MGM Advantage Services Limited

Company registration number:
08395935 (England and Wales)

Annual Report and Financial Statements
for the year ended 31 December 2019

Contents

Directors, Officers and Advisers

Directors

Robert Craig Fazzini-Jones

Douglas Allan Brown

Non-Executive Directors

Sir William Proby CBE

John Robert Cusins

Nathan Moss

Chairman

Derek Nigel Donald Netherton

Company Secretary

Lisa Annette Rodriguez

Registered office address

6th Floor

110 Cannon Street

London

EC4N 6EU

Company registration number

08395935 (England and Wales)

Statutory Auditor

Deloitte LLP

Bristol

Bankers

Barclays Bank Plc

Legal Advisers

Freshfields LLP

Hogan Lovells International LLP

Pinsent Masons LLP

Sherrards Solicitors LLP

Wallace LLP

Strategic Report

The Directors consider that the content of this Strategic Report includes the detail that is required by regulations and is fair, balanced and understandable, as required by s414(c) of the Companies Act 2006.

Principal activities

The principal activity of MGM Advantage Services Limited (the 'Company') is the provision of administration and other ancillary services in respect of annuity income and retirement solutions business in the United Kingdom. The Company is authorised and regulated by the Financial Conduct Authority (FCA). The Company is a wholly-owned subsidiary of MGM Advantage Holdings Limited (incorporated in the United Kingdom), which is the parent of the MGMA Group (which also includes MGM Advantage Life Limited, MGM Advantage Life Trustee Limited, Canada Life SIPP Trustee Limited and Stonehaven UK Ltd). MGM Advantage Holdings Limited is in turn is a wholly-owned subsidiary of The Canada Life Group (U.K.) Limited (the 'Group') (incorporated in the United Kingdom). The Company is ultimately owned by Power Corporation of Canada (incorporated in Canada).

The Company earns fee income by performing policy administration and corporate servicing principally on behalf of its fellow subsidiary undertaking MGM Advantage Life Limited and from other related companies. All servicing is performed under contractual services agreements.

Business review

During 2019, the Company continued to provide staff and services to the MGMA Group and to CLFIS (U.K.) Limited for which it received service and project fees in accordance with associated service agreements.

Since the acquisition in 2018 of the MGMA Group by The Canada Life Group (U.K.) Limited, activities have been underway to integrate the two corporate groups and to simplify the integrated group structure. During the year the Company benefited from reduced non-project operating expenses arising from synergies, although this corresponded with a reduction in fees charged to other Group companies.

The Company has also recognised a restructuring provision within these financial statements in respect of future organisational changes, and this has been recharged to CLFIS (U.K.) Limited in 2019.

The results for the year are reported in the Statement of Profit or Loss and Other Comprehensive Income.

Risk management and controls

The Company is not materially exposed to any financial risk, other than credit risk to fellow Group companies for recovery of fees charged and interest rate risk which is managed on a group-wide basis. Periodic settlement of intra-Group balances is carried out. The cash requirements of the Company, and the other companies under common control, are monitored on a daily basis and are managed to ensure that each has sufficient liquidity to carry out its activities.

The Company's risk management process includes the monitoring of regulatory, operational, reputational and strategic risks by the Board. Risk is managed on a group-wide basis.

Brexit risks

The UK left the European Union on 31 January 2020 with a withdrawal deal. Following its departure, the UK entered into a transition arrangement with the ambition to complete the withdrawal from the EU on 31 December 2020.

At the date of these financial statements the Company's exposure to Brexit is felt mainly through servicing of insurance products that are solely available to members or former members of UK based pension schemes and consequently the customer base is almost entirely UK resident. Similarly, the Company's employees and suppliers are also principally UK based and therefore the main risk to the Company relates to potential economic impacts arising from Brexit.

Strategic Report (cont.)

Business review (cont.)

COVID-19 risks

The ongoing coronavirus pandemic (COVID-19) is an emerging risk to which the Company is exposed. The Company is monitoring the situation closely and has made preparations to ensure that it will continue to operate effectively and ensure the safety and well-being of customers, employees and wider communities. Service continuity plans are in operation, with employees working remotely to maintain service to customers. The Company continues to review service standards and hold regular communication with outsource providers, and their response to the pandemic has been robust and highly collaborative and they continue to provide full services to our customers.

The outbreak is having an impact on global economies and markets to which the Company is exposed and should this impact be sustained, or lead to adverse impacts in claims or sales of other Group companies, it could impact on the Company's performance. These impacts will depend on future developments, which are highly uncertain, and the ability of other Group companies to pay service fees. However, with plans in place to liquidate the Company in the future this is not expected to have a significant impact on the Company. The Company has robust governance structures and processes in place which support continuous monitoring of the Company's financial position based on up to date market information.

Future developments

On 1 January 2020, and pursuant to Part VII of the Financial Services and Markets Act 2000, the entire long-term insurance business of MGM Advantage Life Limited was transferred to Canada Life Limited, and the associated business of the Company was transferred to CLFIS (U.K.) Limited, the servicing company for Canada Life Limited.

The Company remains the employing company for the MGMA Group, and has retained its outsourcing partnership agreement with Equiniti Plc covering Customer Services, Information Technology and Project Change for which it continues to receive service and project fees primarily from MGM Advantage Life Limited and CLFIS (U.K.) Limited. However, in the longer term the Directors intend to liquidate the Company as a result of the Part VII transfer.

