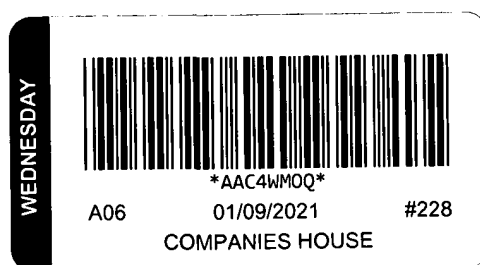


Company Registration Number: 7557001

LIMITED LIFE ASSETS SERVICES LIMITED

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2020



LIMITED LIFE ASSETS SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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LIMITED LIFE ASSETS SERVICES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020

Directors	Mr Timothy Church Mr Alan Morgan
Company secretary	Wilmington Trust SP Services (London) Limited
Company number	7557001
Registered office	c/o Wilmington Trust SP Services (London) Limited Third Floor 1 King's Arms Yard London EC2R 7AF
Auditor	Grant Thornton Limited PO Box 313 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF

LIMITED LIFE ASSETS SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the audited financial statements of Limited Life Assets Services Limited (the "Company") for the year ended 31 December 2020.

DIVIDENDS

The directors have not recommended a dividend during the year (2019: Nil).

DIRECTORS' AND SECRETARY'S INTEREST IN SHARES

The directors who held office during the year were as follows:

Mr Timothy Church
Mr Alan Morgan

The secretary who held office during the year is Wilmington Trust SP Services (London) Limited.

In accordance with the Articles of Association, there is no requirement for the directors to retire by rotation.

None of the directors or the secretary held any interest in the shares of the Company or any of its affiliates during the year ended 31 December 2020.

FUTURE DEVELOPMENTS

There has been no change in the activities during the year under review and the Company intends to continue to pursue these activities for the foreseeable future.

On 31 December 2019, the World Health Organisation (the "WHO") was informed that a limited number of cases of pneumonia, of an unknown cause, were detected in Wuhan, Hubei, China. On 7 January 2020, Chinese authorities identified a new type of coronavirus ("COVID-19") as the cause. Since 31 December 2019, the development and spread of COVID-19 has resulted in the occurrence of a multitude of associated events. Among these are the identification of the virus, its spread in the terms of number of infected individuals and geographical prevalence, action taken by government and non-governmental organisations, actions taken by private entities, and the resulting economic effects of these events.

With COVID-19 continuing to spread aggressively, in March 2020 the WHO declared the coronavirus outbreak as a pandemic. On 13 March 2020 the United States of America government announced a travel ban on non-American citizens and further advised a stay at home order on 25 March 2020. Upon this advice, 42 states went into lockdown with non-essential business closed, 3 states introduced a partial lockdown and 5 states did not introduce further restrictions. State-wide restrictions were eased in May 2020 with each state implementing restrictions and policies to avoid further spread. As at February 2021, two states continue to be under a stay at home order or localised curfew. As a result, several businesses have reduced, or in the worst cases, ceased their operations. While the extent and duration of the effect of the coronavirus outbreak on businesses remains unclear, there is a risk of financial instability for the Company.

POST BALANCE SHEET EVENTS

On 8 June 2021, the parent company reached an agreement with VICOF II Acquisition LLC (the "buyer") in relation to the sale of the entire life insurance policies portfolio held by the Company.

During 2021, the Company has not received an additional capital injection (2019: \$5,000,000).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' report, Strategic report and the financial statements in accordance with applicable law and regulations.

Companies Act 2006 (the "Company law") requires the directors to prepare financial statements for each financial year. Under the Company law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102") and applicable law.

LIMITED LIFE ASSETS SERVICES LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgement and accounting estimates that are reasonable and prudent;
- state whether FRS102 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 Company law. They are also responsible for safeguarding the assets of the Company and hence for taking responsible steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors' report was approved by the Board and signed on its behalf by



Mr Timothy Church
Director

Date: 13 August 2021

LIMITED LIFE ASSETS SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their Strategic report of Limited Life Assets Services Limited (the "Company") for the year ended 31 December 2020.

GENERAL

PRINCIPAL ACTIVITIES

The Company was incorporated as a limited company on 8 March 2011. The principal activity of the Company is that of acquiring life insurance contracts for investment purposes (the "life settlement contracts").

In accordance with its Issuer AssetCo Loan Agreement between the Company and Limited Life Assets Issuance PLC dated 31 May 2011, the Company borrowed \$128,990,613 long term loan in order to purchase life settlement contracts. The loan repayment date is due to be extended from May 2021 to November 2021, the Company and legal counsel are currently undergoing negotiations to finalise the extension. As per the First Supplemental Issuer AssetCo Loan Agreement dated 30 September 2011, the Company has taken a further loan of \$30,177,363 to purchase additional life settlement contracts.

REVIEW OF THE BUSINESS

RESULTS

The results for the year and the Company's financial position as at the balance sheet date are shown in the attached financial statements. The total comprehensive loss for the year was \$21,015,786 (2019: \$33,538,460). The profit is due to an increase in fair value of life policies compared to premiums paid.

