Company Number 09558238

Legal & General FX Structuring (SPV) Limited
Report and Accounts
Year ended 31 December 2019

Contents

Principal activities
The Company is a wholly owned subsidiary of Legal and General Assurance Society Limited ('the parent'). The ultimate controlling party is Legal & General Group Plc ('the Group').

The Company is an investment Special Purpose Vehicle, managing a range of overseas bonds on behalf of the parent.

The Company's registered address is One Coleman Street, London, EC2R 5AA. It is incorporated and registered in England and Wales under company number 09558238 and is domiciled in the UK.

Review of the business
The Company is responsible for the management of assets and was designed to pass back all of its income and expenditure to the parent. This results in no profit or loss for the financial year (2018: £nil).

The Company issued various notes that were matching adjustment compliant (Class A) and non-matching adjustment compliant (Class B) on 31 December 2015. The long term fund of the parent subscribed for the notes via in-specie transfer of long term fund assets. The subscription comprised a defined portfolio of overseas bonds and derivatives plus some cash and gilts.

During the course of 2019, the Company returned part of the financial investments to its parent and in turn redeemed the corresponding portion of Class A and Class B notes. The total value of the recapture was £661m (2018: £nil).

The Company has a liquidity facility agreement with its parent, with the right to borrow up to £355m (2018: £411m) of either corporate bonds, gilts or cash. The facility continues until 31 October 2043, being the last redemption date of the notes.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are financial market volatility, credit default and liquidity risk. A review of the exposure to these risks and the management framework is detailed in Note 19.

As part of the structuring of the Company, market and credit risk exposures are ultimately borne by the parent through the operation of the notes. Liquidity risk is minimised through the liquidity facility agreement as detailed above.

The directors of Legal & General Group Plc manage the Group's risk at a group level, rather than at an individual business unit level. The principal risks and uncertainties of the Legal & General Group, which includes those of the Company, are discussed in the Strategic Report of the Group's annual report, which does not form part of this report.

Financial key performance indicators
Given the nature of the business the Company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Significant events impacting market and economic conditions
As a UK focused business with operations in the UK and the UK based parent, LGAS, of which the Company is a wholly owned subsidiary, withdrawal of the UK from the European Union does not have a direct impact on the business operations of the Company. At the time of writing markets continue to price for an orderly Brexit outcome, although there have been periods of volatility in equity and currency markets in response to the negotiation process, and there remains considerable uncertainty to the final withdrawal terms and future trade agreement. The transition period after Brexit may continue to have an impact on economic conditions.

The Coronavirus outbreak in early 2020 affects all economic sectors including the equity and currency markets and is expected to continue to do so over the medium term. Current economic forecasts indicate the strong likelihood of a recession in the UK in the medium term and consequent challenging market conditions.

In addressing all equity and market uncertainty the Company may choose to hedge the FX and interest rate risk on US Dollar denominated assets it holds. Any residual market risk is borne by the parent through the operation of the notes.

The directors have considered the impact of both Brexit and COVID-19 on the principal risks and uncertainties on the Company and have concluded that no additional principal risks have arisen.

By Order of the Board

A. D. Fairhurst
For and on behalf of Legal & General Co Sec Limited
Company Secretary
7 August 2020

Section 172(1) Statement & Stakeholder Engagement

The Board of Legal & General FX Structuring (SPV) Limited ('the Company') consider that they have adhered to the requirements of section 172 of the Companies Act 2006 (the "Act") and have, in good faith, acted in a way that they consider would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so, have had regard to and recognised the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Act) in its decision-making.

As part of the wider Legal & General Group ('the Group'), taking into account the relative size of the Company and centralised nature of the Group, in certain situations the Board may consider it reasonable for decision making to be handled by the Group Board. In such cases, this will be articulated in the statement and reference provided to the appropriate section of the Group's Annual Report & Accounts.

The new reporting legislation around stakeholder engagement is welcomed by the Board and the commentary and table below sets out our s.172(1) statement. This statement provides details of key stakeholder engagement undertaken by the Board during the year and how this helps the Board to factor potential impacts on stakeholders in the decision making process. Additional details of the Group's key stakeholders and why they are important to us are set out in the Our Stakeholders section in the Group's Annual Report & Accounts, which can be found at legalandgeneralgroup.com/investors/results-reports-and-presentations.

General

The Legal & General Group promotes the highest standards of governance and ensures that these standards cascade throughout the Group and its subsidiaries. Guiding principles are in place for the relationship between the Group Board and the Boards of the Group's principal subsidiaries. This framework promotes full and effective interaction across all levels of the Group to support the delivery of strategy and business objectives within a framework of best corporate governance practice. A full description of the Group's governance arrangements can be found in the Group Annual Report & Accounts.

Corporate governance underpins how we conduct ourselves as a Board, our culture, values, behaviours and how we do business. As a Board we are conscious of the impact that our business and decisions have on our direct stakeholders as well as our wider societal impact.