Capital requirements

The Company is currently subject to a FCA capital requirement which is the higher of £20,000 or 2.5% of annual regulated income, being £0.4m at 31 December 2019. As at 31 December 2019, the Company had total regulatory capital resources of £0.6m (2018: £0.6m).

The Company complied with all regulatory imposed capital requirements throughout the financial year, and regularly reviews the levels of recharges to other group companies to ensure sufficient capital is held to meet the requirement. On 9 April 2020 the Company was fully de-authorised with the FCA and therefore no longer regulated.

Analysis of Key Performance Indicators

Service fee income

The Company generated £12.1m (2018: £17.6m) of service fee income in the year from services provided to other Group companies, predominantly to MGM Advantage Life Limited.

Result for the year

The Company made a profit after taxation for the year of £0.4m (2018 loss: £1.0m) including non-recurring expenses arising in the year. This result reflects the service charges paid by MGM Advantage Life Limited covered the Company's expense base.

Net assets

The Company had £1.0m (2018: £0.6m) of total equity as at 31 December 2019.

Strategic Report (cont.)

Analysis of Alternative Performance Indicators

Operating expenses

Operating expenses for the year, net of recharges of projects costs incurred on behalf of other MGMA Group companies, and CLFIS (U.K.) Limited and excluding non-recurring expenses or expense credits were £11.8m (2018: £18.5m), with the reduction being driven by synergies created from the Canada Life acquisition in the year. The project and non-recurring spend of £11.4m (2018: £9.4m) in 2019 was largely focused on improving the products on offer, especially MGM Advantage Life Limited's Retirement Account ("TRA") and restructuring of the Company.

Number of policies serviced

Circa 28,000 (2018: 28,000) policies were administered on behalf of MGM Advantage Life Limited in the year.

Corporate and social responsibility

Service standards

The Company has an outsource agreement with Equiniti PLC for all customer service activity. Clear service standards and robust governance is in place for all elements of the Business Process Outsource. Actual performance compared to those service standards is reported on a monthly basis and discussed in regular forums as per the Governance Schedule. There were no significant issues arising from any service provided by Equiniti during the financial year.

Climate change

Sustainability risk is the risk of loss arising from the inability to maintain business operations and sustain the Company's growth due to negative externalities such as environmental degradation, social risk issues and climate change. The Company may experience direct or indirect financial, operational or reputational impact stemming from these externalities.

The Company's business and financial condition may be adversely impacted if the Company does not adequately prepare for or manage both physical and transition risks related to climate change. Climate-related risks may also adversely affect invested assets, customers, and suppliers, which in turn may negatively impact the Company's operations and financial condition.

Physical risks are associated with direct and indirect damage from weather-related events or environmental disasters. The Company may experience indirect financial, operational or reputational impact stemming from environmental risk events. Physical risks can also manifest by causing shifts in mortality and morbidity rates over the short and long terms. The Company's results of operations and financial performance may be adversely affected if mortality and morbidity rates deviate from management's assumptions in respect to the administration of associated insurance business.

Transition risks refer to reputational, market, regulatory, policy, legal and technology-related risks that arise from the shift toward a lower-carbon economy. The Company's exposure to transition risk consists primarily of exposure to credit risks arising from the Group's investment portfolio, as industries adjust to legal and policy changes, changing business models and consumer behaviour. Through supplier relationships, the Company may also become subject to the negative impacts of transition risks on third parties. The Company's financial condition may be negatively impacted by costs associated with changes in environmental laws and regulations and regulatory enforcement. Further, the Company's reputation, financial performance and ability to generate business may suffer if the Group fails to meet stakeholder expectations on environmental risk mitigation practices and carbon reporting.

Strategic Report (cont.)

Employees

The Company employed an average of 53 staff during 2019 (2018: 69). The Company employed a total of 46 staff as at 31 December 2019 (2018: 59). The number of staff employed continues to decrease as progress is made on integration activities within the Canada Life Group, including, intentions to exercise the next break clause for the closure of the Worthing office, and the longer term goal to liquidate the Company.

Employee involvement

Throughout the year, the MGMA Group and the Company have endeavoured to provide employees with information about the financial and economic factors affecting the Group. Individual appraisals and counselling take place with all members of staff at which they are encouraged to express their views on decisions likely to affect their interests. Written material is made available to employees by means of circulars, handbooks, notice boards and through the Group's intranet site. The MGMA Group operates a bonus scheme in which the employees of the Company participate. The scheme aims to encourage employee involvement in the MGMA Group's performance.

Equal opportunities

The MGMA Group is committed to eliminating discrimination and developing a truly diverse workplace. The aim is for the workforce to be representative of all sections of society and for every member to feel respected and able to give their best. The Group ensures it does not discriminate either directly or indirectly in recruitment or occupation because of age, disability, sex, gender reassignment, pregnancy, maternity, race (including colour, nationality and ethnic or national origin), sexual orientation, religion or belief, or because of an individual's marital status/civil partnership.

Employees are treated fairly and with respect; selection for roles, promotion, training or other benefits is on the basis of aptitude and ability. Members of the workforce are helped and encouraged to develop to their full potential and the talents and resources of individuals will be fully utilised to maximise the performance of the MGMA Group.

