



# **Standard Life Assurance Limited**

**Annual FSA Insurance Returns  
for the financial year ended 31 December 2010**

Prepared in accordance with the Accounts and Statements Rules

(Appendices 9.1,9.3,9.4, 9.4A and 9.6)



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**Statement of solvency - long-term insurance business**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**

Adjusted solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	<b>R2</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**Capital resources**

Capital resources arising within the long-term insurance fund	<b>11</b>	4086627	1675949
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>	2645542	3615822
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	6732169	5291771

**Guarantee fund**

Guarantee fund requirement	<b>21</b>	702188	921520
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>	5664359	4105013

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>	1601666	1622157
Resilience capital requirement	<b>32</b>		
Base capital resources requirement	<b>33</b>	3040	3128
Individual minimum capital requirement	<b>34</b>	1601666	1622157
Capital requirements of regulated related undertakings	<b>35</b>	188374	415002
Minimum capital requirement (34+35)	<b>36</b>	1790040	2037159
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>	4228307	2376465
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>	4283094	2653992

**Enhanced capital requirement**

With-profits insurance capital component	<b>39</b>	1122388	3185
Enhanced capital requirement	<b>40</b>	2912428	2040344

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>	2912428	2040344
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	3819741	3251427

**Contingent liabilities**

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	<b>51</b>		
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**Covering Sheet to Form 2**

Name of insurer **Standard Life Assurance Limited**  
Global business  
Financial year ended **31 December 2010**

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**D NISH**

**Chief Executive**

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**J GILL**

**Director**

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**P S MATTHEWS**

**Director**

**Components of capital resources**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/UK/CM	day month year			Units
R3	SC 286833	GL	31	12	2010	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

**Core tier one capital**

Permanent share capital	11		34150	34150	20200
Profit and loss account and other reserves	12		1852850	1852850	1674173
Share premium account	13				
Positive valuation differences	14		3053909	3053909	1439923
Fund for future appropriations	15		670351	670351	667189
Core tier one capital in related undertakings	16		206644	206644	303981
Core tier one capital (sum of 11 to 16)	19		5817904	5817904	4105466

**Tier one waivers**

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit Items	22				
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24				

**Other tier one capital**

Perpetual non-cumulative preference shares as restricted	25				
Perpetual non-cumulative preference shares in related undertakings	26				
Innovative tier one capital as restricted	27		636874	636874	599125
Innovative tier one capital in related undertakings	28				

<b>Total tier one capital before deductions (19+24+25+26+27+28)</b>	<b>31</b>		6454778	6454778	4704591
Investments in own shares	32				
Intangible assets	33		215458	215458	264482
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36		479119	479119	445940
Deductions from tier one (32 to 36)	37		694577	694577	710422
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>		5760201	5760201	3994169

**Components of capital resources**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day month year			Units	
	<b>R3</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year	
		<b>1</b>	<b>2</b>	<b>3</b>		<b>4</b>	

**Tier two capital**

Implicit items, (tier two waivers and amounts excluded from line 22)	<b>41</b>				
Perpetual non-cumulative preference shares excluded from line 25	<b>42</b>				
Innovative tier one capital excluded from line 27	<b>43</b>				48666
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	<b>44</b>				48666
Perpetual cumulative preference shares	<b>45</b>				
Perpetual subordinated debt and securities	<b>46</b>		502297	502297	521817
Upper tier two capital in related undertakings	<b>47</b>				265000
<b>Upper tier two capital (44 to 47)</b>	<b>49</b>		502297	502297	835483

Fixed term preference shares	<b>51</b>				
Other tier two instruments	<b>52</b>		659702	659702	706839
Lower tier two capital in related undertakings	<b>53</b>		120	120	120
<b>Lower tier two capital (51+52+53)</b>	<b>59</b>		659822	659822	706959

<b>Total tier two capital before restrictions (49+59)</b>	<b>61</b>		1162119	1162119	1542442
Excess tier two capital	<b>62</b>				
Further excess lower tier two capital	<b>63</b>				
<b>Total tier two capital after restrictions, before deductions (61-62-63)</b>	<b>69</b>		1162119	1162119	1542442

