I	Barbados	Reinsurer	75% Class A shares, £nil Class B shares
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%

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 10 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Cathair Cé Limited	BDO, Beaux Lane House, Mercer Street Lower, Dublin 2	Ireland	Management Services	100%
Chesterhill Investment Limited*	2A Lord Street, Douglas, PO Box 95, IM99 1HP, Isle of Man	Isle of Man	Property Management	100%
Choralli Limited	c/o Sky Property Management Limited, 53 Bracken Road, Sandyford, D18N23	Ireland	Property Management	20%
City Gate Park Administration Company Limited	1104 City Gate, Mahon Co.Cork	Ireland	Property Management	67%
CL Abbey Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Dormant	100%
CL Blue	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Dormant	100%
CLFIS (U.K.) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Ancillary services	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%
Cornmarket Retail Trading Limited	Liberties House, Christchurch Square, Dublin 8, D08FP21	Ireland	Insurance brokerage	100%
Dakline Company Limited by Guarantee	c/o Savills commercial (Ireland) Limited, 33 Molesworth Street, Dublin 2	Ireland	Property Management	50%
EIS Financial Services Limited	6 Clairmont Gardens, Glasgow, G3 7LW	United Kingdom	Activities of insurance agents and brokers	25%
ETC Hobley Drive Management Company Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Property Management	26%
GD (2,3 & 4) Basement Company Limited	1st Floor, 1 Exchange Place, IFSC, Dublin 1, Ireland, D01R8W8	Ireland	Property Management	100%

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 10 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Glohealth Financial Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Health Insurance agency Services	100%
Hollins Clough Management Company Limited	Mossley Tax Shop, 2 Lees Road, Mossley, Ashton-Under-Lyne, Lancashire, OL5 0PF	United Kingdom	Property Management	50%
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%
Ilona Financial Group Inc.	c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	USA	Management Services	100%
Irish Association of Investment Managers Company Limited by Guarantee	Fitzwilliam Business Centre, 26/27 Pembroke Street Upper, Dublin 2	Ireland	Investment fund manager	7%
Irish Life Associate Holdings Unlimited Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Investment holding company	100%
Irish Life Assurance Public Limited Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Life assurance	100%
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 Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
Irish Life Group Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Administrative service provider	100%
Irish Life Health Designated Activity Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Health Insurance	100%
Irish Life Investment Managers Limited	Beresford Court, Beresford Place, Dublin 1	Ireland	Investment fund manager	100%



# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 10 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Irish Life Irish Holdings Unlimited Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Holding company	100%
Irish Life Trustee Services Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Management Services	100%
Irish Progressive Services International Limited	Block C, Irish Life Centre, Lower Abbey Street, Dublin 1	Ireland	Life assurance service provider	100%
London Life and General Reinsurance Designated Activity Company	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Reinsurance Company	100%
Office Park De Mont-St-Guibert A SA	1050 Bruxelles, Avenue Louise 65/B12	Belgium	Property Management	100%
Office Park De Mont-St-Guibert B SA	1050 Bruxelles, Avenue Louise 65/B12	Belgium	Property Management	100%
Office Park De Mont-St-Guibert C SA	1050 Bruxelles, Avenue Louise 65/B12	Belgium	Property Management	100%
Padamul Limited	c/o Aramark Property, 5th Floor St Stephens Green House, Earlsfort Terrace, Dublin 2	Ireland	Property Management	6%
Penpro Limited	Cornmarket Group Financial Services Limited, Liberties House, 1/2 Christchurch Square, Back Lane, Dublin 8	Ireland	Insurance Intermediary	100%
Radial Park Management Limited	The Brampton, Newcastle-Under-Lyme, Staffordshire, ST5 0QW	United Kingdom	Dormant	76%
Setanta Asset Management Limited	Beresford Court, Beresford Place, Dublin 1	Ireland	Investment fund manager	100%
SJRQ Riverside IV Management Limited	Fourth Floor, 76 Lower Baggot Street, Dublin 2	Ireland	Property Management	51%
Stephen Court Limited	Irish Life Centre, Abbey Street Lower, Dublin 1	Ireland	Property Management	100%
Summit Asset Managers Limited	Beresford Court, Beresford Place, Dublin 1	Ireland	Fund management	100%
Synergy Sunrise (Wellington Row) Limited	Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA	United Kingdom	Property Management	100%
Tredwell Associates Limited	BDO, Beaux Lane House, Mercer Street Lower, Dublin 2	Ireland	Property Management	100%

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 10 Group Undertakings (continued)

Company	Registered office address	Country of incorporation	Principal activity	Holding %
Vestone Limited	Liberties House, Christchurch Square, Dublin 8, D08FP21	Ireland	Insurance brokerage holding company	100%

\* Companies that have been dissolved since the year end.