The proportion of employees with conditions recognised under the Equality Act in the accounting period was 1.75% (2018: 1.2%). The gender balance of the Group as at 31 December 2019 was 48% female: 52% male (2018: 44% female: 56% male).

Health and safety

The health and safety of the Company and MGMA Group's employees is a priority and is reviewed at regular intervals. Information on health and safety matters is communicated to staff through various communication channels.

This report was approved by the Board of Directors of MGM Advantage Services Limited and signed on its behalf by:

Robert Craig Fazzini-Jones
Executive Director
6th Floor
110 Cannon Street
London
EC4N 6EU

24 April 2020

Directors' Report

The Directors present their report on the affairs of the Company, together with the financial statements and Auditor's report for the year ending 31 December 2019.

Incorporation

The Company was registered in England and Wales on 8 February 2013. The Company is a private limited liability company incorporated and domiciled in the United Kingdom. The Company commenced trading on 30 November 2013.

Results and dividends

The results for the year have been set out in the Statement of Profit or Loss and Other Comprehensive Income on page 13. Neither payment nor declaration of a dividend was made during the year ended 31 December 2019 (2018: nil).

Directors

The Directors of the Company who served during the year and up to the date of signing, were as follows:

Non-Executive Directors

Sir William Proby CBE
John Robert Cusins
Derek Nigel Donald Netherton
Nathan Moss

Executive Directors

Robert Craig Fazzini-Jones
Douglas Allan Brown

The Directors who served in the previous year were as follows:

Michael Edward Fairey (resigned 2 January 2018)
Brian Jonathan Magnus (resigned 2 January 2018)
John Simon Bertie Smith (resigned 2 January 2018)

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 has qualifying third party indemnity provisions for the benefit of its directors and the directors of associated companies, which were in place throughout the year and remain in force at the date of this report.

Directors' Report (cont.)

Other than going concern basis

Since the acquisition of the MGMA Group by The Canada Life Group (U.K.) Limited in 2018, activities have been underway to integrate the two groups and to simplify the integrated group structure. Accordingly, it is the Directors' intention to liquidate the Company and the annual report and financial statements have been prepared on a basis other than going concern. For further details see note 1c in the financial statements. The Company's position and assessment in respect of the recent COVID-19 outbreak are set out in Note 21.

Information disclosed within the Strategic Report

In accordance with s414(c) of the Companies Act 2006, the Company has set out the following information within the Strategic Report on pages 3-6 which would otherwise be contained within the Directors' Report:

- Financial risk management objectives and policies; and
- Future developments and events after the balance sheet date.

Political donations

There were no donations for political purposes (2018: nil).

Post balance sheet events

On 9 April 2020 the Company was fully de-authorised with the FCA and therefore no longer regulated.

Since 31 December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. A more detailed explanation is set out within the Strategic Report and note 21 provides details of the impact on the Company.

The Company considers these events to be non-adjusting post balance sheet events under IAS 10.

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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Independent auditor

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

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

Robert Craig Fazzini-Jones
Executive Director
6th Floor
110 Cannon Street
London
EC4N 6EU
24 April 2020

Statement of Directors' Responsibilities

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

Independent Auditor's Report

Independent auditor's report to the members of MGM Advantage Services Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of MGM Advantage Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2019 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 related notes 1 to 21.

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

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 1c in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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.

Independent Auditor's Report (cont.)

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.

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.

Independent Auditor's Report (cont.)

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.

A J Holland

Andrew Holland, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Bristol, UK
24 April 2020

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 Restated* £'000
Service fees and other income	3	23,587	26,762
Total revenue		**23,587**	**26,762**
Net operating expenses	4	(23,157)	(27,928)
Operating profit/(loss)		**430**	**(1,166)**
Investment income	5	9	8
Finance costs	6	(1)	(2)
Profit/(loss) before tax		**438**	**(1,160)**
Income tax (charge)/credit	7	(81)	189
Profit/(loss) for the year		**357**	**(971)**
Total other comprehensive income for the year, net of tax		-	-
Comprehensive income/(loss) for the year, net of tax attributable to shareholders		**357**	**(971)**

*The 2018 net operating expenses and finance costs have been restated for the implementation of IFRS 16 Leases with £2,000 reclassified from net operating expenses to finance costs.

All amounts derive from discontinued operations.

The notes on pages 17 to 34 form an integral part of the financial statements.

Statement of Financial Position

As at 31 December 2019

	Notes	As at 31 Dec 2019 £'000	As at 31 Dec 2018 Restated* £'000
Assets			
Deferred taxation	8	212	244
Right-of-use assets	9	87	147
Financial investments	10	10	2,362
Income tax receivable	11	-	101
Amounts due from related undertakings	12	3,866	1,382
Trade and other receivables	13	53	168
Prepayments	14	312	374
Cash and cash equivalents	15	1,071	367
Total assets		**5,611**	**5,145**
Equity			
Issued ordinary share capital		10,900	10,900
Retained earnings		(9,898)	(10,255)
Total equity	16	**1,002**	**645**
Liabilities			
Amounts due to related undertakings	12	-	478
Lease liabilities	9	87	147
Income tax payable	11	15	-
Provisions	17	2,437	-
Trade and other payables	18	2,070	3,875
Total liabilities		**4,609**	**4,500**
Total equity and liabilities		**5,611**	**5,145**

The notes on pages 17 to 34 form an integral part of the financial statements.