**Components of capital resources**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**

Company registration number	GL/UK/CM	day month year			Units	
<b>R3</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
		General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>	Total as at the end of the previous year <b>4</b>	

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>				
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>		6922320	6922320	5536611
Inadmissible assets other than intangibles and own shares	<b>73</b>		67176	67176	136834
Assets in excess of market risk and counterparty limits	<b>74</b>				
Deductions for related ancillary services undertakings	<b>75</b>		14224	14224	14224
Deductions for regulated non-insurance related undertakings	<b>76</b>				
Deductions of ineligible surplus capital	<b>77</b>		108751	108751	93782
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>		6732169	6732169	5291771

**Available capital resources for GENPRU/INSPRU tests**

Available capital resources for guarantee fund requirement	<b>81</b>		6366547	6366547	5026533
Available capital resources for 50% MCR requirement	<b>82</b>		5123327	5123327	3395044
Available capital resources for 75% MCR requirement	<b>83</b>		5625624	5625624	4181861

**Financial engineering adjustments**

Implicit items	<b>91</b>				
Financial reinsurance - ceded	<b>92</b>				
Financial reinsurance - accepted	<b>93</b>				
Outstanding contingent loans	<b>94</b>				
Any other charges on future profits	<b>95</b>				
Sum of financial engineering adjustments (91+92-93+94+95)	<b>96</b>				

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total other than long term insurance business assets**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2010		
	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>1</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>	3520		4320	

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>	68039	67745
	Debts and loans	<b>22</b>	81000	
Other insurance dependants	Shares	<b>23</b>	10320	2276
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>	27784	364963
	Debts and loans	<b>26</b>	11450	11450
Other group undertakings	Shares	<b>27</b>		
	Debts and loans	<b>28</b>	211409	
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares	<b>41</b>			
Other shares and other variable yield participations	<b>42</b>			
Holdings in collective investment schemes	<b>43</b>	997625	377788	
Rights under derivative contracts	<b>44</b>	294839	291704	
Fixed interest securities	Approved	<b>45</b>	41318	42057
	Other	<b>46</b>		
Variable interest securities	Approved	<b>47</b>		
	Other	<b>48</b>	635961	109293
Participation in investment pools	<b>49</b>			
Loans secured by mortgages	<b>50</b>			
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>			
Loans secured by policies of insurance issued by the company	<b>52</b>			
Other loans	<b>53</b>			
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	113451	2121355
	More than one month withdrawal	<b>55</b>	85739	204974
Other financial investments	<b>56</b>			
Deposits with ceding undertakings	<b>57</b>			
Assets held to match linked liabilities	Index linked	<b>58</b>		
	Property linked	<b>59</b>		

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
						<b>1</b>
						<b>As at end of this financial year</b>
						<b>As at end of the previous year</b>
						<b>1</b>
						<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	
	Intermediaries	<b>72</b>	
Salvage and subrogation recoveries		<b>73</b>	
Reinsurance	Accepted	<b>74</b>	
	Ceded	<b>75</b>	
Dependants	due in 12 months or less	<b>76</b>	1750
	due in more than 12 months	<b>77</b>	
Other	due in 12 months or less	<b>78</b>	1750
	due in more than 12 months	<b>79</b>	14132

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	894	96
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	1258	769
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	2586357	3614672
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**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>1</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	2586357	3614672
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>		11341
Capital resources requirement deduction of regulated related undertakings	<b>94</b>	182624	409228
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>	108751	93782
Inadmissible assets of regulated related undertakings	<b>96</b>	491661	519123
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>	(1879)	(290455)
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>		
Other asset adjustments (may be negative)	<b>101</b>	(2751)	(642592)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	<b>102</b>	3364763	3715099
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total long term insurance business assets**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2010		
	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>10</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>			1074634	977665

