

Stonehaven UK Ltd

Annual report and financial statements for the year ended
31 December 2018



Registered number 05487702

Stonehaven UK Ltd

Company information

| | |
|-------------------------|---|
| Executive Directors | Thomas Evans Robert Craig Fazzini-Jones Douglas Brown (Appointed 02/01/2018) |
| Non-executive Directors | Michael Fairey (Resigned 02/01/2018) Brian Magnus (Resigned 02/01/2018) Christopher Evans Nathan Moss (Appointed 02/01/2018) Sir William Proby (Appointed 02/01/2018) John Cusins (Appointed 30/01/2018) |
| Secretary | Abayomi Akisanya |
| Registered office | 110 Cannon Street London EC4N 6EU |
| Company number | 05487702 |
| Independent Auditor | Deloitte LLP Bristol |
| Legal advisers | Willkie Far & Gallagher (UK) LLP Citypoint, 1 Ropemaker Street London EC2Y 9AW |
| Bankers | Barclays Bank PLC 1 Churchill Place London E14 5HP |

Stonehaven UK Ltd

Annual report and financial statements for the year ended 31 December 2018

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Stonehaven UK Ltd

Directors' report

The Directors present their annual report on the affairs of Stonehaven UK Ltd (the Company), together with the financial statements and auditor's report, for the year ended 31 December 2018.

Principal activity and business review

The principal activities of the Company are the provision and servicing of lifetime mortgages.

Results and business review

The Company continued to lend lifetime mortgages throughout 2018 and continued servicing lifetime mortgages for third parties, its fellow subsidiary undertaking MGM Advantage Life Limited and The Canada Life Assurance Company.

The Company's results for the financial year are shown in the statement of profit and loss and other comprehensive income on page 15. The Profit for the year, after tax, was £3,217,000 (2017: £1,991,000).

As shown in the statement of profit and loss and other comprehensive income on page 15, revenue increased from £16,327,000 to £21,707,000 and the operating profit was £3,922,000, compared to an operating profit of £2,460,000 in 2017. Average staff numbers increased to 35 for 2018 (2017: 28).

Principal risks

The revenue, profitability and success of the Company are dependent on the sale and administration of lifetime mortgages. The principal risks relating to the Company's activities, including market, reputational and regulatory risk.

Market risks include the price of residential properties, the value of alternative assets and long term funding rates, which impact the attractiveness of the asset class and in turn internal and third party funder appetite.

The Lifetime Mortgage market operates in a highly regulated environment and changes to the regulatory regime impact directly the design, treatment and distribution of the asset class.

Operational risks arise through the procurement and servicing of Lifetime Mortgage assets for both internal and third party funders.

The principal risks are closely monitored through the Company Executive and Board Risk committees, per the strategic report on page 8. Liquidity risk is managed by ensuring there is enough cash to meet its obligations. In addition, all Directors within the company are covered by Directors' and Officers' Liability and Company Reimbursement Liability Insurance.

Going concern

Having regard to the Company's financial position, financial projections and its expected future performance, the Directors have a reasonable anticipation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the impact of the UK's anticipated exit from the European Union and as a predominantly UK focused business our operating model is not materially impacted by the UK's withdrawal from the EU. This is further considered in note 3.

Stonehaven UK Ltd

Directors' report (continued)

Dividend

In 2018, a dividend of £2,000,000 was paid to MGM Advantage Holdings Limited (2017: £nil). The Directors did not propose a dividend payment after the financial statement date of 2018.

Directors

Directors who held office throughout the year and up to 12 April 2019 were as follows:

| | |
|----------------------------|------------------------|
| Thomas Evans | Managing Director |
| Christopher Evans | Non-executive Director |
| Robert Craig Fazzini-Jones | Executive Director |

Directors appointed during the year:

| | |
|-------------------|---|
| Nathan Moss | Non-executive Director (Appointed 02/01/2018) |
| Sir William Proby | Non-executive Director (Appointed 02/01/2018) |
| Douglas Brown | Executive Director (Appointed 02/01/2018) |
| John Cusins | Non-executive Director (Appointed 30/01/2018) |

Directors who resigned during the year:

| | |
|----------------|--|
| Michael Fairey | Non-executive Director (Resigned 02/01/2018) |
| Brian Magnus | Non-executive Director (Resigned 02/01/2018) |

The Company is managed by the Executive Directors. The Companies Act disclosure requirements concerning the Company's ultimate controlling party are set out in note 20.

Directors' Indemnities

The Company's articles of association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted by them in their capacity as officers or employees of the Company.

The Company maintains Directors' liability insurance cover which is renewed annually.

Political donations

The Company made no political donations during the year (2017: £nil).

Future developments

The directors present their outlook for the Company on page 10.

Stonehaven UK Ltd

Disclosure of information to auditors

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

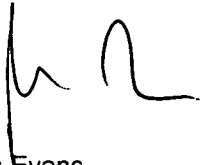
- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Independent Auditor

Deloitte LLP were appointed as the Company's auditor during the year and have expressed its willingness to continue in office.