*2018 assets and liabilities have been restated for the implementation of IFRS 16 Leases to recognise a right-of-use asset and corresponding lease liability of £147k.

These financial statements were approved by the Board of Directors and authorised for issue on 24 April 2020 and were signed on their behalf by:

Robert Craig Fazzini-Jones, Executive Director
MGM Advantage Services Limited
Registered no. 08395935

Statement of Changes in Equity

For the year ended 31 December 2019

	Ordinary share capital	Retained earnings	Total shareholder's equity
	£'000	£'000	£'000
Balance as at 1 January 2018	**10,900**	**(9,284)**	**1,616**
Total comprehensive loss for the year			
Loss for the year	-	(971)	(971)
Balance as at 31 December 2018	**10,900**	**(10,255)**	**645**
Total comprehensive loss for the year			
Profit for the year	-	357	357
Balance as at 31 December 2019	**10,900**	**(9,898)**	**1,002**

No dividends were declared or paid during the year.

The notes on pages 17 to 34 form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2019

	Note	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 Restated* £'000
Cash flows from operating activities			
Policy administration service fees received		12,754	20,566
Payments to suppliers and employees restated*		(24,248)	(29,617)
Recharged expenses received		9,708	8,795
Purchase of FVTP&L financial investments		(7,700)	(9,000)
Proceeds from disposal of financial investments		10,061	6,650
Corporation tax received		52	-
Net cash inflow/(outflow) from operating activities		**627**	**(2,606)**
Cash flows from financing activities			
Lease payments restated*		(61)	(62)
Interest paid restated*		(1)	(2)
Group relief tax recovered		139	-
Net cash inflow/(outflow) from financing activities		**77**	**(64)**
Net increase/(decrease) in cash and cash equivalents		**704**	**(2,670)**
Cash and cash equivalents at beginning of year		367	3,037
Cash and cash equivalents at end of year	15	**1,071**	**367**

*The 2018 cash flows for operating activities have been restated for the implementation of IFRS 16 Leases. The £64k of lease payments and associated interest paid was included within payments to suppliers and employees in 2018.

The notes on pages 17 to 34 form an integral part of the financial statements.

Notes to the Financial Statements

1. Accounting policies

a) General

MGM Advantage Services Limited (the 'Company') was incorporated in the United Kingdom on 8 February 2013. The Company is a limited liability company domiciled in England and Wales. The Company commenced trading on 30 November 2013.

b) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

c) Other than going concern basis

Since the acquisition of the MGMA Group by The Canada Life Group (U.K.) Limited in 2018, activities have been underway to integrate the two groups and to simplify the integrated group structure. Accordingly, it is the Directors' intention to liquidate the Company and the annual report and financial statements have been prepared on a basis other than going concern. No adjustments arose as a result of ceasing to apply the going concern basis.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services. Service revenue and project fee recharges are recognised in the accounting period in which the services are rendered and are presented separately in the statement of profit or loss and other comprehensive income where the Company acts as principal and bears the risks and rewards of the transaction.

e) Significant judgements and estimates made in the process of applying the Company's accounting policies

The preparation of the Company's financial statements requires management to make judgements, including those involving estimations that can significantly affect the amounts recognised in the financial statements. Management has made judgement in determining the fair value level of the financial investments, expected lease termination date, and the recoverability of assets.

f) Net operating expenses

Net operating expenses, which include administrative expenses, are recognised on an accruals basis as incurred.

g) Income tax expense

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.

1. Accounting policies (cont.)

Deferred income tax

Deferred income tax is provided 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.

h) Foreign currencies

The financial statements of the Company are presented in sterling, the currency of the primary economic environment in which it operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

i) Intangible assets

Intangible assets include intellectual property acquired. The intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Impairment reviews are carried out annually and any losses arising are recognised in the statement of profit or loss and other comprehensive income.

Amortisation is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets as follows:

Intellectual property, contracts and licenses	5 years

j) Trade and other receivables

The Company initially values trade and other receivables at fair value and recognised on a trade date basis. Trade and other receivables are measured subsequently in their entirely at amortised cost with the contractual terms giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash in hand as well as short-term deposits with a maturity of three months or less and known redemption values which are held to manage short-term operational cash requirements on origination. This defines the cash and cash equivalents used in the statement of cash flows.

1. Accounting policies (cont.)

l) Share capital

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

m) Employee retirement benefits

Contributions to defined contribution schemes are recognised as employee benefit expenses, within net operating expenses, when they are due for payment.

n) Right-of-use assets and lease liabilities

The Company adopted IFRS 16 (Leases) from 1 January 2019. On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases, and, applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 applying a fully retrospective approach. The Company did not recognise operating leases of low-value, or those for which the lease term ends within 12 months of the balance sheet date. 2018 comparative information has been restated on this basis, and, without the benefit of hindsight.

On transition lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company incremental borrowing rate. Right-of-use assets are measured at the amount equal to the lease liability. The Company depreciates the right-of-use assets on a straight line method from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

o) Financial investments

Upon initial recognition, financial investments are classified as financial assets at fair value through profit or loss. Management determines the classification of its financial assets at initial recognition.

Financial investments at fair value through profit or loss

Financial investments are classified at fair value through profit or loss upon initial recognition under the fair value option. The Company designates all financial investments under fair value through profit and loss as this categorisation significantly reduces recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis.