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>		39685	38817
	Debts and loans	<b>22</b>		65634	63073
Other insurance dependants	Shares	<b>23</b>			
	Debts and loans	<b>24</b>			
Non-insurance dependants	Shares	<b>25</b>		1571	1010
	Debts and loans	<b>26</b>		11010	18810
Other group undertakings	Shares	<b>27</b>		425864	1136188
	Debts and loans	<b>28</b>		382104	465692
Participating interests	Shares	<b>29</b>		77631	94773
	Debts and loans	<b>30</b>		290	290

**Other financial investments**

Equity shares		<b>41</b>		4208976	3669330
Other shares and other variable yield participations		<b>42</b>			
Holdings in collective investment schemes		<b>43</b>		23326390	22889922
Rights under derivative contracts		<b>44</b>		585475	684027
Fixed interest securities	Approved	<b>45</b>		5341773	4915926
	Other	<b>46</b>		5739284	5891062
Variable interest securities	Approved	<b>47</b>		1227884	1123089
	Other	<b>48</b>		289307	286597
Participation in investment pools		<b>49</b>			
Loans secured by mortgages		<b>50</b>		153344	177750
Loans to public or local authorities and nationalised industries or undertakings		<b>51</b>			
Loans secured by policies of insurance issued by the company		<b>52</b>		17470	22836
Other loans		<b>53</b>			
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>		95567	21559
	More than one month withdrawal	<b>55</b>		10001	67534
Other financial investments		<b>56</b>		338	22810
Deposits with ceding undertakings		<b>57</b>			
Assets held to match linked liabilities	Index linked	<b>58</b>		1274032	1272957
	Property linked	<b>59</b>		59488	36723

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
						<b>10</b>
						<b>As at end of this financial year</b>
						<b>As at end of the previous year</b>
						<b>1</b>
						<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	44226	48909
	Intermediaries	<b>72</b>	35520	16645
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>	1841	160
Dependants	due in 12 months or less	<b>76</b>	129485	120123
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	131036	108788
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	115817	67922
Cash in hand	<b>82</b>		6
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	219439	220955
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>	630	876

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	45085746	44462824
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**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total long term insurance business assets**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>10</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**Reconciliation to asset values determined in accordance  
with the insurance accounts rules or international  
accounting standards as applicable to the firm for the  
purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	45085746	44462824
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	41242	72552
Capital resources requirement deduction of regulated related undertakings	<b>94</b>	5750	5774
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related undertakings	<b>96</b>	19	19
Book value of related ancillary services undertakings	<b>97</b>	14224	14224
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>	(103220)	(97611)
Deferred acquisition costs excluded from line 89	<b>99</b>	277847	313161
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	70313789	60990641
Other asset adjustments (may be negative)	<b>101</b>	55286	229622
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	<b>102</b>	115690683	105991206
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		7395

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Heritage With Profits Fund**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2010		
	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>11</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>	1072623		974424	

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>	39685		38817	
	Debts and loans	<b>22</b>	65634		63073	
Other insurance dependants	Shares	<b>23</b>				
	Debts and loans	<b>24</b>				
Non-insurance dependants	Shares	<b>25</b>	1571		1010	
	Debts and loans	<b>26</b>	11010		11710	
Other group undertakings	Shares	<b>27</b>	424065		1135896	
	Debts and loans	<b>28</b>	382104		465692	
Participating interests	Shares	<b>29</b>	77631		94773	
	Debts and loans	<b>30</b>	290		290	