KEY PERFORMANCE INDICATORS

The directors see the return on the Company's portfolio of life settlement contracts as the key performance indicator. As at 31 December the Company had net assets of \$65,419 (2019: \$81,205). During the year the Company received \$81,053,841 (2019: \$48,760,405) from matured life settlement contracts and paid \$85,033,467 (2019: \$79,226,224) in premium payments for life settlement contracts. The Company has an unrealised gain in fair value during the year of \$48,434,324 (2019: loss (\$44,694,210)). The results are due to a higher increase in fair value of life policies compared to premiums paid during the year.

The key non-financial indicator is continued compliance with regulatory requirements such as compliance with United Kingdom Generally Accepted Accounting Practice including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and Companies Act 2006.

FINANCIAL RISK MANAGEMENT

The Directors have established a risk and financial Framework where its primary role is to protect the Company from events that hinder the achievements of company performance.

Further details regarding financial risk factors and exposure of the Company to market and price risk, credit risk, interest rate risk, foreign currency risk and liquidity risk are provided in Note 11 of these financial statements.

GOING CONCERN

On 8 June 2021, the parent of the Company finalised negotiations pertaining to the sale of the entire life insurance portfolio held by HoldCo and AssetCo within July 2021. The Directors have also expressed their intentions to place the HoldCo and the AssetCo into liquidation within 12 months from the date of signing the balance sheet. The Directors have therefore concluded that it would not be appropriate to prepare the financial statements on a going concern basis.

On behalf of the Board



Mr Timothy Church
Director
13 August 2021

Independent auditor's report

To the shareholder of Limited Life Assets Services Limited

Opinion

We have audited the financial statements of Limited Life Assets Services Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 – Basis of preparation

We draw attention to Note 1 to the financial statements which explains that the intention is to place the Company into liquidation within 12 months from the date of signing these financial statements, and therefore the accounts are prepared on a basis other than 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 Directors' Report and Strategic Report set out on pages 2 to 4, 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 this regard.

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.

Matter on which we are required to report under the Companies Act 2006

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 material misstatements in the Directors' Report and the Strategic Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and determined that the most significant are those that relate to the reporting and legal frameworks (FRS 102 and the Companies Act 2006).
- We identified areas of the above laws and regulations that could reasonably be expected to have a material effect on the financial statements from discussions with management. We discussed the policies and procedures regarding compliance with laws and regulations and corroborated these enquiries through reviews of board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to transactions with related parties and revenue transactions.
- Our audit procedures involved:
 - Reviewing the financial reporting practices of the Company, with a focus on accounting estimates, judgements and decisions made by management;
 - Journal entry testing, with a focus on material journals, including those with unusual account combinations and those posted at year-end;
 - Reviewing of unusual significant transactions or unusual adjustment immediately prior to year end.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Carpenter
Senior Statutory Auditor
for and on behalf of Grant Thornton Limited
Statutory Auditor, Chartered Accountants
St Peter Port, Guernsey
Date: 26 August 2021

LIMITED LIFE ASSETS SERVICES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$	2019 \$
Investment income / (loss)	2	35,441,703	(62,885,857)
Interest income	2	<u>1,642,847</u>	<u>1,092,323</u>
Net investment income / (loss)		37,084,550	(61,793,534)
Fair value (loss) / gain on loans payable	8, 9	(57,085,114)	29,310,465
Amortised issue cost		(124,100)	(124,100)
Administrative expenses	3	<u>(890,862)</u>	<u>(930,511)</u>
Total expenses		(58,100,076)	28,255,854
Loss on ordinary activities before tax for the year		(21,015,526)	(33,537,680)
Taxation	4	<u>(260)</u>	<u>(780)</u>
Loss on ordinary activities after tax for the year attributable to equity holders		<u>(21,015,786)</u>	<u>(33,538,460)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(21,015,786)</u>	<u>(33,538,460)</u>
Total comprehensive loss for the year attributable to:			
Non-controlling interests		-	-
Owner of the parent company		<u>(21,015,786)</u>	<u>(33,538,460)</u>

The above results relate to the continuing operations of the Company.
There are no recognised gains or losses for the year, other than disclosed.

The notes on pages 13 to 23 form an integral part of these financial statements.

LIMITED LIFE ASSETS SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$	2019 \$
Fixed assets			
Life settlement contracts	5	<u>-</u>	<u>234,644,041</u>
Total fixed assets		<u>-</u>	<u>234,644,041</u>
Current assets			
Life settlement contracts	5	275,565,371	-
Debtors and prepayments	6	17,889,497	19,358,353
Cash and cash equivalents	7	<u>23,403,052</u>	<u>10,840,702</u>
Total current assets		316,857,920	30,199,055
Creditors: amounts falling due within one year	8	<u>(316,792,501)</u>	<u>(36,625)</u>
Total assets less current liabilities		<u>65,419</u>	<u>264,806,471</u>
Loans: amounts falling due after more than one year	9	<u>-</u>	<u>(264,725,266)</u>
Net assets		<u>65,419</u>	<u>81,205</u>
Equity			
Called up share capital	10	306,939,128	285,939,128
Accumulated deficit		<u>(306,873,709)</u>	<u>(285,857,923)</u>
Shareholder's funds		<u>65,419</u>	<u>81,205</u>

These financial statements for Limited Life Assets Services Limited, Company registration 7557001, on pages 9 to 23 were approved and authorised for issue by the Directors on 13 August 2021, signed on its behalf by:



Mr Timothy Church
Director

The notes on pages 13 to 23 form an integral part of these financial statements.