This report was approved by the Board of Directors of Stonehaven UK Ltd and signed on its behalf by:



Thomas Evans,
Managing Director
12 April 2019

Stonehaven UK Ltd

Strategic Report

The Directors present their Strategic Report for 2018. Under the Companies Act S414a, due to the growth in revenue of the Company in 2018, the Company is required to present a strategic report for the first time.

On 2 January 2018 the Company's parent MGM Advantage Holdings Limited was acquired by The Canada Life Group (U.K.) Limited. This transaction resulted in the ultimate parent company becoming Power Corporation of Canada, a company incorporated in Canada. In October 2018, the Company rebranded its trading name to Canada Life Home Finance.

Results and business performance

During 2018 the Equity Release market grew by 29% to £3.95bn based on figures from the Equity Release Council. During that period the business continued to grow, increasing mortgage sales by 40% to £309m compared to £221m in 2017. Growth was helped by the business securing its fourth funding partner in the form of The Canada Life Assurance Company.

Revenue from mortgage administration services also grew with the portfolio of mortgages under management at the end of 2018 standing at £1.06bn (2017: £0.76bn).

Overall 2018 was a strong year for the Company, with market share increasing to 8% (2017: 7%).

Strategy and business environment

The Company expects to achieve increased sales and revenue over 2019 in excess of 2018 based on the Company's current pipeline.

The focus of the Company is to serve both its growing internal and external funding base and increase sales by continuing to develop innovative products. The Company is aiming to expand its sale of products through a variety of new key strategic partnerships and continued investment in its core systems and processes.

Stonehaven UK Ltd

Strategic Report (continued)

The KPIs of the Company are shown below.

Key Performance Indicators ("KPIs")

| | 2018 £'000 | 2017 £'000 |
|---------------------------|---------------|---------------|
| EBITDA * | 4,421 | 2,788 |
| Revenue | 21,707 | 16,327 |
| Net Current Assets | 3,417 | 1,970 |

*EBITDA is calculated as:

| | 2018 £'000 | 2017 £'000 |
|------------------------|---------------|---------------|
| Profit for the year | 3,217 | 1,991 |
| Interest income | (7) | (5) |
| Tax charge | 712 | 474 |
| Amortisation (note 10) | 493 | 322 |
| Depreciation (note 11) | 6 | 6 |
| EBITDA | 4,421 | 2,788 |

Principal risks and uncertainties

The process of risk identification and management is addressed through a framework of policies, procedures and internal controls. Compliance with regulatory, legal and internally set standards are a high priority for the Company. These are monitored and addressed closely by our first and second-line functions, which are reported to the Company's Executive and Board Risk Committees, with the Audit, Risk and Compliance Committee (RCIC) providing Group level oversight.

The Board Risk Committee annually reviews and approves the risk appetite framework as proposed by Risk in conjunction with the Senior Management Team.

The principal business risks to which the Company is exposed are detailed below.

Stonehaven UK Ltd

Strategic Report (continued)

Economic and market risk

The revenue, profitability and success of the company is dependent on the sale and administration of lifetime mortgages which in turn are dependent on a number of factors including:

- Property prices – current house prices determine the value the Company will advance to customers and house price inflation implicitly determines the value of lifetime mortgages on funder balance sheets;
- Long term funding rates – these implicitly determine the rates on lifetime mortgages and the relative attractiveness of the product to customers looking for retirement income; and
- Alternative asset prices – the value of alternative assets compared to lifetime mortgages will determine the future investment appetite of funders

Regulatory and Legislative risk

The Company operates in a highly regulated environment with regulation defining product design and distribution and treatment of the asset class for funders. Currently both regulators: The Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) are reviewing market practices, product features and treatment of the asset class. Any regulatory change to the terms or rates the Company is able to levy or the treatment of lifetime mortgages for funders such as changes to Solvency II could impact the future sales and revenue for the Company.

Whilst the directors do not envisage any material change to the current regulatory treatment of lifetime mortgages the Company is exposed to the risk that changes in regulation could affect the operating and compliance landscape in which it operates.

Strategic risk

The Company is growing and has undergone significant change following the acquisition by The Canada Life Group (U.K.) Limited. This has provided new and stable funding and will continue to be an integral revenue source for the Company going forward. Strategically the Company is focussed on maintaining multiple funding mandates and growing its distribution footprint. Strategic risk is managed through regular Board and Executive meetings.

Liquidity risk

Liquidity risk is the failure to meet current financial obligations. This is monitored monthly in conjunction with capital forecasting procedures, which verifies our solvency per FCA requirements.

Operational Risk

Operational risk represents failure in our IT, underwriting and financial procedures. The Company is investing in processes and systems to deliver the growth strategy in a robust and compliant manner. The Company has business continuity plans in place with regular reviews and tests this as part of its Operational risk assessments.

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Strategic Report (Continued)

Brexit risk

The Company Board are very mindful of the economic risks associated with Brexit in particular on property prices. A disruptive Brexit could impact the company's funders' appetite for the asset class and therefore adversely impact the company's future profitability.