The Company manages these investments and makes purchase and sale decisions based on their fair value in accordance with the Company's investment strategy. Regular purchases and sales of financial investments in the ordinary course of business are accounted for at trade date, which is the date that the Company commits to purchase or sell investments, at their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial investments are measured at fair value and changes therein are recognised in profit or loss. The fair value of the Company's investments are based on quoted single prices.

Financial investments measured at fair value through profit or loss are Open Ended Investment Companies (OEICs).

Financial investments are derecognised when the contractual rights to receive cash flows from the investments expire, or where the investments have been transferred, together with substantially all the risks and rewards of ownership.

p) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. Adoption of new and revised standards

New and revised Standards that have not been adopted by the Company

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements but were in issue but not yet effective:

- **IFRS 17 – Insurance Contracts (effective 1 January 2023, not yet endorsed)**
  IFRS 17 replaces IFRS 4 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. No impact is expected to arise from adopting IFRS 17 as no insurance contracts are held by the Company.

- **IFRS 3 - Business Combinations (effective 1 January 2020, endorsed)**
  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. Adoption of IFRS 3 would not have had an impact on the Company's financial statements, as the Company did not make any acquisitions in scope of IFRS 3 in the year.

- **IAS 1 – Presentation of Financial Statements and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2020, endorsed)**
  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. An assessment of the amendments to IAS 1 and IAS 8, principally over the definition of material, is not expected to have a significant impact to the Company's financial statements.

- **IAS 39 – Financial Instruments: Recognition and Measurement (effective 1 January 2020, endorsed)**
  The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. IAS 39 does not have an impact on the Company's financial statements as the Company adopts IFRS 9.

2. Adoption of new and revised standards (cont.)

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 16 – Leases**

  IFRS 16 replaced IAS 17 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 has one lease for office space in Worthing.

- **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. Adoption of these amendments did not have an impact on the Company's financial statements as no associates or joint ventures are held.

- **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. Adoption of these amendments did not have an impact on the Company's financial statements as no employee benefit schemes in scope of IAS 19 are held.

- **IFRS 3 - Business Combinations and IFRS 11 – Joint Arrangements**

  The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. Adoption of these amendments did not have an impact on the Company's financial statements as no joint operations are held.

- **IAS 12 – Income Taxes**

  The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. Adoption of these amendments did not have an impact on the Company's financial statements as no dividends were paid by the Company.

- **IAS 23 – Borrowing Costs**

  The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Adoption of these amendments did not have an impact on the Company's financial statements as no borrowing is in place that specifically relates to assets held for sale.

- **IFRIC 23 - Uncertainty over Income Tax Treatments**

  IFRIC 23 addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. Adoption of this standard did not have an impact on the Company's financial statements as there were no uncertainties over income tax.

3. Service fees and other income

The Company earns fee income by performing policy administration and corporate servicing on behalf of its fellow subsidiary undertaking MGM Advantage Life Limited under a contractual services agreement. Service fees include initial policy set-up fees and maintenance fees for administering Enhanced Annuity (EA), Flexible Income Annuity (FIA), and The Retirement Account (TRA) products and these are invoiced on a monthly basis. The Company also recharges project costs that it performs on behalf of the parties that it services and these are invoiced on a monthly basis.

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Service fees	12,143	17,598
Project fees recharged	11,444	9,164
Total	**23,587**	**26,762**

4. Net operating expenses

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 Restated* £'000
Included within net operating expenses are:		
Staff costs, including Directors' remuneration	(13,444)	(11,958)
Legal and professional fees	(281)	(197)
Other fees and consultancy	(3,401)	(4,215)
Sales and marketing costs	(867)	(4,226)
Amortisation of intangible assets	-	(733)
Depreciation of right-of-use asset	(60)	(60)
Other (Property maintenance, IT maintenance and outsourcing costs)	(5,104)	(6,539)
Total	**(23,157)**	**(27,928)**

*The 2018 net operating expenses have been restated for the implementation of IFRS 16 Leases to reclassify £60,000 as depreciation of the right-of-use asset from Other, and £2,000 reclassified from Other to finance costs in the statement of profit or loss.

Statutory audit of MGM Advantage Services Limited

The statutory audit of the financial statements fee of the Company excluding VAT was £10,700 (2018: £10,000). This amount is included in the operating expenses of the Company.

Staff costs

The aggregate staff costs were:

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Wages and Salaries	12,285	10,744
Social Security Costs	808	802
Pensions costs	351	412
Total	**13,444**	**11,958**

4. Net operating expenses (cont.)

The average monthly number of employees during the year were:

	Year ended 31 Dec 2019 No.	Year ended 31 Dec 2018 No.
Administration	44	54
Sales, distribution and marketing	9	15
Total	**53**	**69**

5. Investment income

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
OEICs	9	8
Total	**9**	**8**

6. Finance Costs

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 Restated* £'000
Interest expense	(1)	(2)
Total	**(1)**	**(2)**

The 2018 finance costs have been restated for the implementation of IFRS 16 Leases standard.