LIMITED LIFE ASSETS SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Called up share capital \$	Accumulated deficit \$	Total \$
Balance as at 1 January 2019		252,366,838	(252,319,463)	47,375
Issue of shares	10	33,572,290	-	33,572,290
Loss for the year		-	(33,538,460)	(33,538,460)
Other comprehensive income		-	-	-
Total comprehensive loss		-	(33,538,460)	(33,538,460)
Balance as at 31 December 2019		<u>285,939,128</u>	<u>(285,857,923)</u>	<u>81,205</u>
Balance as at 1 January 2020		285,939,128	(285,857,923)	81,205
Issue of shares	10	21,000,000	-	21,000,000
Loss for the year		-	(21,015,786)	(21,015,786)
Other comprehensive income		-	-	-
Total comprehensive loss		-	(21,015,786)	(21,015,786)
Balance as at 31 December 2020		<u>306,939,128</u>	<u>(306,873,709)</u>	<u>65,419</u>

The notes on pages 13 to 23 form an integral part of these financial statements.

LIMITED LIFE ASSETS SERVICES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Loss on ordinary activities before tax		(21,015,526)	(33,537,680)
Adjustments			
Tax paid		-	(780)
Unrealised change in fair value	2	(48,434,324)	44,694,210
Unrealised (loss) / gain on fair value of loan payable	9	57,085,114	(29,310,465)
Premium payments on matured policies	2	85,033,467	79,226,224
Interest income	2	(1,642,847)	(1,092,323)
Income from matured and sold policies	2	(72,040,846)	(61,034,577)
Interest amortisation	9	124,100	124,100
Increase in debtors and prepayments	6	(31,144)	(597,330)
Increase / (decrease) in creditors and accruals	8	<u>38,373</u>	<u>(35,734)</u>
Net cash used in operating activities		<u>(883,633)</u>	<u>(1,564,355)</u>
Investing activities			
Premium payments	2	(85,033,467)	(79,226,224)
Proceeds from matured and sold policies		81,053,840	48,760,405
Interest received	2	<u>1,642,847</u>	<u>1,092,323</u>
Net cash used in investing activities		<u>(2,336,780)</u>	<u>(29,373,496)</u>
Financing activities			
Issue of shares	10	21,000,000	33,572,290
Loan repayment	8,9	<u>(5,217,237)</u>	-
Net cash generated by financing activities		<u>15,782,763</u>	<u>33,572,290</u>
Net increase cash and cash equivalents		12,562,350	2,634,439
Cash and cash equivalents at 1 January		<u>10,840,702</u>	<u>8,206,263</u>
Cash and cash equivalents at 31 December	7	<u>23,403,052</u>	<u>10,840,702</u>

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the cash management agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

The notes on pages 13 to 23 form an integral part of these financial statements.

LIMITED LIFE ASSETS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. PRINCIPAL ACCOUNTING POLICIES

Limited Life Assets Services Limited (the “Company”) is a limited company incorporated and domiciled in the United Kingdom with registered number 7557001 and registered office at 1 Kings Arms Yard, London, EC2R 7AF, United Kingdom.

There is one class of shares in the Company. Limited Life Assets Master Limited, a company incorporated in the United Kingdom, is the sole shareholder and, therefore, the parent of the Company.

Statement of Compliance

The Company’s financial statements have been prepared in compliance with United Kingdom Generally Accepted Accounting Practice (“UK GAAP”) including the Financial Reporting Standard 102 ‘The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (“FRS 102”) as it applies to the financial statements for the year ended 31 December 2020.

Basis of Preparation

The financial statements have been prepared under the historical cost convention, except for the modification, in accordance with applicable accounting standards, including FRS 102 and with the Companies Act 2006. The financial statements are prepared in US dollars (“\$”) which is the functional and presentational currency of the Company.

Going concern

The Company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 4. In addition, Note 11 to the financial statements includes the Company’s objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk, interest rate risk, foreign currency risk and liquidity risk.

On 8 June 2021, the parent of the Company finalised the negotiations pertaining to the sale of the life insurance policies held by the Company outlined in the Purchase and Sale agreement dated 8 June 2021. The parent of the Company expressed their intentions to place the Company into liquidation within 12 months from the date of signing these financial statements. Accordingly, the Directors are of the opinion that the going concern basis should not be adopted in preparing these financial statements.

Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company’s financial assets comprise life settlement contracts, short-term intercompany loans and debtors or receivables, and cash and cash equivalents. Its financial liabilities comprise interest bearing loans from Issuer Plc, short-term creditors and accruals. Financial assets and financial liabilities are classified as either basic or other than basic.

Basic Financial instruments

Basic financial instruments are those that satisfy the conditions in paragraph 11.8 of FRS 102 and are within the scope of Section 11. These include the short-term intercompany loans and debtors or receivables, cash and cash equivalents, short-term creditors and accruals.

Initial recognition

The Company recognises a financial asset or a financial liability only when it becomes a party to the contractual provisions of the instrument. When a financial asset or financial liability is recognised initially, it is measured at the transaction price (adjusted for transaction costs except in the initial measurement of financial assets and liabilities that are subsequently measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction. An arrangement constitutes a financing transaction if payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. Except as set out in paragraph 11.13A of FRS 102, if the arrangement constitutes a financing transaction, the Company measures the financial asset or financial liability at the present value of the future payments discounted at a market rate of interest for a similar debt instrument as determined at initial recognition adjusted for transaction costs.

LIMITED LIFE ASSETS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Subsequent measurement

At the end of each reporting period, the Company measures its financial instruments as follows, without any deduction for transaction costs the Company may incur on sale or disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) or paragraph 11.8(bA) of FRS 102 shall be measured at amortised cost using the effective method.
- For a non-interest bearing debt instrument that is payable or receivable within one year on normal business terms, amortised cost shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received, i.e., net of impairment.

Impairment of financial instruments measured at cost or amortised cost

At the end of each reporting period, the Company assesses whether there is objective evidence of impairment of any financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment set out in paragraphs 11.22 and 11.23 of FRS 102, the Company recognises an impairment loss in profit or loss immediately. The Company assesses individually for impairment all equity instruments regardless of significance, and other financial assets that are individually significant. The Company assesses other financial assets for impairment either individually or grouped on the basis of similar credit risk characteristics. If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the Company reverses the previously recognised impairment loss either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The Company recognises the amount of the reversal in profit or loss immediately.

Derecognition of financial instruments

The Company derecognises a financial asset in accordance with paragraphs 11.33 to 11.35 of FRS 102. A financial liability (or part of a financial liability) is derecognised only when it is extinguished, i.e., when the obligation specified in the contract is discharged, is cancelled or expires and in accordance with paragraphs 11.36 to 11.38 of FRS 102.

Other than basic financial instruments

Other than basic financial instruments are those within the scope of Section 12 of FRS 102. They are recognised only when the entity becomes a party to the contractual provisions of the instrument. These include the life settlement contracts and interest bearing loans from Issuer Plc. On initial recognition these were measured at fair value, which was the transaction price.

Subsequent measurement and derecognition

At the end of each reporting period, the Company measures its life settlement contracts and interest bearing loans from Issuer Plc at fair value and recognises changes in fair value in profit or loss. The Company also applies the derecognition requirements in paragraphs 11.33 to 11.38 of FRS 102 to other than basic financial instruments.

Offsetting

A financial asset and a financial liability are offset, and the net amount presented in the statement of financial position when, and only when, the entity

- Currently has a legally enforceable right to set off the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

LIMITED LIFE ASSETS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Classification of Financial Assets and Financial Liabilities

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three classifications of fair value hierarchy in accordance with FRS 102, Section 11.27. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

Classification A – quoted prices in active markets for identical assets or liabilities that are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the current bid price.

Classification B – inputs other than quoted prices included within Classification A that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) that provides evidence of fair value as long as there has not been the significant change in economic circumstances or significant lapse of time since the last transaction took place. If the entity could demonstrate that the last transaction price is not good estimate of fair value that price is adjusted.

Classification C – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets through profit or loss, life settlement contracts and loans payable are considered to be Classification C.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in banks with less than three months to maturity. All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the securitisation agreements and as such the cash and cash equivalents are not freely available to be used for other purposes.

Life Settlement Contracts

Recognition, initial measurement and subsequent measurement

Life settlement contracts are financial assets within the scope of FRS 102, Section 11. The Company records such assets upon initial recognition at fair value. The Company believes that recording life settlement contracts at fair value through profit or loss significantly reduces the inconsistent treatment that would otherwise arise from recognising gains or losses on a different basis. Subsequently, the Company updates their fair value at each reporting date and recognises changes in fair value in earnings in the statement of comprehensive income.

Derecognition

The Company derecognises its financial assets in accordance with the provisions of FRS 102, Section 11.

Cash flows from the Company's life settlement activities are included in investing activities in the accompanying cash flow statement.

Expenses

Expenses consists principally of accrued professional fees. These fees are accrued when incurred.

Interest payable

Interest is accounted for on an accrual basis, by reference to the principal outstanding at the interest rate applicable, which is set by the calculating agent as per the loan agreements.

Taxation

Corporation tax is provided on taxable profits at the current attributable rates. It is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year.

LIMITED LIFE ASSETS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Interest Income

Interest income such as interest income and income from maturity and sale of investments is accounted for on an accrual basis, by reference to the principal outstanding at the interest rate applicable, which is set by the calculating agent as per the loan agreements.