Environmental matters

The Company's operations have a relatively limited impact on the environment.

Our parent Great-West Life conducted an environmental audit under a global sustainability reporting programme, Carbon Disclosure Project (CDP). The CDP is a global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts. As part of the CDP's climate change programme, companies can earn a position on the "A List" by disclosing high-quality data related to their carbon emissions and the management of climate change related risks and opportunities.

The programme is designed to increase energy efficiency and reduce the environmental impact of our operations. During the year, our parent earned an A- rating from the project. This achievement reflects our commitment to sustainability across our operations around the world including the Company.

Future developments

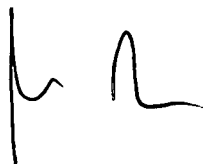
The long-term trends of the UK Equity Release market remain strong. The population continues to age, house price wealth remains stable, and pension savings are likely to be inadequate for many, resulting in a rise in consumer appetite for Equity Release Mortgages.

The recent PRA consultation paper in relation to illiquid assets (CP13/18) has affected funder appetite and we continue to manage this through innovative product development and pricing through our funders. In addition, the 7/19 'Solvency II – Equity Release Mortgages' consultation paper has been released and whilst the impact is not yet known, it may affect funder appetite.

The Company intends to continue to deliver growth and innovation in the coming year with a clear focus on its strategic objectives alongside a particular focus on the customer journey and operational efficiencies.

Sales and profit levels are anticipated to increase in line with the Company's strategic objectives for the coming year, including enhancing its distribution reach and new system developments.

This report was approved by the Board of Directors of Stonehaven UK Ltd and signed on its behalf by:



Thomas Evans,
Managing Director
12 April 2019

Stonehaven UK Ltd

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

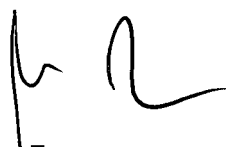
Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs 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.

This report was approved by the Board of Directors of Stonehaven UK Ltd and signed on its behalf by:



Thomas Evans,
Managing Director
12 April 2019

Stonehaven UK Ltd

Independent auditor's report to the members of Stonehaven UK Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Stonehaven UK Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Profit or Loss and Other Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the Notes to the Financial Statements.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Stonehaven UK Ltd

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' 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.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Stonehaven UK Ltd

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

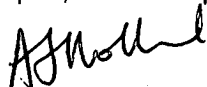
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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, UK

12 April 2019

Stonehaven UK Ltd

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|--|-------|-----------------|----------------|
| Revenue | 4 | 21,707 | 16,327 |
| Cost of sales | | <u>(11,296)</u> | <u>(8,388)</u> |
| Gross profit | | 10,411 | 7,939 |
| Administrative expenses | 6 | <u>(6,489)</u> | <u>(5,479)</u> |
| Operating Profit | | 3,922 | 2,460 |
| Interest Income | 5 | <u>7</u> | <u>5</u> |
| Profit before tax | | 3,929 | 2,465 |
| Tax charge for the year | 9 | <u>(712)</u> | <u>(474)</u> |
| Profit for the year | | <u>3,217</u> | <u>1,991</u> |
| Total comprehensive income for the year | | 3,217 | 1,991 |

All amounts derive from continuing operations.

The notes on pages 19 to 37 form part of these financial statements.

Stonehaven UK Ltd

Statement of Financial Position as at 31 December 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|------------------------------------|-------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 10 | 945 | 647 |
| Property, plant and equipment | 11 | 2 | 6 |
| Loan receivable from related party | 21 | - | 524 |
| | | <u>947</u> | <u>1,177</u> |
| Current assets | | | |
| Cash and cash equivalents | 13 | 4,508 | 3,394 |
| Trade and other receivables | 12 | 706 | 429 |
| Amounts due from related parties | 12 | 136 | 20 |
| | | <u>5,350</u> | <u>3,843</u> |
| Total assets | | <u>6,297</u> | <u>5,020</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables and accruals | 14 | 919 | 1,873 |
| Amounts due to related parties | 14 | 1,014 | - |
| | | <u>1,933</u> | <u>1,873</u> |
| Total liabilities | | <u>1,933</u> | <u>1,873</u> |
| Net assets | | <u>4,364</u> | <u>3,147</u> |
| Equity | | | |
| Share capital | 16 | 609 | 609 |
| Share premium | 17 | 101 | 101 |
| Share warrants | 18 | 25 | 25 |
| Retained earnings | 19 | 3,629 | 2,412 |
| Total equity | | <u>4,364</u> | <u>3,147</u> |

The notes on pages 19 to 37 form part of these financial statements.