As part of the director induction process, directors are briefed on their duties, including their duty under s.172 of the Act. The directors are entitled to request from the Company all such information they may reasonably require in order to be able to perform their duties as directors, including professional advice from either the Company Secretary or from an independent advisor at the Company's expense. On-going training is provided to the directors, as required, to ensure that their knowledge remains up to date and they continue to be able to discharge their duties as directors.

Last year we implemented a new standard practice across the Group which requires that all Group and subsidiary Board papers demonstrate that stakeholders have been considered. Details of this have been included in the cover sheet for each Group and subsidiary Board paper throughout the year where relevant. For each transaction approved by the Board discussion takes place around stakeholder impact as appropriate. The relevance of each stakeholder group may vary by reference to the issue in question, so the Board seeks to understand the needs of each stakeholder group and any potential conflicts as part of its decision-making. Additionally, the Group or subsidiary Company Secretary is on hand to provide support to the Board in ensuring that sufficient consideration and time is given to stakeholder issues during these discussions.

Principal decisions

For the year ended 31 December 2019, the Board consider that the following are examples of principal decisions that it made in the period:

- approval for rectifying credit enhancements requirements; and
- approval of the 2018 Annual Report & Financial Statements.

The table below sets out our key stakeholders and provides examples of how we have engaged with them in the period, as well as demonstrating stakeholder consideration in the decision making process.

Stakeholders Their importance to us	The Board's approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
Shareholders Our shareholders are vital to the future success of our business, providing funds which aid business growth and the generation of sustainable returns.	Our ultimate shareholder is Legal & General Group Plc, whose shareholders are institutional and individual investors who own Legal & General shares or bonds. Performance metrics and updates are provided by the Board to our parent company, with subsidiary performance cascaded up the Group.	As a Board, we aim to provide clear information to our parent company and ultimate shareholders, being honest and transparent as to the performance of the business. Value is generated for shareholders by supporting the overall Group to deliver on the business plan.

Customers Listening to our customers helps us to better understand their needs and provide suitable and reliable products and services.	Our teams are dedicated to making sure we constantly refine what we do – making customers feel confident that we're delivering our promises to them in everything we do. At each meeting, the Board reviews customer management information. The Group's designated Customer Champion also reports to the Board on a quarterly basis.	The Company's principal activity is an investment Special Purpose Vehicle, managing a range of overseas bonds on behalf of its parent company. As such, it has no direct external customers and, therefore, the Board consider it appropriate that customer engagement and decision making is undertaken at Group level.
Workforce Engaging with our people enables us to create an inclusive company culture and a positive working environment.	At the start of the year the Group moved from a traditional annual employee survey to a 'Voice Survey' of more frequent digital listening, giving real-time employee feedback and allowing us to create a better dialogue with the workforce. Following these surveys, action plans at Group, divisional and local level are put into place. At Group level there is a Designated Workforce Director on the Board. These methods of engagement ensure that we continue to foster an inclusive and supportive working environment for our employees, thus ensuring the sustainability of the company in the long term.	As the Company has no direct employees, the Board consider it appropriate that workforce engagement and decision making is undertaken at Group level, including through the work of the Group Designated Workforce Director. Further information on the Group's workforce engagement and decision making can be found in the Group's s.172(1) Statement and Employee Engagement section of the Group Annual Report and Accounts.
Suppliers Interaction with our suppliers and treating our suppliers fairly allows us to drive high standards and reduce risk in our supply chain whilst also benefitting from cost efficiencies and generating positive outcomes for the environment and wider society.	As a Group we hold regular meetings with our key suppliers ensuring risks are proactively managed and they are up to date on latest developments and best practice. We strive to work with like-minded businesses, requiring suppliers to comply with our Supplier Code of Conduct. This safeguards the relationship and establishes standards that ensure suppliers operate ethically, are environmentally responsible and that their workers are treated with respect and dignity.	Due to the centralised nature of the Group, the Board consider it appropriate that supplier engagement and decision making is undertaken at Group level.
Community/wider society Contributing positively to wider society enables us to create stronger communities and have a positive environmental impact.	Our purpose is to improve the lives of our customers, build a better society for the long term and create value for our shareholders. This inspires us to use our long-term assets in an economically and socially useful way to benefit everyone in our communities. Our approach to inclusive capitalism takes our belief in responsible behaviour and extends it into investing in communities and cities to change people's lives for the better. The Group's full Corporate Responsibility Report can be found at legalandgeneralgroup.com/csr/csr-reports.	We use our own capital and our policyholder's assets to make long term investments in real assets. This allows us to create value for shareholders, provide stability for pension customers and benefit communities right across the UK. The Group has a Group Corporate Responsibility & Ethics ('GCRE') Committee, on which the Chair sits, which has responsibility and oversight of such matters. The Group Board approve the GCRE Policy on an annual basis and this is implemented across the Group. A senior leadership event, held in November 2019, and attended by senior leaders from the Company, focussed on how the business leaders should respond to the climate change challenge.