Income is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount can be measured reliably.

Segmental Reporting

An operating segment is a component of a Company that engages in business activities from which it may earn revenues and incur expenses. The principal assets of the Company are a portfolio of investments in life settlement contracts which generate the Company's revenue and are managed by a Board in the United Kingdom. The Board has assessed that the Company has only one operating segment and operates in only one geographical area being the United Kingdom.

Accounting judgements and estimates

In preparing its financial statements in conformity with FRS 102, the Company makes estimates concerning a variety of matters. The Company has made estimates and judgements in relation to valuation of life settlement contracts and loans payable. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate was revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The cash flows and risks of the loan payable match those of the life settlement contracts as repayments are based on the receipt of investment proceeds from those contracts. Hence, the determination of the fair value of the loans payable is based on the valuation of the underlying life settlement contracts.

The Company utilises estimates of fair value in connection with its investment in life settlement contracts. Fair value of investment in life settlement contracts are calculated using the actuarial asset share method. Inputs and data used in the calculation, such as life expectancy estimates, are obtained from independent third party underwriters and computed based on policy provisions obtained from insurance carriers. The Company uses industry standard tables for male and female smokers and non-smokers for computing the probability of insured dying in each given year. Discount rates ranging from 15% - 20% were used for discounting future projected cash flows (i.e. death benefits and premium payments). The discount rates were determined after considering various factors such as illiquidity, uncertain time to maturity and implied Internal Rate of Return from policy purchases, among others. The Company engaged Lyric Services, LLC to prepare the monthly valuation of the Company's investment in life settlement contracts.

2. INVESTMENT INCOME / (LOSS) AND INTEREST INCOME

	2020	2019
	\$	\$
Income from matured investments	72,040,846	61,034,577
Premium payments	(85,033,467)	(79,226,224)
Unrealised change in fair value	<u>48,434,324</u>	<u>(44,694,210)</u>
	<u>35,441,703</u>	<u>(62,885,857)</u>

LIMITED LIFE ASSETS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. INVESTMENT INCOME / (LOSS) AND INTEREST INCOME (continued)

Interest income includes interest received from money held at bank and on the proceeds of matured policies held by the insurance companies.

	2020	2019
	\$	\$
Interest earned on proceeds from maturity	1,625,290	701,832
Dividend and bank interest	<u>17,557</u>	<u>390,491</u>
	<u>1,642,847</u>	<u>1,092,323</u>

3. ADMINISTRATIVE EXPENSES

	2020	2019
	\$	\$
Fees payable for the audit of the company's annual accounts	69,730	33,700
Fees payable relating to tax services	5,059	4,198
Servicing fees	533,625	609,635
Facility fees	-	-
Corporate services, trustee and accountancy fees	69,655	47,038
Director and other fees	53,661	102,129
Legal and professional fees	138,706	129,311
Bank charges	<u>20,426</u>	<u>4,500</u>
	<u>890,862</u>	<u>930,511</u>

The Company has no employees and has two directors, Mr Alan Morgan and Mr Timothy Church, who received \$43,275 (2019: \$34,620) and \$10,386 (\$67,509) respectively, in remuneration during the year.

4. TAXATION

(a) Analysis of charge during the year:

	2020	2019
	\$	\$
Current tax:		
Corporation tax charge for the year	260	249
Prior year under provision	<u>-</u>	<u>531</u>
	<u>260</u>	<u>780</u>

(b) Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the year is equal to the rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	\$	\$
Loss on ordinary activities before tax	<u>(21,015,526)</u>	<u>(33,537,680)</u>
Profit / (loss) on ordinary activities before tax multiplied by the rate of corporation tax in the UK of 19% (2019: 19%)	(3,992,950)	(6,372,159)
Tax on fair value movement on life settlement contracts	(9,202,522)	8,491,900
Tax on fair value movement in loans payable	10,846,172	(5,568,989)
Permanent differences relating to application of Taxation of Securitisation Companies Regulations 2006	<u>2,349,560</u>	<u>3,449,497</u>
Total corporation tax charge	<u>260</u>	<u>249</u>

The directors are satisfied that this Company meets the definition of a 'securitisation company' as defined by both The Finance Act 2005 and the subsequent secondary legislation and that no incremental unfunded tax liabilities will arise. As at 31 December 2019, there are no tax-related contingent assets or contingent liabilities in accordance with the requirements of FRS 102, Section 21.

LIMITED LIFE ASSETS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

5. LIFE SETTLEMENT CONTRACTS

The movement of the Company's investment in life settlement contracts during the year are shown below.

	2020	2019
	\$	\$
Balance at 1 January, at fair value	234,644,041	285,371,047
Matured and sold life settlement contracts	(7,512,994)	(6,032,796)
Unrealised change in fair value of life settlement contracts (see Note 2)	<u>48,434,324</u>	<u>(44,694,210)</u>
Balance at 31 December, at fair value	<u>275,565,371</u>	<u>234,644,041</u>

The reconciliation of the Company's investment in life settlement contracts at cost during the period are shown below.