The financial statements of Stonehaven UK Ltd, registration number 05487702, were approved by the board of Directors and authorised for issue on 12 April 2019 and were signed on its behalf by:



Thomas Evans,
Managing Director
12 April 2019

Stonehaven UK Ltd

Statement of Changes in Equity for the year ended 31 December 2018

| | | Share capital £'000 | Share premium £'000 | Other reserves £'000 | Retained earnings £'000 | Total £'000 |
|--|----|---------------------------|---------------------------|----------------------------|-------------------------------|----------------|
| At 1 January 2017 | | 609 | 101 | 25 | 421 | 1,156 |
| Profit for the year/ total comprehensive income | | - | - | - | 1,991 | 1,991 |
| At 31 December 2017 | | 609 | 101 | 25 | 2,412 | 3,147 |
| Profit for the year/ total comprehensive income | 19 | - | - | - | 3,217 | 3,217 |
| Dividend Paid | 19 | - | - | - | (2,000) | (2,000) |
| At 31 December 2018 | | 609 | 101 | 25 | 3,629 | 4,364 |

The Company does not have a non-controlling interest and so the above is fully attributable to the parent.

The notes on pages 19 to 37 form part of these financial statements.

Stonehaven UK Ltd

Statement of Cash Flows for the year ended 31 December 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|--|-------|----------------|---------------|
| Profit/(Loss) for the year | | 3,929 | 2,465 |
| Adjustments | | | |
| Interest income | 5 | 7 | 5 |
| Depreciation of equipment | 11 | 6 | 6 |
| Amortisation of intangible assets | 10 | 493 | 322 |
| Corporation tax expense | 9 | (712) | (474) |
| Operating cash flows before movements in working capital | | 3,723 | 2,324 |
| Increase in receivables | 12 | (393) | 126 |
| Increase in payables | 14 | 60 | 1,033 |
| Net cash from operating activities | | 3,390 | 3,483 |
| Investing activities | | | |
| Interest income | 5 | (7) | (5) |
| Purchases of equipment | 11 | (2) | (5) |
| Expenditure on intangible assets | 10 | (791) | (530) |
| Net cash used in investing activities | | (800) | (540) |
| Financing activities | | | |
| Dividend payment | 19 | (2,000) | 0 |
| Repayment of intercompany loan | 21 | 524 | 0 |
| Net cash from financing activities | | (1,476) | 0 |
| Net increase in cash and cash equivalents | | 1,114 | 2,943 |
| Cash and cash equivalents at beginning of year | | 3,394 | 451 |
| Cash and cash equivalents at end of year | 13 | 4,508 | 3,394 |

The notes on pages 19 to 37 form part of these financial statements.

Stonehaven UK Ltd

Notes to the financial statements

for the year ended 31 December 2018

1. General information

Stonehaven UK Ltd (the 'Company') is a Company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

2. New standards issued

All new standards and interpretations released by the International Accounting Standards Board (IASB) have been considered. These standards have been endorsed by the EU.

The following new and amended standards that came into effect in the year have not yet been adopted by the Company during the period as appropriate:

IFRS 16: Leases (effective 1 January 2019)

IFRS 16 will replace IAS17 Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. IFRS 16 removes the distinction between operating and finance leases, with assets and liabilities recognised in respect of all leases. The Company does not currently have any lease arrangements or outsourced contracts and therefore expects no impact upon adoption of the standard in 2019.

IFRS 17: Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts, which will replace IFRS 4, Insurance Contracts. IFRS 17 sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues and reinsurance contracts it holds. The adoption of IFRS 17 does not impact the Company as it does not write any insurance business.

IAS 28: Investments in Associates and Joint Ventures

In October 2017, the IASB issued amendments to IAS 28, Investments in Associates and Joint Ventures. The amendments clarify that a company is to account for long-term interests in an associate or joint venture using IFRS 9, Financial Instruments when the equity method is not applied. The amendments are effective January 1, 2019. Adoption of these amendments will not have an impact on the Company's financial statements.

IAS 19: Employee Benefits

In February 2018, the IASB issued amendments to IAS 19, Employee Benefits. The amendments clarify that updated actuarial assumptions are to be used in accounting for when a plan amendment, curtailment or settlement occurs. The amendments are effective January 1, 2019. Adoption of these amendments will not have an impact on the Company's financial statements

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

2. Standards issued but not adopted (continued)

IFRS 3 - Business Combinations

In October 2018, the IASB issued amendments to IFRS 3, Business Combinations. The amendments provide additional guidance as to whether a company acquired a business or a group of assets. The amendments are effective January 1, 2020. This does not have an impact on the Company's financial statements.

IAS 1: Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

In October 2018, the IASB issued amendments to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves. The amendments are effective January 1, 2020. This does not have an impact on the Company's financial statements.

The Directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Company in future years.

New and revised Standards that have been adopted by the Company

In the current year, the following new and revised Standards and Interpretations have been adopted.

IFRS 15: Revenue from contracts with customers (effective 1 January 2018)

IFRS 15 replaced IAS 18 Revenue. IFRS 15 established the principles about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 specifies how and when an entity recognises revenue, providing a single, principles-based model to be applied to all contracts with customers and third-party funders, whilst requiring more informative and relevant disclosures. It has been assessed that the Company's financial statements will not be affected beyond disclosure enhancements as there is frequent settlement of all performance obligations.