**Other financial investments**

Equity shares		<b>41</b>	4208942		3669294	
Other shares and other variable yield participations		<b>42</b>				
Holdings in collective investment schemes		<b>43</b>	22720529		22440301	
Rights under derivative contracts		<b>44</b>	577091		675550	
Fixed interest securities	Approved	<b>45</b>	5338447		4912573	
	Other	<b>46</b>	5739284		5891062	
Variable interest securities	Approved	<b>47</b>	1227884		1123089	
	Other	<b>48</b>	289307		286597	
Participation in investment pools		<b>49</b>				
Loans secured by mortgages		<b>50</b>	153344		177750	
Loans to public or local authorities and nationalised industries or undertakings		<b>51</b>				
Loans secured by policies of insurance issued by the company		<b>52</b>	17470		22836	
Other loans		<b>53</b>				
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	56394			
	More than one month withdrawal	<b>55</b>	10001		67534	
Other financial investments		<b>56</b>	338		22810	
Deposits with ceding undertakings		<b>57</b>				
Assets held to match linked liabilities	Index linked	<b>58</b>	1273632		1272732	
	Property linked	<b>59</b>	863		852	

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Heritage With Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
						<b>11</b>
						<b>As at end of this financial year</b>
						<b>As at end of the previous year</b>
						<b>1</b>
						<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	26454	25476
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>	98	160
Dependants	due in 12 months or less	<b>76</b>	56835	60936
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	75813	56715
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	54004	16827
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	219424	220947
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	44120767	43729726
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**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Heritage With Profits Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>11</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	44120767	43729726
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	11619	20326
Capital resources requirement deduction of regulated related undertakings	<b>94</b>	5750	5774
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related undertakings	<b>96</b>	19	19
Book value of related ancillary services undertakings	<b>97</b>	14224	14224
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>	(103220)	(97611)
Deferred acquisition costs excluded from line 89	<b>99</b>	104157	121304
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	42634588	40813571
Other asset adjustments (may be negative)	<b>101</b>	(183370)	253769
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	<b>102</b>	86604534	84861102
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		7395

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Proprietary Business Fund**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2010		
	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>12</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>	2011		3241	

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>		
	Debts and loans	<b>22</b>		
Other insurance dependants	Shares	<b>23</b>		
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>		
	Debts and loans	<b>26</b>		7100
Other group undertakings	Shares	<b>27</b>		
	Debts and loans	<b>28</b>		
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares		<b>41</b>	34	36
Other shares and other variable yield participations		<b>42</b>		
Holdings in collective investment schemes		<b>43</b>	103542	96680
Rights under derivative contracts		<b>44</b>	404	2326
Fixed interest securities	Approved	<b>45</b>	3326	3353
	Other	<b>46</b>		
Variable interest securities	Approved	<b>47</b>		
	Other	<b>48</b>		
Participation in investment pools		<b>49</b>		
Loans secured by mortgages		<b>50</b>		
Loans to public or local authorities and nationalised industries or undertakings		<b>51</b>		
Loans secured by policies of insurance issued by the company		<b>52</b>		
Other loans		<b>53</b>		
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	39173	13367
	More than one month withdrawal	<b>55</b>		
Other financial investments		<b>56</b>		
Deposits with ceding undertakings		<b>57</b>		
Assets held to match linked liabilities	Index linked	<b>58</b>	400	225
	Property linked	<b>59</b>	58625	35871

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Proprietary Business Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
						<b>12</b>
						<b>As at end of this financial year</b>
						<b>As at end of the previous year</b>
						<b>1</b>
						<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	17772	23433
	Intermediaries	<b>72</b>	35520	16645
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>	1743	
Dependants	due in 12 months or less	<b>76</b>	71807	58516
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	54520	50891
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	55849	46912
Cash in hand	<b>82</b>		6
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	8	8
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>	630	876

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	445364	359486
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**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Proprietary Business Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>12</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**Reconciliation to asset values determined in accordance  
with the insurance accounts rules or international  
accounting standards as applicable to the firm for the  
purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	445364	359486
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	29623	52226
Capital resources requirement deduction of regulated related undertakings	<b>94</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related undertakings	<b>96</b>		
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>		
Deferred acquisition costs excluded from line 89	<b>99</b>	173690	191857
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	27679201	20177070
Other asset adjustments (may be negative)	<b>101</b>	242280	(20210)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	<b>102</b>	28570158	20760429
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **German With Profits Fund**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
	<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>13</b>
							<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
							<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>					