	2020	2019
	\$	\$
Balance at 1 January, at cost	93,033,178	99,065,974
Matured and sold life settlement contracts	<u>(7,512,994)</u>	<u>(6,032,796)</u>
Balance at 31 December, at cost	<u>85,520,184</u>	<u>93,033,178</u>

No new life settlement contracts acquired in 2020 (2019: none).

No life settlement contracts lapsed in 2020 (2019: none).

6. DEBTORS AND PREPAYMENTS

	2020	2019
	\$	\$
Prepayments	65,419	81,205
Receivable from Holdco	1,213,648	1,213,648
Receivable from Issuance	110,430	63,500
Receivable on matured and sold policies	<u>16,500,000</u>	<u>18,000,000</u>
	<u>17,889,497</u>	<u>19,358,353</u>

7. CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash in bank	21,967,495	9,077,485
Security intermediary account	<u>1,435,557</u>	<u>1,763,217</u>
	<u>23,403,052</u>	<u>10,840,702</u>

All withdrawals from the Company's bank accounts are restricted by the detailed priority of payments set out in the cash management agreements.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	\$	\$
Accruals	74,749	36,376
Corporation tax	509	249
IssuerCo Loan	<u>316,717,243</u>	<u>-</u>
	<u>316,792,501</u>	<u>36,625</u>

	2020	2019
	\$	\$
At 1 January	264,725,266	-
Interest amortisation	124,100	-
Loan repayment	(5,217,237)	-
Effect of change in fair value	<u>57,085,114</u>	<u>(-)</u>
At 31 December	<u>316,717,243</u>	<u>-</u>

LIMITED LIFE ASSETS SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	\$	\$
At 1 January	-	293,911,631
Interest amortisation	-	124,100
Loan repayment	-	-
Effect of change in fair value	-	(29,310,465)
At 31 December	<u>-</u>	<u>264,725,266</u>

Subject to the terms of the "Issuer AssetCo Loan Agreement" between the Company and Limited Life Assets Issuance PLC ("Issuer PLC") dated 31 May 2011, Issuer PLC makes available to the Company a US Dollar long term loan facility of \$128,990,613. The Company has drawn down a further loan of \$30,177,363 as per the "First Supplemental Issuer AssetCo Loan Agreement" dated 30 September 2011.

The Company will repay an amount equal to the loan to the Issuer PLC on the loan interest payment date in November 2021 which is due to be extended from May 2021. Any principal amounts prepaid shall reduce the amount repayable by the Company on the repayment date to the extent of such prepayment. During the year, there were no repayments made. (2019: \$nil).

On each loan interest payment date, the Company shall prepay an amount equal to the aggregate of:

- the allocated loan amount of the un-invested portion of any realised asset amounts received in the immediately preceding collection period; and
- the allocated loan amount of the un-invested portion of any net disposal proceeds received following a disposal of an asset in the immediately preceding collection period.

The AssetCo Deed of Charge secures all the obligations of the Company to the AssetCo secured parties. In accordance with the AssetCo Deed of Charge, the Company, by way of first fixed security for the payment or discharge of its obligations, assigned in favour of the borrower Security Trustee, Wilmington Trust (London) Limited, for the benefit of the AssetCo secured parties all of its right, title and interest under the AssetCo charged documents which include all contracts and agreements to which the Company becomes a party and of which its rights are assignable by way of security.

This includes the right to receive and collect payment of amounts payable to the Company. Notwithstanding such assignment, the Company may continue to receive all payments due to the Company. Interest paid on loan from Limited Life Assets Issuance PLC is disclosed in Note 13.

10. SHARE CAPITAL

Shares allotted, issued and fully paid:

	No. of Shares	Class	Nominal Value	Amount
			\$	\$
Balance as at 1 January 2019	252,366,838	Ordinary	1	252,366,838
Shares issued	<u>33,572,290</u>	Ordinary	1	<u>33,572,290</u>
Balance as at 1 January 2020	285,939,128	Ordinary	1	285,939,128
Shares issued during the year	<u>21,000,000</u>	Ordinary	1	<u>21,000,000</u>
Balance as at 31 December 2020	<u>306,939,128</u>			<u>306,939,128</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Limited Life Assets Master Limited holds all the shares in the Company. The directors have not recommended a dividend during the year (2019: Nil).

LIMITED LIFE ASSETS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

11. FINANCIAL RISK MANAGEMENT

Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern through additional capitalisation and collection of life settlement proceeds. The Company manages its capital structure in light of the business opportunities available to it. To maintain or adjust the capital structure, the Company has the ability to issue new shares which it has during the year to maintain the liquidity of the Company. The Company manages capital in the amount of approximately \$307 million.