7. Income tax (charge)/credit

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
a) Current year tax (charge)/credit reported in profit or loss:		
Income tax – UK corporation tax credit	50	265
Income tax – UK corporation tax adjustments in respect of prior year	(99)	(52)
	(49)	**213**
Deferred tax – Origination of timing differences	(32)	(39)
Adjustments in respect of prior year	-	28
Effects of change in tax rate	-	(13)
	(32)	**(24)**
Income tax (charge)/credit	**(81)**	**189**
b) Tax reported in other comprehensive income	-	-
Total tax (charge)/credit in the statement of profit or loss and other comprehensive income	**(81)**	**189**

7. Income tax (charge)/credit (cont.)

c) Factors affecting the tax charge for the year:
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)

Profit / (Loss) on ordinary activities before tax	438	(1,160)
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(83)	220
Effects of:		
Effects of change in tax rate	3	(7)
Prior year adjustments	(99)	(24)
Research and Development Expenditure Credit in profit or loss where tax was subsequently credited and carried forward	98	-
Total income tax (charge)/credit for the year	**(81)**	**189**

The Budget statement introduced the measure to maintain the main rate of corporation tax rate at 19% for the financial year beginning 1 April 2020. Accordingly, there will be no change to the Company's future corporation tax rate, however, assessment over the Company's deferred tax assets or liabilities will be based on a rate of 19% instead of 17%, after the year end. As a result of the Budget statement announcement, there was no significant impact to the Company's current tax assets, liabilities or deferred tax assets as at 31 December 2019.

8. Deferred taxation

	31 Dec 2019 £'000	31 Dec 2018 £'000
Deferred tax asset	212	244
Total deferred tax asset	**212**	**244**

The analysis of the deferred tax asset is as follows:

	£'000	£'000
Decelerated capital allowances	149	181
Unutilised tax losses carried forward	63	63
Total deferred tax asset	**212**	**244**

Reconciliation of movement in deferred tax asset:

	£'000	£'000
Deferred tax asset at beginning of year	244	268
Deferred tax credit in profit or loss account (see note 7)	(32)	(24)
Deferred tax asset at end of year	**212**	**244**

The Company expects to group relief the decelerated capital allowances deferred tax asset at the point liquidation of the Company occurs, and utilise the tax losses against future profits before the liquidation occurs.

9. Right-of-use assets and lease liabilities

Right-of-use assets

	31 Dec 2019 £'000	31 Dec 2018 Restated £'000
At 1 January	147	207
Depreciation expense for the year	(60)	(60)
Total	**87**	**147**

Lease liabilities

	31 Dec 2019 £'000	31 Dec 2018 Restated £'000
At 1 January	147	207
Lease payments	(61)	(62)
Interest expense	1	2
Total	**87**	**147**

The right-of-use asset and lease liability relates to a lease for use of office property and equipment. The lease for office property in Worthing has a contractual term commencing 23 November 2016 for an 8 year period with a break clause available at 30 June 2021 for which the Board believe is reasonably certain to be exercised given the plans to liquidate the Company.

10. Financial investments

	31 Dec 2019 £'000	31 Dec 2018 £'000
OEICs	10	2,362
Total	**10**	**2,362**

Financial Instruments

All financial investments are classified at fair value through profit and loss. In accordance with 'IFRS 13 – 'Fair Value measurement', financial instruments at fair value have been classified into three categories:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

An analysis of all items of the Statement of Financial Position is set out in the table below. Items are measured on either a recurring fair value basis, whereby the fair value measurement hierarchy is given, or they are measured at 'Other' measurement bases as disclosed within Note 1.

10. Financial investments (cont.)

As at 31 December 2019	Fair value measurement Level 1	Level 2	Level 3	Other	Total
	£'000	£'000	£'000	£'000	£'000
Financial investments					
OEICs	10	-	-	-	10
	10	**-**	**-**	**-**	**10**
Other assets					
Deferred taxation	-	-	-	212	212
Right-of-use assets	-	-	-	87	87
Amounts due from related undertakings	-	-	-	3,866	3,866
Trade and other receivables	-	-	-	53	53
Prepayments	-	-	-	312	312
Cash and cash equivalents	-	-	-	1,071	1,071
	-	**-**	**-**	**5,601**	**5,601**
Total financial assets	**10**	**-**	**-**	**5,601**	**5,611**

As at 31 December 2019	Fair value measurement Level 1	Level 2	Level 3	Other	Total
	£'000	£'000	£'000	£'000	£'000
Liabilities					
Lease liabilities	-	-	-	87	87
Income tax payable	-	-	-	15	15
Provisions	-	-	-	2,437	2,437
Trade and other payables	-	-	-	2,070	2,070
Total financial liabilities	**-**	**-**	**-**	**4,609**	**4,609**

As at 31 December 2018	Fair value measurement Level 1	Level 2	Level 3	Other	Total
Restated*	£'000	£'000	£'000	£'000	£'000
Financial investments					
OEICs	2,362	-	-	-	2,362
	2,362	**-**	**-**	**-**	**2,362**
Other assets					
Deferred taxation	-	-	-	244	244
Right-of-use assets restated*	-	-	-	147	147
Income tax receivable	-	-	-	101	101
Amounts due from related undertakings	-	-	-	1,382	1,382
Trade and other receivables	-	-	-	168	168
Prepayments	-	-	-	374	374
Cash and cash equivalents	-	-	-	367	367
	-	**-**	**-**	**2,783**	**2,783**
Total financial assets	**2,362**	**-**	**-**	**2,783**	**5,145**

10. Financial investments (cont.)

	Fair value measurement				
As at 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Other**	**Total**
Restated*	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Liabilities					
Amounts due to related undertakings	-	-	-	478	478
Lease liabilities restated*	-	-	-	147	147
Trade and other payables	-	-	-	3,875	3,875
Total financial liabilities	**-**	**-**	**-**	**4,500**	**4,500**

* The above 2018 assets and liabilities have been restated for the implementation of IFRS 16 Leases to recognise a right-of-use asset and corresponding lease liability of £147k.