Further information on how the Legal & General Plc Group Board have engaged with stakeholders can be found in the Group s.172(1) Statement, which can be found at legalandgeneralgroup.com/investors/results-reports-and-presentations.

Directors' Report

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2019.

Future developments
As detailed in the Strategic Report, the Company is an investment Special Purpose Vehicle. The Company will continue to manage the remaining defined portfolio of overseas bonds and derivatives and payments due to the Parent in respect of the remaining notes. The last redemption date of the notes is 31 October 2043.

As part of the asset management strategy, transfers of assets can occur between Legal & General FX Structuring (SPV) Limited and the parent company, Legal and General Assurance Society Limited.

Result for the year
The results for the Company are set out on page 9.

The Company did not pay a dividend in the year ended 31 December 2019 (2018: £nil).

Going concern
No material uncertainties that cast significant doubt about the ability of the Company to continue as a going concern have been identified by the directors.

Financial Instruments
Legal & General companies use financial instruments to manage certain financial risks. The Company's exposure to financial risk through its financial assets and liabilities is provided in detail in Note 19.

Directors
The directors of the Company, who were in office during the year and up to the date of signing the financial statements, are shown below:

D. R. King
F. B. Turley
C.O. Moxley (appointed 1 April 2019)

B. R. Blunt (resigned on 31 March 2019)

Directors' insurance
The ultimate parent company, Legal & General Group Plc, maintains an appropriate level of Directors' and Officers' liability insurance which is reviewed annually.

Directors' indemnities (S236 of the Companies Act 2006)
As permitted by Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains in force. The indemnity only applies to the extent permitted by law.

Modern Slavery
Legal & General Group Plc and its global subsidiaries ('the Group') recognise that companies have an obligation to ensure that their business and supporting supply chains are slavery free.

Legal & General's full modern slavery statement can be found at legalandgeneralgroup.com.

Directors' Statement of Responsibilities

The directors are responsible for preparing the Strategic Report, 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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, relevant and reliable;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By Order of the Board

Andrew D Fairhurst

A. D. Fairhurst
For and on behalf of Legal & General Co Sec Limited
Company Secretary
7 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL FX STRUCTURING (SPV) LIMITED

Opinion

We have audited the financial statements of Legal & General FX Structuring (SPV) Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information, which comprises the strategic report, the directors' report and the Section 172(1) Statement and Stakeholder Engagement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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 these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

DocuSigned by:

Caroline Gilbertson

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Caroline Gilbertson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
E14 5GL
7 August 2020

Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 £m	2018 £m
Revenue			
Investment income	1J/2	**66**	69
Total revenue		**66**	69
Expenses			
Finance costs	1K/3	**64**	66
Other expenses	1L/4	**2**	3
Total expenses		**66**	69
Profit before income tax		**-**	-
Income tax credit / (expense)	1M/9	**-**	-
Other comprehensive income after tax		**-**	-
Profit for the financial year and total comprehensive income		**-**	-

Balance Sheet

As at 31 December 2019

	Notes	2019 £m	2018 £m
Assets			
Financial investments	1E/11	**1,664**	2,493
Deferred tax asset	1M/13	**36**	32
Other assets	10	**88**	42
Cash and cash equivalents	11/16	**1**	-
Total assets		**1,789**	2,567
Equity			
Share capital		**-**	-
Retained earnings		**-**	-
Total shareholders' equity		**-**	-
Liabilities			
Payables and other financial liabilities	1G/14	**1,732**	2,354
Income tax liabilities	1M/9	**36**	32
Other liabilities	1H/15	**21**	181
Total liabilities		**1,789**	2,567
Total equity and liabilities		**1,789**	2,567

The notes on pages 12 to 22 are an integral part of these financial statements.

The financial statements on pages 9 to 11 were approved by the board of directors on 7 August 2020 and were signed on their behalf by:

DocuSigned by:

F B Turley

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F. Turley
Director

Statement of Changes in Equity

For the year ended 31 December 2019	Called up share capital £m	Retained earnings £m	Total equity £m
As at 1 January	-	-	-
Total comprehensive income for the year	-	-	-
As at 31 December 2019	-	-	-
For the year ended 31 December 2018			
As at 1 January	-	-	-
Total comprehensive income for the year	-	-	-
As at 31 December 2018	-	-	-

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of Preparation

The financial statements of Legal & General FX Structuring (SPV) Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit and loss, and in accordance with the Companies Act 2006. The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company presents its balance sheet in order of liquidity. This is considered to be more relevant than a before and after 12 months presentation. However, for each asset and liability line item which combines amounts expected to be recovered or settled before and after 12 months from the balance sheet date, disclosure of the split is made by way of a note.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101:

- IFRS 7, 'Financial Instruments: Disclosures'
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows)
  - 16 (a statement of compliance with all IFRS),
  - 38B-D (additional comparative information)
  - 111 (cash flow statement information) and
  - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

B Accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Valuation of assets:
For unquoted financial investments the Company obtains pricing information from a range of pricing services and brokers. Where there are indications that there is no active market the Company seeks further evidence of the fair value from alternative pricing sources and market information. Priority is given to publically available prices from independent sources where available, but overall the source of pricing and/or the valuation technique is chosen with the objective of arriving at a fair value measurement which reflects the price at which any orderly transaction would take place between market participants on the measurement date.