IFRS 9: Financial Instruments

IFRS 9 replaced IAS39 Financial instruments: Recognition and Measurement. IFRS 9 impacts both the measurement and disclosure of financial instruments. The new standard has not had a material impact to the Company given that the Company's financial instruments will still be measured at fair value. The Company does not have debt or equity investments.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Going concern basis

Having regard to the Company's financial position, financial projections and its expected future performance, the Directors have a reasonable anticipation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have considered the impact of the UK's anticipated exit from the European Union and as a predominantly UK focused business our operating model is not materially impacted by the UK's withdrawal from the EU.

The Company held capital in excess of its FCA required capital throughout 2018 and both as at 31 December 2018 and 1 January 2019. In view of this, the annual report and financial statements have been prepared on the going concern basis.

Revenue

IFRS 15 replaced IAS 18 Revenue. IFRS 15 established the principles about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The new standard has not had an impact to the company due to the way the Company already recognises revenue.

The Company's revenue consists principally of mortgage origination income, mortgage servicing fees and mortgage completion fees and is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Origination income, completion and advice fees and commissions are recognised in the period earned. Servicing fees are recognised on an accruals basis as the service is provided.

Interest income

Interest income is recognised on an accruals basis using the effective interest rate method.

Administration Expenses

Administration expenses are recognised on an accruals basis as incurred and are disclosed in further detail in note 6.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

3. Significant accounting policies (continued)

Property, plant and equipment

Equipment is stated at cost less accumulated depreciation and any recognised impairment losses.

Depreciation is charged over their estimated useful lives using the straight-line method at the following rates:

| | |
|--------------------|-----|
| Computer equipment | 33% |
|--------------------|-----|

Intangible assets

Cost of development activities is stated at cost less accumulated amortisation and impairment. An internally-generated intangible asset is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives at:

| | |
|----------|-----|
| Websites | 33% |
| Systems | 33% |

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash held on deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade and other receivables are measured in line with IFRS 9, at their carrying amount, which is a fair approximation of their fair value. IFRS 9 replaced IAS 39 effective 01 January 2018.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

3. Significant accounting policies (continued)

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the value of proceeds received, net of direct issue costs.

Warrants over ordinary shares are classified as equity instruments measured at cost, being the amount of issue proceeds.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

3. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

Current income tax is based on taxable profits or losses for the year, after any adjustments made 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. The tax rates and laws used to compute current income tax amounts are those that are enacted by the statement of financial position date.

Deferred income tax

Deferred income tax is calculated using the statement of financial position liability method, which focuses on temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position. The tax rates and laws used to compute deferred tax assets and liabilities are those that are enacted or substantively enacted by the statement of financial position date. Deferred tax assets are recognised when it is probable that future taxable profit will be available to utilise the temporary differences. Deferred tax liabilities are recognised for all temporary taxable differences. The Company has right of legal offset of its deferred tax assets and liabilities and therefore these are presented net in the statement of financial position.

Critical judgements made in the process of applying the Company's accounting policies

In the application of the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The principal areas of judgement, estimations and assumptions comprise the following:

- **Internally generated intangible assets**

The Company's intangible assets are internally generated and are comprised of our systems and websites, namely: Key Facts Illustration (KFI) generator, Offer Letter System and Account Management System.

There is judgement in the selection of the process of capitalising intangible assets is based on the nature of expenditure with our third-party IT developers, the process of which is explained on page 22.

Intangible assets are amortised on a straight-line basis over their useful life at 33% and this has been adopted since the Company's incorporation.

Impairment reviews are conducted annually to determine if the carrying value of £945k is appropriate. The Company does not believe any impairment is currently required based on the operational usage of these systems.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

4. Revenue

An analysis of the Company's revenue is as follows:

| | 2018 £'000 | 2017 £'000 |
|--|-----------------------------|-----------------------------|
| Origination and servicing income | 19,265 | 14,253 |
| Application, completion and other fees | <u>2,442</u> | <u>2,074</u> |
| | <u>21,707</u> | <u>16,327</u> |

5. Interest income

| | 2018 £'000 | 2017 £'000 |
|--|-----------------------------|-----------------------------|
| Related party loan interest receivable | <u>7</u> | <u>5</u> |

6. Administrative expenses

The profit for the year has been arrived at after charging:

| | 2018 £'000 | 2017 £'000 |
|---|-----------------------------|-----------------------------|
| Depreciation of property, plant and equipment | 6 | 6 |
| Amortisation of intangible assets | 493 | 322 |
| Staff costs | 2,946 | 2,340 |
| MGM recharge | 1,930 | 1,970 |
| Marketing expenses | 405 | 264 |
| Property rental | 226 | 224 |
| Legal and professional costs | 70 | 145 |
| IT and Office | 283 | 208 |
| Project Costs | 130 | 0 |
| | <u>6,489</u> | <u>5,479</u> |

Property rental costs are recharged by MGM Advantage Services Limited, who recognise the lease in their financial statements.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

7. Auditor's remuneration

| | 2018 £'000 | 2017 £'000 |
|--|-----------------------------|-----------------------------|
| Fees payable (excl. VAT): | | |
| Audit of the Company's annual accounts | 23 | 19 |
| Non-audit service assurance services | - | 10 |
| | <u>23</u> | <u>29</u> |

The statutory audit fee of the Company was £23,000 excluding VAT (2017: £19,000 excluding VAT). Fees for audit related assurance services were £nil (2017: 10,000).