The Company's policy is to assess pricing sources and other data feeds at the end of each reporting year.
There were no transfers between Levels 1, 2 and 3 during the year to 31 December 2019. There were no financial assets classified at Level 3 during the financial year.

11. Income tax (payable)/receivable

	31 Dec 2019	31 Dec 2018
	£'000	£'000
UK Corporation tax	(15)	101
Total	**(15)**	**101**

12. Related party transactions

Immediate parent undertaking
The Company's immediate parent undertaking is MGM Advantage Holdings Limited, a company that is domiciled and incorporated in the United Kingdom. All of the Company's ordinary share capital is owned by MGM Advantage Holdings Limited.

Ultimate parent undertaking
Since 2 January 2018 the Company's ultimate parent undertaking is Power Corporation of Canada a company that is domiciled and incorporated in Canada.

Year end balances and transactions with related parties
In the year, transactions with related parties include all transactions with MGM Advantage Holdings Limited, its fellow subsidiary undertakings (the MGMA Group) and transactions with related parties also include The Canada Life Group (U.K.) Limited, Canada Life Asset Management Limited, and CLFIS (U.K.) Limited.

12. Related party transactions (cont.)

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

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
MGM Advantage Holdings Limited:		
Management expenses recharged	(240)	(390)
Group tax relief	52	-
	(188)	**(390)**
MGM Advantage Life Limited:		
Service fees received for policy administration	10,303	15,758
Expenses recharged	215	1,742
Group relief tax	-	(228)
	10,518	**17,272**
MGM Advantage Life Trustee Limited:		
Corporate service fees receivable	40	40
Expenses recharged	-	2
	40	**42**
Stonehaven UK Ltd:		
Group relief tax	(253)	404
Service fees received	1,800	1,800
Expenses recharged	388	325
	1,935	**2,529**
CLFIS (U.K.) Limited:		
Expenses recharged	11,165	7,422
Canada Life Limited:		
Group tax relief	736	-
Total	**24,206**	**26,875**

12. Related party transactions (cont.)

The following related party balances were due from related party undertakings and outstanding at the year end:

	31 Dec 2019 £'000	31 Dec 2018 £'000
MGM Advantage Holdings Limited:		
Group tax relief	52	-
MGM Advantage Life Limited:		
Expenses recharged	165	413
Service fees charged	-	(891)
	165	**(478)**
MGM Advantage Life Trustee Limited:		
Expenses recharged	-	2
Stonehaven UK Ltd:		
Group tax relief	12	404
Expenses recharged	2	56
	14	**460**
CLFIS (U.K.) Limited:		
Expenses recharged	2,899	920
Canada Life Limited:		
Group tax relief	736	-
Total	**3,866**	**904**

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.

Service fees payable to the Company from MGM Advantage Life Limited are based on a services agreement that sets out fees charged at a rate based on the number of policies that the Company administers.

Projects are undertaken on behalf of MGM Advantage Life Limited and CLFIS (U.K.) Limited for which reimbursement is subsequently received.

The related party balances are expected to be settled within one year of the reporting date.

12. Related party transactions (cont.)

Directors' remuneration

The directors of the Company have 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.

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

	Year ended 31 Dec 2019 £'000	Year ended 31 Dec 2018 £'000
Aggregate emoluments including benefits	2,004	2,434
Total	**2,004**	**2,434**
The aggregate remuneration of the highest paid director was:		
Aggregate emoluments including benefits	1,014	1,056
Total	**1,014**	**1,056**

During the year, contributions were made of £7k (2018: £7k) into the defined contribution pension scheme on behalf of the highest paid director. During the year contributions were made on behalf of one director into the defined contribution pension scheme.

No share options were granted to related parties during the year (2018 - nil).

No compensation was paid for loss of office of directors (2018 – nil).

13. Trade and other receivables

	31 Dec 2019 £'000	31 Dec 2018 £'000
Other receivables	53	168
Total	**53**	**168**

All amounts presented above are expected to be recovered within one year.

14. Prepayments

	31 Dec 2019 £'000	31 Dec 2018 £'000
Prepayments recoverable within one year	312	374
Total	**312**	**374**

15. Cash and cash equivalents

	31 Dec 2019 £'000	31 Dec 2018 £'000
Cash at bank	1,071	367
Total	**1,071**	**367**

16. Equity

	31 Dec 2019 '000	31 Dec 2018 '000
Allotted, issued and fully paid ordinary shares	16,900	16,900

	31 Dec 2019 £'000	31 Dec 2018 £'000
Ordinary shares (nominal value of £1)	10,900	10,900
Ordinary shares converted from deferred shares (nominal value of £1)	6,000	6,000
Reserve against ordinary shares converted from deferred shares	(6,000)	(6,000)
Retained earnings	(9,898)	(10,255)
Total	**1,002**	**645**

The Ordinary shares are not restricted in respect of receiving distributions paid by the Company and are entitled to one vote per share held. On a return of assets on a winding up or disposal, or reduction of capital or otherwise (other than on a redemption or purchase of Shares) any assets of the company are available for distribution to the ordinary shareholders according to the number of shares held.