Valuation of loan notes:
For unquoted loan note liabilities, the Company obtains a valuation from Prytania, an independent third party. Prytania models and discounts the expected cash flows over the life of the vehicle and determines a valuation by individual note. The total value of the notes and the derivative liabilities is matched to the fair value of the assets, providing a measurement to market prices within the notes valuation.

C Going concern

As the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, the Company continues to adopt the going concern basis in preparing its financial statements.

In preparing these financial statements, the directors have considered the uncertainty created by COVID-19. Whilst there are many unknowns at the time of writing, it is clear that the extent and nature of the impacts to the Company and wider Group will be determined by both the number of people infected, national and individual responses as well as our own preparedness for the impact on business continuity.

The Company is taking proactive action in line with the wider L&G Group and is activating business continuity plans to minimise the risk of disruption to business operations, taking account of Government advice and the need to safeguard the health of our work force.

1. Summary of significant accounting policies (continued)

The directors have considered the cash flow forecasts of the Group and its subsidiaries for a period of at least 12 months from the date of approval of these financial statements which take into account the reasonably possible outcomes as a result of the impacts of COVID-19 on the Company through its subsidiaries and the wider Group.

The Company is designed to pass back all of its income and expenditure to its parent and as a result market and credit risks are ultimately borne by its parent through the operation of the loan notes. The company's exposure to liquidity risk due to timing mismatches between income and expenses, and collateral requirements has been considered under a number of scenarios, including stressed scenarios. The Company has a liquidity facility agreement in place with the parent totalling £355m (2018: £411m), of which £100m had been drawn as at 31 December 2019 (2018: £nil). Since year end there have been net repayments reducing the total amount drawn to £50m as at 10th June 2020.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

D Foreign currency translation

Functional and presentational currency:
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Transactions and balances:
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other income'.

E Financial assets

On initial recognition, financial assets are measured at fair value. Subsequently, they can be measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL'). The classification depends on two criteria:
(i) the business model within which financial assets are managed; and
(ii) their contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest).
In addition, financial assets that otherwise meet the criteria to be measured at amortised cost may irrevocably be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets meet the definition of held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, also meet the definition of held for trading unless they are designated as effective hedging instruments.

All financial investments held by the Company are designated as FVTPL upon initial recognition as their performance is evaluated on a total return basis, consistent with asset performance reporting to the Group Investment and Market Risk Committee and the Group's investment strategy.

The fair values of quoted financial investments are based on current bid prices. If the market for a financial investment is not active, the Company establishes fair value by using valuation techniques such as recent arm's length transactions, consensus market pricing, reference to similar listed investments, discounted cash flow models or option pricing models.

Receivables are initially measured at fair value plus acquisition costs, and subsequently measured at amortised cost using the effective interest method.

F Impairment

For financial assets held at amortised cost the Company reviews the carrying value of its assets at each balance sheet date. For such assets, the Company determines forward looking expected credit losses, based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company measures loss allowance at an amount equal to lifetime credit losses, except for debt securities that are determined to have low credit risk at the reporting date and other debt securities for which credit risk has not increased significantly since initial recognition. In these cases, expected credit losses are based on the 12-month expected credit loss, which is the expected credit loss that results from a possible default up to 12 months after the reporting date. The Company uses relevant quantitative and qualitative information and analysis based on historical experience, and informed credit assessment including forward-looking information in order to evaluate the credit-worthiness of each security at each reporting date, to determine whether a significant increase in credit risk since origination occurred. Should this be the case, the allowance will be based on the lifetime expected credit loss.

1. Summary of significant accounting policies (continued)

Expected credit losses are calculated by considering the probability of default, the loss given default and the exposure at default. The probability of default is determined by reference to third party information on available companies, or using qualitative information available to the Company, and depends on whether a financial asset requires determination of a 12-month expected credit loss or lifetime credit loss. The loss given default is determined with reference to any exposure reducing instruments such as collateral or liquid assets that the counterparty may have. The exposure at default is determined as the amount of the loan balance outstanding at the reporting date.

G Payables and other financial liabilities

Payables and other financial liabilities comprise derivative liabilities and loan notes. The derivative liabilities comprise a variety of exchange traded and over-the-counter derivative financial instruments, including forwards currency contracts and swaps such as interest rate swaps and cross currency swaps measured at fair value through profit and loss and held for trading. The loan notes payable are measured with reference to the underlying value of the financial investments and are, accordingly, measured at fair value through profit and loss.

H Other liabilities

Other liabilities comprise mainly of amounts owed to companies who have pledged collateral. The amount also includes intra-group fees which are accounted for on an accruals basis.

I Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

J Investment return

The reporting of investment return comprises investment income, unrealised gains and losses from financial investments held at FVTPL and realised gains and losses from all financial assets. The corresponding expense relating to investment returns are included in finance costs. Investment income is recognised on an accruals basis.

K Finance costs

Finance costs represent interest payments on the loan notes.

L Other expenses

Other expenses comprise of management fees payable, corporate expenses and other charges, which are recognised on an accruals basis. Other costs are accounted for as they arise.

M Current and deferred tax

Current tax:
Current tax comprises tax payable on current period profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous periods. Current tax is recognised in the Statement of Comprehensive Income unless it relates to items which are recognised directly in equity or other comprehensive income.

Deferred tax:
Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent it is probable that future taxable profits will arise against which the losses can be utilised. Deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity or other comprehensive income.

2. Investment return

	2019 £m	2018 £m
Financial investment return	**66**	69

Net (losses) / gains (excluding interest income) of £61m (2018: loss of £10m) arose on financial investments designated as FVTPL and £(73)m (2018: gain of £29m) arose on derivative contracts classified as FVTPL.

3. Finance costs

	2019 £m	2018 £m
Interest payable to group undertakings	64	66

4. Other expenses

	2019 £m	2018 £m
Management fees	2	3

5. Auditor's remuneration

The audit fees of £22k (2018: £21k) have been paid for by the parent for both 2019 and 2018. The auditor received no fees (2018: £nil) for non-audit services on the Company's behalf.

6. Directors' emoluments

These figures represent that portion of the directors' emoluments that are estimated to relate to their services to the Company. Costs are reflected in a management charge levied by the parent.

	2019 £'000	2018 £'000
Short-term employment benefits	37	17
Aggregate emoluments	37	17

Post-employment benefits are not accruing to any of the directors under a defined benefit pension scheme (2018: none). No directors exercised share options during the year (2018: none). The directors and key management of the Company had no transactions with the Company or any other group undertakings that require disclosure.

7. Employee information

The Company does not have direct employees since they are employed by a fellow subsidiary of Legal & General Group Plc, Legal & General Resources Limited (2018: nil). The Company is recharged a proportion of the staff costs incurred by the parent.

8. Exchange rates

Principal rates of exchange used for translation into sterling at the end of the year:

	2019	2018
United States Dollar	1.33	1.28

9. Income tax

	2019 £m	2018 £m
UK corporation tax at 17% (2018: 17%)		
- Current tax for the year	4	(20)
- Adjustment in respect of prior years' tax	-	(18)
Total current (credit)	**4**	(38)
Deferred tax		
- Movement in temporary differences	(4)	20
- Adjustment in respect of prior years' tax	-	18
Tax charge / (credit) on profit / (loss) on ordinary activities	**-**	-

Following the 2016 Finance Act, the rate of Corporation Tax is expected to reduce to 17% by 1 April 2020. The 19% rate will apply from 1 April 2017 and the 17% rate from 1 April 2020 onwards. The enacted rate of 17% has been used in the calculation of UK's deferred tax assets and liabilities, as the rate of corporation tax is expected to apply when the differences as mentioned above reverse.

To calculate the current tax charge, the rate of tax used is 17% (2018: 17%), which is the rate which will be used to calculate payment to other group companies for the offset of profits and losses via group relief. As at 31 December 2019 the income tax payable balance was £36m (2018: £32m), and is expected to be settled after 12 months.

10. Other assets

	2019 £m	2018 £m
Other debtors	86	41
Accrued interest	2	1
Total other assets	**88**	42

Other debtors and accrued interest are all due within one year.

11. Financial investments

	2019 £m	2018 £m
Financial investments at fair value designated as:		
Fair value through profit or loss	1,664	2,493
Total financial investments	**1,664**	2,493
Expected to be received within 12 months	-	78
Expected to be received after 12 months	1,664	2,415

Financial investments include £9m (2018: £27m) of debt securities pledged as collateral against net derivative liability counterparty positions. The assets used as collateral are Treasury Gilts having a residual maturity of up to 28 years (2018: up to 31 years).

The Company is entitled to receive all of the cash flows from the asset during the period when it is pledged as collateral. The Company can decide to substitute an asset which is designated as collateral at any time, provided the relevant terms and conditions of the International Swap Dealers Association and Credit Services Association agreements are met.

Financial assets and liabilities are offset in the statement of financial position when the Company has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously. Financial investments have been allocated between those expected to be received within 12 months and after 12 months in line with the expected settlement of the backed liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are based on observable and unobservable inputs. Observable inputs reflect the market data from independent sources, while unobservable inputs reflect the Company's view of market assumptions in the absence of observable market information. The Company utilises techniques that maximise the use of observable inputs and minimise the use on unobservable inputs.

11. Financial investments (continued)

The levels of fair value measurement are defined as follows:

Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: Fair values measured using valuation techniques for all inputs significant to the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: Fair values measured using valuation techniques for any input for the asset or liability significant to the measurement that is not based on observable market data.