8. Staff costs and Directors' remuneration

The average number of employees (including Executive Directors) in accordance with section 411 of the Companies Act, was:

| | 2018 Number | 2017 Number |
|---------------------|------------------------------|------------------------------|
| Chief executive | 1 | 2 |
| Sales and marketing | 6 | 3 |
| Operations | 20 | 16 |
| Finance | 7 | 6 |
| Compliance | 1 | 1 |
| | <u>35</u> | <u>28</u> |

| | 2018 £'000 | 2017 £'000 |
|---|-----------------------------|-----------------------------|
| The aggregate remuneration including Directors' remuneration comprised: | | |
| Wages and salaries | 2,515 | 1,944 |
| Social security costs | 260 | 226 |
| Employer gross pension contribution | 142 | 106 |
| Employer management healthcare expense | 29 | 19 |
| | <u>2,946</u> | <u>2,295</u> |

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

8. Staff costs and Directors' remuneration (continued)

Directors' remuneration

During 2018 the directors of the Company had their remuneration paid by both the Company and CLFIS (U.K.) Limited, a fellow subsidiary of The Canada Life Group (U.K.) Limited. It is not considered practicable to apportion their emoluments between their services as directors of the Company and their services as directors of other group undertakings.

In 2017 the following payments were made by the Company for the remuneration of the Directors, who are the key management personnel for their services as Directors.

The amounts paid for them for their services to all the Group are set out below:

| | 2018 | 2017 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Aggregate emoluments including benefits | 2,877 | 433 |
| Total | <u>2,877</u> | <u>433</u> |
| The aggregate remuneration of the highest paid director was: | | |
| Aggregate emoluments including benefits | 1,056 | 349 |
| Total | <u>1,056</u> | <u>349</u> |

During the year, contributions were made of £7k into the defined contribution pension scheme on behalf of the highest paid director. During the year contributions were made on behalf of two directors into the defined contribution pension scheme. In 2017 contributions were made to one director.

No share options were granted to related parties during the year (2017 - nil).

No compensation was paid for loss of office of directors (2017 – nil).

Prior year disclosures related to Directors who exclusively worked for the Company.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

9. Tax

a) Current year tax charge reported in profit or loss:

| | | |
|---|------------|------------|
| Income tax – UK corporation tax charge on profits of the year | 750 | 474 |
| Adjustments in respect of prior year | (31) | - |
| Total current tax charge | 719 | 474 |
| Deferred tax – origination of timing differences | (3) | - |
| Adjustments in respect of prior year | (4) | - |
| Income tax charge | 712 | 474 |

b) Factors affecting tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2017: 19.25%)

| | | |
|--|------------|------------|
| Profit on ordinary activities before tax | 3,930 | 2,465 |
| profit on activities multiplied by the standard rate of corporation tax in the UK of 19% (2017:19.25%) | 746 | 474 |
| Effects of: | | |
| Prior year adjustments | (31) | - |
| Temporary differences | (3) | - |
| Total income tax charge for the year | 712 | 474 |

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. This will reduce the Company's future current tax charge accordingly.

On 12 February 2019, the Finance Act 2019 received Royal Assent with changes due to take effect on 6 April 2019.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

10. Intangible assets

| | System and Website costs £'000 |
|------------------------|---|
| Cost | |
| At 1 January 2017 | 1,975 |
| Additions | <u>530</u> |
| At 1 January 2018 | 2,505 |
| Additions | <u>791</u> |
| At 31 December 2018 | <u>3,296</u> |
| Amortisation | |
| At 1 January 2017 | 1,536 |
| Charge for the year | <u>322</u> |
| At 1 January 2018 | 1,858 |
| Charge for the year | <u>493</u> |
| At 31 December 2018 | <u>2,351</u> |
| Carrying amount | |
| At 31 December 2018 | <u><u>945</u></u> |
| At 31 December 2017 | <u><u>647</u></u> |

Intangible assets comprise the internally generated development cost of systems and websites.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

11. Property, plant and equipment

| | IT Equipment £'000 |
|---------------------------------|--------------------------|
| Cost | |
| At 1 January 2017 | 97 |
| Additions | <u>5</u> |
| At 1 January 2018 | 102 |
| Additions | <u>2</u> |
| At 31 December 2018 | <u><u>104</u></u> |
| Accumulated depreciation | |
| At 1 January 2017 | 90 |
| Charge for the year | <u>6</u> |
| At 1 January 2018 | 96 |
| Charge for the year | <u>6</u> |
| At 31 December 2018 | <u><u>102</u></u> |
| Carrying amount | |
| At 31 December 2018 | <u><u>2</u></u> |
| At 31 December 2017 | <u><u>6</u></u> |