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>		
	Debts and loans	<b>22</b>		
Other insurance dependants	Shares	<b>23</b>		
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>		
	Debts and loans	<b>26</b>		
Other group undertakings	Shares	<b>27</b>	1603	242
	Debts and loans	<b>28</b>		
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares	<b>41</b>		
Other shares and other variable yield participations	<b>42</b>		
Holdings in collective investment schemes	<b>43</b>	445379	312938
Rights under derivative contracts	<b>44</b>	7980	6151
Fixed interest securities	Approved	<b>45</b>	
	Other	<b>46</b>	
Variable interest securities	Approved	<b>47</b>	
	Other	<b>48</b>	
Participation in investment pools	<b>49</b>		
Loans secured by mortgages	<b>50</b>		
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>		
Loans secured by policies of insurance issued by the company	<b>52</b>		
Other loans	<b>53</b>		
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	7481
	More than one month withdrawal	<b>55</b>	
Other financial investments	<b>56</b>		
Deposits with ceding undertakings	<b>57</b>		
Assets held to match linked liabilities	Index linked	<b>58</b>	
	Property linked	<b>59</b>	

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **German With Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
						<b>13</b>
						<b>As at end of this financial year</b>
						<b>As at end of the previous year</b>
						<b>1</b>
						<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>		
Dependants	due in 12 months or less	<b>76</b>	843	671
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	460	428
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	5954	4169
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	6	
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	462225	332080
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**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **German With Profits Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>13</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	462225	332080
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>		
Capital resources requirement deduction of regulated related undertakings	<b>94</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related undertakings	<b>96</b>		
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>		
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>		
Other asset adjustments (may be negative)	<b>101</b>	(3590)	(3718)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	<b>102</b>	458635	328362
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **German Smoothed Managed With Profits Fund**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	SC 286833	GL	31	12	2010	£000
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings						<b>11</b>	

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>		
	Debts and loans	<b>22</b>		
Other insurance dependants	Shares	<b>23</b>		
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>		
	Debts and loans	<b>26</b>		
Other group undertakings	Shares	<b>27</b>	196	50
	Debts and loans	<b>28</b>		
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares	<b>41</b>		
Other shares and other variable yield participations	<b>42</b>		
Holdings in collective investment schemes	<b>43</b>	36908	26440
Rights under derivative contracts	<b>44</b>		
Fixed interest securities	Approved	<b>45</b>	
	Other	<b>46</b>	
Variable interest securities	Approved	<b>47</b>	
	Other	<b>48</b>	
Participation in investment pools	<b>49</b>		
Loans secured by mortgages	<b>50</b>		
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>		
Loans secured by policies of insurance issued by the company	<b>52</b>		
Other loans	<b>53</b>		
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	711
	More than one month withdrawal	<b>55</b>	
Other financial investments	<b>56</b>		
Deposits with ceding undertakings	<b>57</b>		
Assets held to match linked liabilities	Index linked	<b>58</b>	
	Property linked	<b>59</b>	

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **German Smoothed Managed With Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	
						<b>14</b>	
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>		
Dependants	due in 12 months or less	<b>76</b>		
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	65	70
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	6	10
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>	1	
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	37176	27281
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**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **German Smoothed Managed With Profits Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>14</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	37176	27281
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>		
Capital resources requirement deduction of regulated related undertakings	<b>94</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related undertakings	<b>96</b>		
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>		
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>		
Other asset adjustments (may be negative)	<b>101</b>	(34)	(219)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	<b>102</b>	37142	27062
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **UK Smoothed Managed With Profits Fund**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2010		
	<b>SC 286833</b>	<b>GL</b>				<b>£000</b>	<b>15</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>				

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	<b>21</b>		
	Debts and loans	<b>22</b>		
Other insurance dependants	Shares	<b>23</b>		
	Debts and loans	<b>24</b>		
Non-insurance dependants	Shares	<b>25</b>		
	Debts and loans	<b>26</b>		
Other group undertakings	Shares	<b>27</b>		
	Debts and loans	<b>28</b>		
Participating interests	Shares	<b>29</b>		
	Debts and loans	<b>30</b>		