The following table presents the Company's assets and liabilities by IFRS 13 hierarchy levels:

For the year ended 31 December 2019	**Total £m**	**Level 1 £m**	**Level 2 £m**
Equity securities	**85**	**85**	**-**
Debt securities	**1,277**	**7**	**1,270**
Accrued interest	**13**	**-**	**13**
Derivative assets	**289**	**-**	**289**
Total financial investments	**1,664**	**92**	**1,572**
Derivative liabilities	**291**	**-**	**291**
Loan notes	**1,441**	**-**	**1,441**
Total financial liabilities	**1,732**	**-**	**1,732**

For the year ended 31 December 2018	Total £m	Level 1 £m	Level 2 £m
Equity securities	351	351	-
Debt securities	1,696	61	1,635
Accrued interest	20	-	20
Derivative assets	426	-	426
Total financial investments	2,493	412	2,081
Derivative liabilities	226	-	226
Loan notes	2,128	-	2,128
Total financial liabilities	2,354	-	2,354

All the Company's Level 2 assets and liabilities have been valued using standard market pricing sources, such as Iboxx, IDC and Bloomberg. In normal market conditions, we would consider these market prices to be observable market prices. Following consultation with the Company's pricing providers and a number of their contributing brokers, we have considered that these prices are quoted prices for similar assets in active markets and have classified them as Level 2.

There were no Level 3 assets or liabilities in 2019 or 2018.

The Company holds regular discussions with pricing providers to determine whether transfers between the levels of the fair value hierarchy have occurred. There were no transfers in 2019 (2018: £14m).

The Company determines the fair values of certain financial assets and liabilities based on quoted market prices, where available. The Company also determines fair value based on estimated future cash flows discounted at the appropriate market rate. As appropriate, fair value reflects adjustments for counterparty credit quality, the Company's credit standing, liquidity and risk margins on unobservable inputs.

Where quoted market prices are not available, fair value estimates are made at a point in time, based on relevant market data, as well as the best information about the individual finance instrument. Illiquid market conditions have resulted in inactive markets for certain of the Company's financial instruments. The Company's financial assets are valued, where possible, using standard market pricing sources, such as IHS Markit, ICE and Bloomberg, or Index Providers such as Barclays, Merrill Lynch or JPMorgan. Each uses mathematical modelling and multiple source validation in order to determine consensus prices, with the exception of OTC Derivative holdings; OTCs are marked to market using an in-house system (Lombard Oberon), external vendor (IHS Markit), internal model or Counterparty Broker marks. In normal market conditions, we would consider these market prices to be observable and therefore classify them as Level 1. Where inputs to the valuation have been sourced from a market that is not suitably active the prices have been classified as Level 2.

Fair values are subject to a control framework designed to ensure that input variables and outputs are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee.

12. Derivative assets and liabilities

	Fair values Assets 2019 £m	Liabilities 2019 £m	Fair values Assets 2018 £m	Liabilities 2018 £m
Held for trading:				
Interest rate contracts	241	289	423	175
Foreign exchange contracts	48	2	3	51
Total derivative assets and liabilities	**289**	**291**	426	226

Derivative liabilities are reported in the balance sheet within Note 14.

The notional amount of some derivative instruments provides a basis for comparison with instruments recognised on the balance sheet. However, these amounts do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Company's exposure to credit or price risks.

The contractual undiscounted cash flows have the following maturity profile:

		Maturity profile of undiscounted cash flows					
As at 31 December 2019	**Fair values £m**	**Within 1 year £m**	**1-5 years £m**	**5-15 years £m**	**15-25 years £m**	**Over 25 years £m**	**Total £m**
Cash inflows:							
Derivative assets	289	1,045	120	220	93	14	1,492
Derivative liabilities	291	263	117	264	128	13	785
	580	1,308	237	484	221	27	2,277
Cash outflows:							
Derivative assets	289	979	54	123	43	5	1,204
Derivative liabilities	291	285	202	393	180	16	1,076
	580	1,264	256	516	223	21	2,280
Net derivative cash flows		**44**	**(19)**	**(32)**	**(2)**	**6**	**(3)**

		Maturity profile of undiscounted cash flows					
As at 31 December 2018	Fair values £m	Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	Total £m
Cash inflows:							
Derivative assets	426	213	251	380	178	183	1,205
Derivative liabilities	226	1,811	158	384	202	7	2,562
	652	2,024	409	764	380	190	3,767
Cash outflows:							
Derivative assets	426	189	111	223	115	56	694
Derivative liabilities	226	1,875	218	479	253	9	2,834
	652	2,064	329	702	368	65	3,528
Net derivative cash flows		(40)	80	62	12	125	239

13. Deferred tax asset

A deferred tax asset has been provided on temporary differences. The net movement in deferred tax assets and liabilities during the year is as follows:

	2019 £m	2018 £m
At 1 January	32	70
Amount (charged) / credited to the statement of comprehensive income	4	(38)
At 31 December	**36**	32

The Company is a UK member of the Legal & General Group, which is projected to make profits in future. Tax losses arising in this Company in future years as a result of the reversal of timing differences will therefore be utilised by other profitable companies within the UK Group.