Property, Plant and Equipment is comprised of IT Equipment.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

12. Trade and other receivables

Amounts due for settlement within 12 months

| | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Trade debtors | 173 | 61 |
| Amounts due from related parties | 136 | 20 |
| Related party loan interest receivable | - | 22 |
| Prepayments & accrued income | 89 | 323 |
| Other receivables | 444 | 23 |
| | <u>842</u> | <u>449</u> |

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

13. Cash and cash equivalents

| | 2018 £'000 | 2017 £'000 |
|----------------------|---------------|---------------|
| Cash at Bank | 9,483 | 6,045 |
| Cash held in trust | (6,975) | (2,651) |
| Cash held on deposit | 2,000 | - |
| | <u>4,508</u> | <u>3,394</u> |

Cash and cash equivalents comprise cash held by the Company and short-term bank deposits with an original maturity of three months. The carrying amount of these assets approximates to their fair value.

The cash held on deposit reflects an investment in the sterling liquidity fund with The Canada Life Group (U.K.) Ltd. This cash is available with 24 hours' notice to the fund managers.

The cash held in trust is held on behalf of the Company's funders and is not available for use by the Company.

14. Trade and other payables

Amounts due for settlement within 12 months

| | 2018 £'000 | 2017 £'000 |
|--------------------------------|---------------|---------------|
| Trade payables and accruals | 606 | 1,593 |
| Amounts due to related parties | 1,014 | - |
| Social security costs payable | 313 | 280 |
| | <u>1,933</u> | <u>1,873</u> |

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

15. Risk Management controls

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The Company's maximum exposure to credit risk is the amount shown on the Statement of Financial Position. An allowance for impairment would be made where there is an identified loss event which, in the Directors' opinion, is evidence of a reduction in the recoverability of the cash flows. No assets are either past due or impaired £nil (2017: £nil).

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk management

The Company has an appropriate liquidity risk management framework for the management of its short, medium and long-term funding and liquidity management requirements. The Company maintains adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Interest rate risk management

The Company is financed by fixed rate ordinary shares and the cash held on deposit with Canada Life is in a low risk sterling liquidity fund. Therefore, the Company is exposed to very limited interest rate risk and no sensitivity analysis is presented.

Economic and Market risk

The factors influencing the profitability of the Company is dependant upon property prices, long term funding rates and alternative assets prices, as explained on page 9. The Company monitors these factors via monthly meetings with its funders. Any risks are discussed, and appropriate actions are escalated through policies noted on page 8.

Regulatory and Legislative risk

The Company is exposed to regulatory changes, which could influence funder appetite, as noted on page 9. Regulatory changes are monitored closely through our compliance function.

Strategic risk

The Company manages its strategic risk through regular Board and Strategic meetings.

Operational risk

The Company's operational risk framework comprises regular reviews and tests of its operational procedures alongside business continuity plans.

Brexit risk

The Company Board is very mindful of the risks associated with Brexit, particularly on the effect it may have on property prices. This is monitored as part of the regular Board and Executive meetings.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

16. Share capital

| | A Ordinary Shares | |
|---|------------------------------|----------------|
| Number of shares in Issue | | |
| At 1 January and 31 December 2018 | <u>60,879,307</u> | |
| | | |
| | B Ordinary Shares | |
| At 1 January and 31 December 2018 | <u>17,500</u> | |
| | | |
| (i) movements in the number of ordinary shares | | |
| Opening balance 1 January 2017 | 60,879,307 | |
| Movements | - | |
| Closing balance 31 December 2017 | 60,879,307 | |
| Movements | - | |
| Closing balance 31 December 2018 | <u>60,879,307</u> | |
| | | |
| Issued and fully paid | 2018 | 2017 |
| | £ | £ |
| 60,861,807 (2017: 60,861,807) A ordinary shares of £0.01 each | 608,618 | 608,618 |
| 17,500 B ordinary shares of £0.01 each | 175 | 175 |
| | <u>608,793</u> | <u>608,793</u> |

A ordinary shares

The holders of A ordinary shares are entitled to any income distribution and any capital distributions ranking *pari passu* with the B ordinary shares. The holders of the A ordinary shares shall be entitled to one vote per A ordinary share held at a general meeting.

B ordinary shares

The holders of the B ordinary shares are entitled to any income distribution and any capital distributions ranking *pari passu* with the A ordinary shares. The holders of the B ordinary shares shall be entitled to the greater of (i) one vote per B ordinary share held and (ii) such number of votes per B ordinary share held equal to the number of votes capable of being cast by holders of A ordinary shares, plus one, divided by the number of B ordinary shares capable of being voted by holders of B ordinary shares at a general meeting.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

17. Share premium

| | £'000 |
|--|------------|
| At 1 January 2018 and 31 December 2018 | <u>101</u> |

18. Share warrants

| | £'000 |
|--|-----------|
| At 1 January 2018 and 31 December 2018 | <u>25</u> |

Other reserves are share warrants on A Ordinary shares of the Company, which was agreed by deed poll on 19 April 2006.