17. Provisions

	£'000
At 1 January 2019	-
Restructuring provision in year	2,437
At 31 December 2019	**2,437**

During the year, and following the announcement of the restructuring plan, the Company recorded a restructuring provision for expected employee related restructuring costs. The restructuring plan is expected to have been fully implemented within the next 12 months, and the provision fully utilised within that period. The restructuring costs are fully recoverable from CLFIS (U.K.) Limited and has been included as a current asset within the Statement of Financial Position.

18. Trade and other payables

	31 Dec 2019 £'000	31 Dec 2018 £'000
Deferred bonus	746	1,070
Other taxation	9	19
Other payables	-	748
Accruals	1,315	2,038
Total	**2,070**	**3,875**

All payables above are due for settlement within one year.

19. Risk management and controls

The risk management objective of the Company is to manage risks in accordance with its risk appetite and business strategy. The Company's risk management policies and the processes for identifying risks include identification and control of financial and liquidity risk, along with a lesser exposure to credit risk.

For each of the Company's risks, the Company determines its risk appetite and sets its policies accordingly. Risk owners are assigned to manage these risks and there are key process controls to identify, assess, monitor, report and mitigate these risks.

The largest financial risk the Company faces is the risk of loss arising from changes in the value of the subsidiaries that the company invests into. The financial risks of these subsidiaries include: market risk; market concentration risk; credit risk; property risk; interest rate risk (including asset liability mismatch risk); liquidity risk; expense risk; operational risk; reputational risk; strategic risk; and conduct risk. These risks are managed by each of the subsidiaries in their own right.

Liquidity risk

The Company's exposure to liquidity risk is the difficulty the Company could encounter in raising funds to meet its commitments or equivalently, discharge its financial obligations. The Company mitigates this exposure by monitoring its cash requirements on a daily basis to ensure it has sufficient liquidity to carry out its activities and taking relevant management action when necessary.

The table below summarises the contractual maturity profile of the liabilities of the Company.

Maturity profile of liabilities:

At 31 December 2019

	Within 1 year £'000	1-5 years £'000	5-10 years £'000	Over 10 years £'000	Total £'000
Lease liabilities*	61	26	-	-	**87**
Provisions	2,437	-	-	-	**2,437**
Income tax payable	15	-	-	-	**15**
Trade and other payables	2,070	-	-	-	**2,070**
Total	**4,583**	**26**	**-**	**-**	**4,609**

*Whilst it is the Directors' intention to liquidate the Company, it is unclear when this will occur and as such the lease liability is included up to its break clause in June 2021.

19. Risk management and controls (cont.)

Credit risk

The Company only has a relatively immaterial exposure to credit risk as it has only has a small value investment in a Sterling Liquidity Fund ('SLF') OEIC and is exposed to credit risk from other group companies for recovery of management fees charged, expenses recharged and tax loss surrenders, although periodic settlement of intra-group balances is carried out.

Summary of principal asset bearing credit and market risk exposure for the Company, which are neither past due or impaired:

	31 Dec 2019	**31 Dec 2018**
	£'000	**£'000**
Financial investments (note 10)	10	2,362
Total	**10**	**2,362**

Market risk

Market risk is the risk of loss or of adverse change in the financial situation, resulting directly or indirectly from fluctuations in the level of and in the volatility of market prices of assets, liabilities and financial instruments. Given the Company has only invested in an SLF, which is a collection of sterling liquid funds, fluctuations and volatility of the value of this asset are not expected and as such no sensitivity analysis is performed.

20. Ultimate parent company

The immediate parent company of MGM Advantage Services Limited 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 (330 University Avenue, Toronto, Ontario, Canada, M5G 1R8) and Power Corporation of Canada (751 Victoria Square Montréal, Québec, Canada, H2Y 2J3) can be obtained from the Company's registered office.

The ultimate parent undertaking of the Company until 2 January 2018 was ICE Acquisitions S.à r.l., a company incorporated in Luxembourg.

21. Post balance sheet events

On 9 April 2020 the Company was fully de-authorised with the FCA and therefore no longer regulated.

The ongoing coronavirus pandemic (COVID-19) is an emerging risk to which the Company is exposed. The Company is monitoring the situation closely and has made preparations to ensure that it will continue to operate effectively and ensure the safety and well-being of customers, employees and wider communities. Service continuity plans are in operation, with employees working remotely to maintain service to customers. The Company continues to review service standards and hold regular communication with outsource providers, and their response to the pandemic has been robust and highly collaborative and they continue to provide full services to our customers.

The outbreak is having an impact on global economies and markets to which the Company is exposed and should this impact be sustained, or lead to adverse impacts in claims or sales of other Group companies, it could impact on the Company's performance. These impacts will depend on future developments, which are highly uncertain, and the ability of other Group companies to pay service fees. However, with plans in place to liquidate the Company in the future this is not expected to have a significant impact on the Company. The Company has robust governance structures and processes in place which support continuous monitoring of the Company's financial position based on up to date market information.

The Company considers these to be non-adjusting post balance sheet events under IAS 10.