	2019 £m	2018 £m
The deferred tax asset consists of the following amounts:		
Difference between tax and accounting valuation of investments	36	32

14. Payables and other financial liabilities

	2019 £m	2018 £m
Derivative liabilities	291	226
Loan notes	1,441	2,128
Total payables and other financial liabilities	1,732	2,354
Settled within 12 months	2	53
Settled after 12 months	1,730	2,301

During the course of 2019, the Company returned part of the financial investments to its parent and in turn redeemed the corresponding portion of Class A and Class B notes. The total value of the recapture was £661m (2018: £nil).

The loan notes are of various denominations with final settlement in 2043. Interest rates on the A notes range from 3.61% to 4.69% p.a. Loan notes are presented at fair value, and are classified as Level 2. The fair value of the notes is determined by an independent third party based on estimated future cash flows discounted at the appropriate market rate. The fair value is subject to the same control framework as detailed in Note 11, with inputs and outputs reviewed and approved by a valuation committee.

The Company (under a Liquidity Facility Agreement) has the right to borrow up to £355m of either corporate bonds, gilts or cash, from the parent, until redemption of the final notes on 31 October 2043. At 31 December 2019 the Company had drawn £100m *(2018: £nil)*.

Analysis by maturity:

		Maturity profile of undiscounted cash flows					
As at 31 December 2019	**Carrying amount £m**	**Within 1 year £m**	**1-5 years £m**	**5-15 years £m**	**15-25 years £m**	**Over 25 years £m**	**Total £m**
Derivative liabilities	**291**	**(22)**	**(85)**	**(130)**	**(52)**	**(3)**	**(292)**
Loan notes	**1,441**	**(44)**	**(176)**	**(439)**	**(1,546)**	**-**	**(2,205)**
		(66)	**(261)**	**(569)**	**(1,598)**	**(3)**	**(2,497)**

		Maturity profile of undiscounted cash flows					
As at 31 December 2018	Carrying amount £m	Within 1 year £m	1-5 years £m	5-15 years £m	15-25 years £m	Over 25 years £m	Total £m
Derivative liabilities	226	(64)	(60)	(95)	(51)	(2)	(272)
Loan notes	2,128	(58)	(488)	(757)	(1,041)	(870)	(3,214)
		(122)	(548)	(852)	(1,092)	(872)	(3,486)

15. Other liabilities

	2019 £m	2018 £m
Other payables	20	180
Intra group balances	1	1
Total other liabilities	**21**	181
Settled within 12 months	1	1
Settled after 12 months	20	180

The other payables balance is cash payable to companies that have pledged collateral. The Intra group balance consists of management fees and commitment fees payable.

16. Cash and cash equivalents

	2019 £m	2018 £m
Cash at bank and in hand	1	-

17. Share capital

	2019 Number of shares	2019 £	2018 Number of shares	2018 £
Issued share capital				
Fully paid ordinary shares of £1 each	100	100	100	100

18. Ultimate parent undertaking

The immediate parent undertaking is Legal and General Assurance Society Limited. The controlling party and ultimate parent company, of the smallest and largest group to consolidate these financial statements, is Legal & General Group Plc, a company incorporated in England and Wales. These financial statements therefore provide information about the Company as an individual undertaking. Copies of the financial statements of the ultimate holding company, Legal & General Group Plc, are available on the Group website, www.legalandgeneralgroup.com or from the Company Secretary at the registered office, One Coleman Street, London, EC2R 5AA, United Kingdom.

19. Risk management and control

This section describes the Company's approach to risk management. It covers the overall approach to all risks and includes a detailed review of all risks within the business.

Risk management objectives
The Company's primary objective in undertaking risk management activity is to manage risk exposures in line with risk appetite, minimising exposure to unexpected financial loss and limiting the potential for deviation from anticipated outcomes. In this respect, a framework of limits and qualitative statements are in place for material exposures.

Risk management approach
The Company is exposed to market, credit, liquidity and operational risks and as part of the Legal & General Group operates a formal risk management framework to ensure that all significant risks are identified and managed. The risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties.

i) **Market risk:** exposure to loss as a direct or indirect result of fluctuations in the value of, or income from, specific assets.
ii) **Credit risk:** exposure to loss if another party fails to perform its financial obligations to the Company.
iii) **Liquidity risk:** the risk that the Company, though solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.
iv) **Operational risk:** exposure to loss arising from inadequate or failed internal processes, people, systems or from external events.

Overall responsibility for the management of the Company's exposure to risk is vested in the Board.

19. Risk management and control (continued)

Management of risk
As part of the structuring of the Company, market and credit risk exposures are ultimately borne by the parent through the operation of the notes. A governance framework has been established and will be monitored by the Board in its management of operational risk.