Longevity risk

Longevity risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because estimates of the remaining life of the insured individuals are incorrect. This risk can be separated into systematic lives risk and specific lives risk as follows:

1. Systematic lives risk – the population as a whole starts to live longer (or the population of lives whose life insurance policies have been traded in the market start to live longer).
2. Specific lives risk – the specific lives purchased by the Company live longer than expected. This may be due to particularly poor experience for the types of lives purchased by the Company or that certain types of lives respond particularly well to treatment.

Assumptions are made about the remaining life expectancy ("LE") of each life based on the methodology described in note 1. There is a risk that the actual experience may unfold in a different way from the assumptions of that new evidence emerges requiring a significant change to assumptions. There is a rolling programme of life expectancy reviews conducted by third party valuer. The results of these reviews are then communicated to the Board and where appropriate reflected in the valuations. If the assumptions were changed the valuation of these investments could significantly differ from that shown in the financial statements.

As at 31 December 2020, the Company held 186 life settlement contracts valued at \$276 million (2019: 201 life settlement contracts valued at \$235 million).

The table below illustrates how the valuation changes should these assumptions be altered. The following are shown:

- a) The valuation included in the financial statements on the assumptions for risk discount rate and LEs.
- b) How the valuation varies should the risk discount rates be increased or reduced by 100 bps with the LEs unchanged.
- c) How this value varies should the LEs increase by 1 year with the risk discount rate unchanged.

	2020	2019
	\$ (in million)	\$ (in million)
a) Valuation included in the financial statements	275.6	234.6
b) Valuation if adjust discount rate + 100 bps	264.8	223.6
Valuation if adjust discount rate – 100 bps	285.1	246.5
c) Valuation + 1 year to valuation (LE)	183.2	117.57

Systematic lives risk

There are two parts to this risk:

- (i) Underwriters' estimations of life expectancy are incorrect.
- (ii) Systematic improvements in mortality due to medical advancements.

All life settlement contracts are underwritten individually, and different life expectancies and uplift factors (the relative increase in mortality required for the life) are determined for each life. The underwriter produces an underwriting report including the LE.

LIMITED LIFE ASSETS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

11. FINANCIAL RISK MANAGEMENT (continued)

Systematic lives risk (continued)

If the underlying insured lives longer than the underwriter expected, the valuation will decrease. This is because profits arising from death benefit are being realised later and total future premiums are underestimated. The reverse is true if the underlying insured dies before the underwriter expected. As seen from the table above, the valuation is highly sensitive to mortality changes.

The second risk is that medical advancements will improve mortality significantly, resulting in profit being delayed and reduced.

There is a risk that the underlying lives with acute diseases respond well to treatment which gives rise to the impairment going into remission. If this happens on a large number of lives, the overall LE of the portfolio could be extended and the value of the policies will reduce.

Similarly, there is a risk that the policies purchased by the Company happen to experience particularly poor experience for other reasons (e.g. poor underwriting).

Risk discount rate

The “risk premium” is added to the risk-free rate in order to calculate the risk discount rate used to discount future cash flows. It allows for the risk inherent in the cash flows. From the table, it can be seen that the valuation is sensitive to changes in the risk discount rate.

Market and price risk

Market risk is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market prices. Fair value of life settlement contracts are subject to fluctuation.

In general, the fair value of a life settlement contract is dependent upon, among other things, the contract’s net death benefit, the cost of maintaining the contract, mortality assumptions and the discount rate used. Management manages the market risk through active portfolio management, analysing the policies to be serviced and lapsing the policies if they are not considered beneficial in the long-run. An increase of 10% in the fair value of the portfolio (as a result of the variables discussed above) with all other variables held constant, would have increased total shareholder’s funds by approximately \$27.5 million. A decrease of 10% would have an equal and opposite effect.

Credit risk

Credit risk is the risk that a counter party will not meet its obligation under a financial instrument or contract, leading to a financial loss. The Company’s credit risk is principally attributable to its life settlement contracts and receivable on matured policies. The Company’s credit risk is also dependent on the financial stability of the underlying insurance companies and their ability to pay the benefits. Management actively analyses the health of the insurance companies.

The maximum exposure to credit risk is the carrying amount of the Company’s financial assets amounting to \$316,792,501 (2019: \$264,761,891). Based on evaluation of the insurance companies, management considers the credit quality of receivables on matured policies that are not past due or impaired to be good. The cash balances are held with reputable banks with high external credit ratings. To this extent, the Company’s credit risk is considered low.

Interest rate risk

Interest rate risk is the risk of a reduction in the value of and asset resulted from unexpected fluctuations in interest rates. The floating interest rate for the Company’s loan from Issuer PLC is determined by the calculation agent in accordance with the Loan Agreements. The carrying amount of financial liabilities at floating interest rates amounted to \$259,632,129 (2019: \$264,725,266). The Directors monitor the headroom between amounts due from the life insurance contracts held and loan notes to ensure that the risk is managed.

LIMITED LIFE ASSETS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

11. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk

All of the Company's assets and liabilities are denominated in U.S. dollars therefore there is no foreign currency risk.