The investments in subsidiary undertakings are as follows:

		2017 £m	2016 £m
Cost :	At 1 January	2,737.3	2,433.4
	Additions during the year	-	303.9
	At 31 December	2,737.3	2,737.3
Provision :	At 1 January	(17.5)	(3.5)
	Movement during the year	(1.0)	(14.0)
	At 31 December	(18.5)	(17.5)
Carrying value :	At 31 December	2,718.8	2,719.8

The movement in investments in subsidiary is made of the following transactions:

In February 2016 125m ordinary shares of £1 each were issued to the immediate parent company Canada Life International Holdings Limited. This was followed by the purchase of 125m ordinary shares in the 100% owned subsidiary company Canada Life Limited for £125m.

In September 2016 £10m of cash was injected by the company into its subsidiary Canada Life International Assurance (Ireland) Designated Activity Company.

In December 2016 the company purchased 1 ordinary share for £1 with a further £168.9m in the form of share premium in Canada Life Limited. This was funded by an issue of £1 share capital and balance by share premium to Canada Life International Holdings Limited.

The impairment relates to impairment of the carrying value of London Life and General Reinsurance Designated Activity Company by £14m in 2016 and a further £1m in 2017 as the company continues to manage and run-off existing reinsurance business in a controlled manner.

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 11 Other creditors

	2017 £m	2016 £m
<b>Creditors - amounts falling due within one year</b>		
Other creditors	-	-
Amounts owed to group undertaking	2.9	2.0
<b>Total</b>	<b>2.9</b>	<b>2.0</b>
	<b>2017</b>	<b>2016</b>
	<b>£m</b>	<b>£m</b>
<b>Creditors - amounts falling due after more than one year</b>		
Notes payable to subsidiary undertaking	-	-
Notes payable to other group undertakings	325.1	250.1
<b>Total</b>	<b>325.1</b>	<b>250.1</b>

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.

Following implementation of the 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, also repayment of the loans are subject to no objection to such repayment being received from the Prudential Regulation Authority.

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.

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 12 Called up share capital

	2017	2016
	£m	£m
<b>Allotted, called up and fully paid</b>		
Equity interest		
404,154,721 (2016: 404,154,720) ordinary shares of £1 each	<u>404.2</u>	<u>404.2</u>

In February 2016 125m ordinary shares of £1 each were issued to the immediate parent company Canada Life International Holdings Limited. This was followed by the purchase of 125m ordinary shares in the 100% owned subsidiary company Canada Life limited for £125m.

In March 2016 116.8m ordinary shares of £1 each were issued to the immediate parent company Canada Life International Holdings Limited. The transaction was settled by transferring £116.8m of loan liabilities to Canada Life International Holdings Limited.

In December 2016 the company purchased 1 ordinary share for £1 with a further £168.9m in the form of share premium in Canada Life Limited. This was funded by an issue of £1 share capital and balance by share premium to Canada Life International Holdings Limited.

In December 2017 1 ordinary share was issued for £1 with a further £160m in the form of share premium to Canada Life International Holdings Limited. This was followed by the acquisition on 2 January 2018 of MGM Advantage Holdings Ltd which operates as Retirement Advantage.

### 13 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

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 changes 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 in their own right.

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 13 Risk management objectives and policies for mitigating risks (continued)

#### 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.

#### 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.

Key areas where the company is exposed to credit risk are:

- 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 we rate the instrument no higher than the highest published rating.

As at 31 December 2017

	AAA £m	AA £m	Total £m
Corporate Bonds	17.5	-	17.5
Gilts	-	88.2	88.2
Total	17.5	88.2	105.7
	16.6%	83.4%	100.0%

# THE CANADA LIFE GROUP (U.K.) LIMITED

## Notes to the financial statements for the year ended 31 December 2017

### 13 Risk management objectives and policies for mitigating risks (continued)

As at 31 December 2016

	AAA £m	AA £m	Total £m
Corporate Bonds	2.4	-	2.4
Gilts	-	60.0	60.0
Total	<u>2.4</u>	<u>60.0</u>	<u>62.4</u>
	<u>3.8%</u>	<u>96.2%</u>	<u>100.0%</u>

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

### 14 Related party transactions

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

### 15 Dividend paid

	2017	2016
	£m	£m
Dividend paid	<u>288.6</u>	<u>62.5</u>
	<u>288.6</u>	<u>62.5</u>

### 16 Events after the reporting period

On 2 January 2018, the company completed the acquisition of 100% of the outstanding shares of MGM Advantage Holdings Ltd which operates as Retirement Advantage a financial services provider based in the United Kingdom that offers retirement and equity release services.

On 20 April 2018, the company through its indirect wholly owned subsidiary Irish Life Group Limited, entered into an agreement to acquire a controlling interest in Invesco Ltd (Ireland), an independent financial consultancy firm in Ireland.

# **THE CANADA LIFE GROUP (U.K.) LIMITED**

## **Notes to the financial statements for the year ended 31 December 2017**

### **17 Parent company and controlling party**

At the balance sheet date the immediate parent company is Canada Life International Holdings Limited. The 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 of the smallest such group for which financial statements are drawn up was The Canada Life Assurance Company, a company incorporated in Canada.

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