19. Retained earnings

| | £'000 |
|---------------------|--------------|
| At 1 January 2018 | 2,412 |
| Profit for the year | 3,217 |
| Dividend paid | (2,000) |
| At 31 December 2018 | <u>3,629</u> |

The dividend paid per share in 2018 was £0.03.

The Company had a successful financial year in 2018 and made after-tax profit of £3.2m (2017: £2.0m), as a result, taking account of capital requirements, the Company were able to make an interim dividend payment to MGM Advantage Holdings of £2.0m.

Approval was granted by the Stonehaven board on 18 December 2018 and payment of the interim dividend was made on the 19 December 2018.

20. Ultimate controlling party

The immediate parent company of Stonehaven UK Ltd is MGM Advantage Holdings Limited, a company incorporated in the United Kingdom. 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, is Power Corporation of Canada, a company 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, is 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 Canada Life Place, Potters Bar, Hertfordshire, EN6 5BA.

The ultimate parent undertaking of the Company at 31 December 2017 and until 2 January 2018 was ICE Acquisitions S.à r.l., a company incorporated in Luxembourg. The 31 December 2017 financial statements of ICE Acquisitions S.à r.l. can be obtained from Siège Social: 20 rue Eugène Ruppert, L-2453, Luxembourg.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

21. Related parties

At year-end and during the year, the Company had the following related parties:

MGM Advantage Holdings Limited
MGM Advantage Life Limited
MGM Advantage Services Limited
MGM Advantage Life Trustee Limited
The Canada Life Group (U.K) Limited
The Canada Life Assurance Company
ICE Acquisitions S.à r.l. (up to 2 January 2018)
Key management personnel (including Directors).

The remuneration of the Directors, who are the key management personnel, is disclosed in note 8.

In the year, transactions with related parties include all transactions with MGM Advantage Holdings Limited and its fellow subsidiary undertakings, MGM Advantage Life Limited, MGM advantage Services Limited, MGM Advantage Life Trustee Limited and The Canada Life Assurance Company and The Canada Life Group (U.K.) Limited.

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

21. Related parties (continued)

The following (payment)/income transactions were made with other Group companies:

| | 2018 | 2017 |
|---|----------------|----------------|
| | £'000 | £'000 |
| MGM Advantage Holdings Limited: | | |
| Management service fee | (130) | (228) |
| Interim Dividend | (2,000) | - |
| Group relief tax surrender | (69) | - |
| Loan Interest | 7 | 5 |
| Loan Repayment | 524 | - |
| | (1,668) | (223) |
| MGM Advantage Life Limited: | | |
| Origination and servicing income | 1,622 | 889 |
| Group relief tax surrender | (485) | - |
| | 1,137 | 889 |
| MGM Advantage Services Limited: | | |
| Group relief tax surrender | (404) | - |
| Service fees paid | (1,800) | (1,800) |
| Expenses recharged | (325) | (440) |
| | (2,529) | (2,240) |
| MGM Advantage Life Trustee Limited | | |
| Administration fees received | 230 | 229 |
| | 230 | 229 |
| Canada Life Assurance Company | | |
| Origination and servicing income | 957 | - |
| | 957 | - |
| Canada Life Group (U.K.) Limited | | |
| Cash held on deposit | 2,000 | - |
| | 2,000 | - |

Stonehaven UK Ltd

Notes to the financial statements for the year ended 31 December 2018

21. Related parties (Continued)

The following related party balances were due from/(to) related party undertakings and outstanding at 31 December:

| | 2018 | 2017 |
|---|----------------|----------------|
| | £'000 | £'000 |
| MGM Advantage Holdings Limited: | | |
| Group relief tax surrender | (69) | - |
| Intra-group loan receivable | - | 524 |
| Accrued interest on intra-group loan receivable | - | 22 |
| | <u>(69)</u> | <u>546</u> |
| MGM Advantage Life Limited: | | |
| Further funds released in Transit | - | (104) |
| Customer funds received in-transit | (2,290) | (2,611) |
| Group relief tax surrender | (485) | - |
| | <u>(2,775)</u> | <u>(2,715)</u> |
| MGM Advantage Services Limited: | | |
| Group relief tax surrender | (404) | - |
| Expenses recharged | (56) | (23) |
| | <u>(460)</u> | <u>(23)</u> |
| MGM Advantage Life Trustee Limited | | |
| Administration fees receivable | 134 | 20 |
| | <u>134</u> | <u>20</u> |
| Canada Life Assurance Company | | |
| Customer funds received in-transit | (3,673) | - |
| Administration fees receivable | 2 | - |
| | <u>(3,671)</u> | <u>-</u> |
| The Canada Life Group (U.K.) Limited | | |
| Cash held on deposit | 2,000 | - |
| | <u>2,000</u> | <u>-</u> |

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.