Fair value of financial instruments

The fair values together with the carrying amounts shown in the statement of financial position of the financial assets and financial liabilities are as follows:

		Carrying amount 2020	Fair value 2020	Carrying amount 2019	Fair value 2019
	Notes	\$	\$	\$	\$
Financial assets:					
Life settlement contracts	5	275,565,371	275,565,371	234,644,041	234,644,041
Receivable from HoldCo and Issuance	6	1,324,078	1,324,078	1,277,148	1,277,148
Receivable on matured policies	6	16,500,000	16,500,000	18,000,000	18,000,000
Cash and cash equivalents	7	<u>23,403,052</u>	<u>23,403,052</u>	<u>10,840,702</u>	<u>10,840,702</u>
		<u>316,747,491</u>	<u>316,747,491</u>	<u>264,761,891</u>	<u>264,761,891</u>
Financial liabilities:					
Loan from Issuer PLC	8,9	316,717,243	316,717,243	264,725,266	264,725,266
Accruals and other liabilities	8	<u>75,258</u>	<u>75,258</u>	<u>36,376</u>	<u>36,376</u>
		<u>316,792,501</u>	<u>316,792,501</u>	<u>264,761,642</u>	<u>264,761,642</u>

Fair values of the Company's financial assets and liabilities approximate their carrying amounts at year end.

Liquidity risk

The Company's policy is to manage liquidity risk through its use of cash balances. As per the Shareholders' Agreement, the Company will maintain cash reserves equal to at least five weeks' worth of projected premium payments on the policies and will maintain sufficient operating cash to meet expected operating expenses including any fees payable to the servicer for a period of not less than one calendar month as determined by the calculation agent, unless otherwise determined by the Board.

The Shareholders' Agreement is designed to match the availability of funds, there are deemed to be limited liquidity risks facing the Company. Payments made by the Company are made in accordance with the priority of payments as set out in the cash management agreements. Under these terms, payments are made on a monthly basis. The prepayment on the loan notes are determined by the calculation agent in accordance with the loan agreements (see note 9).

The table below shows the maturity profile of the carrying amount of the Company's financial liabilities.

		Less than 1 year	1-2 years	2-5 years	More than 5 years
2020	Total	\$	\$	\$	\$
Financial liabilities					
Loan from Issuer PLC	316,717,243	316,717,243	-	-	-
Accruals	<u>75,258</u>	<u>75,258</u>	-	-	-
	<u>316,792,501</u>	<u>316,792,501</u>	-	-	-
2019					
	Total	\$	\$	\$	\$
Financial liabilities					
Loan from Issuer PLC	264,725,266	-	264,725,266	-	-
Accruals	<u>36,376</u>	<u>36,376</u>	-	-	-
	<u>264,761,642</u>	<u>36,376</u>	<u>264,725,266</u>	-	-

LIMITED LIFE ASSETS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

12. RELATED PARTY TRANSACTIONS

The Company has identified the following transactions which are required to be disclosed under the terms of FRS 102, section 33 Related Party Disclosures.

Limited Life Assets Master Limited, the Company's parent, subscribed for additional shares in the current year of 21,000,000 shares at \$1 per share (2019: 33,572,290 shares at \$1 per share).

Mr. Alan Morgan and Mr Timothy Church, who are directors of the Company, received \$43,275 (2019: \$34,620) and \$10,386 (\$67,509) respectively as a director's fee included as part of administrative expenses (see note 3).

13. LOAN INTEREST PAID

Interest is accounted for on a time basis, by reference to the principal outstanding at the interest rate applicable, which is set by the calculating agent as per the loan agreements. Interest paid on loan from Limited Life Assets Issuance PLC as calculated by the calculating agent is \$Nil (2019: \$Nil).

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1 January to 31 December 2020 \$	1 January to 31 December 2019 \$
Increase in cash	12,562,350	2,634,439
Cash inflow from repayment of loans	<u>5,217,237</u>	-
Change in net debt resulting from cash flows	17,779,587	2,634,439
Interest amortisation	(124,100)	(124,100)
Effect of change in fair value – non cash	<u>(57,085,114)</u>	<u>29,310,465</u>
Movement in net debt	(39,429,627)	31,820,804
Net debt at 1 January	<u>(253,884,564)</u>	<u>(285,705,368)</u>
Net debt at 31 December	<u>(293,314,191)</u>	<u>(253,884,564)</u>

The Company's net debt comprises its borrowings less cash and cash equivalents.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Limited Life Assets Master Limited holds 100% of the shares in the Company. More than 50% shares in Limited Life Assets Master Limited are held by Barfield Nominees Limited as nominee for SSALT Fund Ltd. SSALT Fund Limited, which is a company incorporated in Guernsey, is considered to be the Company's ultimate controlling party.

16. CONTINGENCIES AND COMMITMENT

As at 31 December 2020, the Company had no significant contractual obligations (2019: Nil).

17. POST BALANCE SHEET EVENTS

On 8 June 2021, the parent company reached an agreement with VICOF II Acquisition LLC (the "buyer") in relation to the sale of the entire life insurance policies portfolio held by the Company.

During 2021, the Company have not received an additional capital injection (2019: \$5,000,000).