Market risk
The Company uses derivatives to reduce market risk. Derivatives are used to manage interest rate, foreign exchanges and inflation risks. It is the Company's policy that amounts at risk through derivative transactions are covered by cash or corresponding assets and that swaps are collateralised as appropriate to reduce counterparty risk.

Liquidity risk
The Company has a liquidity facility agreement with the parent to reduce liquidity risk. The Company has a right to borrow up to £355m of either bonds, gilts or cash until the redemption of the final notes on 31 October 2043.

Currency risk
The Company uses derivatives to hedge currency risk. As at 31 December 2019, the Company held net liabilities of £5m in US Dollar (2018: net liabilities of £103m). In the same period the Company held net assets of £374m in US Dollar (2018: £1,814m) excluding the impact of derivatives.

Operational risk
There are a number of categories under which operational risk and its management across the Company can be considered:

Internal process failure
The Company is potentially exposed to the risk of loss from failure of the internal processes with which it transacts its business. The Company seeks to ensure the adequacy of the controls over its processes through regular reviews and assessment of their appropriateness and effectiveness.

People
The Company is potentially exposed to the risk of loss from inappropriate actions by staff. The risk is managed by business management and human resource (HR) functions. Staff are employed by Legal & General Resources Limited.

External events
A governance framework has been established and will be monitored by the Board in its management of operational risk with regard to external events.

The credit profile of the Company's assets exposed to credit risk is shown in the following table:

As at 31 December 2019	**AAA £m**	**AA £m**	**A £m**	**BBB £m**	**BB and below £m**	**Total £m**
Government securities	-	-	-	7	-	7
Other fixed rate securities	19	178	774	299	-	1,270
Total debt securities	19	178	774	306	-	1,277
Accrued interest	-	1	8	4	-	13
Derivative assets	-	-	251	38	-	289
Cash and cash equivalents	-	-	1	-	-	1
Total financial assets	19	179	1,034	348	-	1,580

As at 31 December 2018	AAA £m	AA £m	A £m	BBB £m	BB and below £m	Total £m
Government securities	6	49	-	6	-	61
Other fixed rate securities	22	249	865	499	-	1,635
Total debt securities	28	298	865	505	-	1,696
Accrued interest	-	2	11	7	-	20
Derivative assets	-	-	391	35	-	426
Cash and cash equivalents	-	-	-	-	-	-
Total financial assets	28	300	1,267	547	-	2,142

19. Risk management and control (continued)

The assets are neither past due or impaired. The impact of any credit risk default is passed to the parent through the B notes.

Financial assets and liabilities are offset in the statement of financial position when the Company has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and settle the liability simultaneously.

The Company has not entered into any financial transactions resulting in financial assets and liabilities which have been offset in the Balance Sheet.

The table below provides information on financial assets and liabilities that are offset in the Balance Sheet when the Company has a legally enforceable right to offset and has the intention to settle the asset and liability on a net basis, or to realise the asset and liability simultaneously. The table shows the financial assets and liabilities that are subject to master netting agreements.

		Amounts subject to enforceable netting arrangements				
			Amounts under master netting arrangements but not offset			
As at 31 December 2019	**Note**	**Gross and net amounts reported in the Balance Sheet £m**	**Related financial instruments[1] £m**	**Cash Collateral £m**	**Securities collateral pledged £m**	**Net amount derivative liabilities £m**
Derivative assets	12	**289**	**(237)**	**(17)**	**-**	**35**
Total financial assets		**289**	**(237)**	**(17)**	**-**	**35**
Derivative liabilities	12	**(291)**	**237**	**82**	**9**	**37**
Total financial liabilities		**(291)**	**237**	**82**	**9**	**37**

		Amounts subject to enforceable netting arrangements				
			Amounts under master netting arrangements but not offset			
As at 31 December 2018	Note	Gross and net amounts reported in the Balance Sheet £m	Related financial instruments1 £m	Cash Collateral £m	Securities collateral pledged £m	Net amount derivative liabilities £m
Derivative assets	12	426	(177)	(180)	-	69
Total financial assets		426	(177)	(180)	-	69
Derivative liabilities	12	(226)	177	34	27	12
Total financial liabilities		(226)	177	34	27	12

[1] Related financial instruments represents outstanding amounts with the same counterparty which, under agreements such as the International Swaps and Derivatives Association (ISDA) Master Agreement, could be offset and settled net following certain predetermined events.

20. Post balance sheet events

On 11 March 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. Governments in affected areas have imposed a number of measures designed to contain the outbreak, including business closures, travel restrictions, stay at home orders and cancellations of gatherings and events. The spread of COVID-19 has resulted in an economic downturn in the UK and the global economy more widely, as well as causing increased volatility and declines in financial markets.

The potential impact of COVID-19 on the Company is still unknown and dependent on a number of variables that have the potential to disrupt our business. It is expected that for the immediate future financial markets will continue to be adversely affected which in turn impacts the valuation of the Company's assets. This risk however is ultimately borne by the parent through the operation of the notes. There are no indications of any longer term impact on Company's performance or that COVID-19 has had a material impact on these financial statements.