**Other financial investments**

Equity shares		<b>41</b>		
Other shares and other variable yield participations		<b>42</b>		
Holdings in collective investment schemes		<b>43</b>	20032	13563
Rights under derivative contracts		<b>44</b>		
Fixed interest securities	Approved	<b>45</b>		
	Other	<b>46</b>		
Variable interest securities	Approved	<b>47</b>		
	Other	<b>48</b>		
Participation in investment pools		<b>49</b>		
Loans secured by mortgages		<b>50</b>		
Loans to public or local authorities and nationalised industries or undertakings		<b>51</b>		
Loans secured by policies of insurance issued by the company		<b>52</b>		
Other loans		<b>53</b>		
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>		
	More than one month withdrawal	<b>55</b>		
Other financial investments		<b>56</b>		
Deposits with ceding undertakings		<b>57</b>		
Assets held to match linked liabilities	Index linked	<b>58</b>		
	Property linked	<b>59</b>		

**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **UK Smoothed Managed With Profits Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>
						<b>15</b>
						<b>As at end of this financial year</b>
						<b>As at end of the previous year</b>
						<b>1</b>
						<b>2</b>

**Reinsurers' share of technical provisions**

Provision for unearned premiums	<b>60</b>		
Claims outstanding	<b>61</b>		
Provision for unexpired risks	<b>62</b>		
Other	<b>63</b>		

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>		
Dependants	due in 12 months or less	<b>76</b>		
	due in more than 12 months	<b>77</b>		
Other	due in 12 months or less	<b>78</b>	178	684
	due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	4	4
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>		
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		

Deductions from the aggregate value of assets	<b>87</b>		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>	20214	14251
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**Analysis of admissible assets**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **UK Smoothed Managed With Profits Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>15</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	20214	14251
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>		
Capital resources requirement deduction of regulated related undertakings	<b>94</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>95</b>		
Inadmissible assets of regulated related undertakings	<b>96</b>		
Book value of related ancillary services undertakings	<b>97</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>98</b>		
Deferred acquisition costs excluded from line 89	<b>99</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>		
Other asset adjustments (may be negative)	<b>101</b>		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	<b>102</b>	20214	14251
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Long term insurance business liabilities and margins**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **Summary**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	33694505	34376844
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>		
Balance of surplus/(valuation deficit)		<b>13</b>	183804	25430
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	33878309	34402274
Claims outstanding	Gross	<b>15</b>	161632	155172
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>	161632	155172
Provisions	Taxation	<b>21</b>	64650	65462
	Other risks and charges	<b>22</b>	103122	101634
Deposits received from reinsurers		<b>23</b>	6020944	6104178
Creditors	Direct insurance business	<b>31</b>	83606	69891
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	7922	8189
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>	4012	383056
Creditors	Taxation	<b>37</b>	133444	27651
	Other	<b>38</b>	716918	1485922
Accruals and deferred income		<b>39</b>	14114	14650
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	7310364	8415805
Excess of the value of net admissible assets		<b>51</b>	3897073	1644745
Total liabilities and margins		<b>59</b>	45085746	44462824

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>	41233	828354
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>	59488	36723

Total liabilities (11+12+49)		<b>71</b>	41004869	42792649
Increase to liabilities - DAC related		<b>72</b>	72901	62200
Reinsurers' share of technical provisions		<b>73</b>	70313789	60990641
Other adjustments to liabilities (may be negative)		<b>74</b>	3186974	1214728
Capital and reserves and fund for future appropriations		<b>75</b>	1112150	930988
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		<b>76</b>	115690683	105991206

**Long term insurance business liabilities and margins**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **Heritage With Profits Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	33132707	33965729
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>		
Balance of surplus/(valuation deficit)		<b>13</b>	123602	
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	33256309	33965729
Claims outstanding	Gross	<b>15</b>	145577	143710
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>	145577	143710
Provisions	Taxation	<b>21</b>	64650	65462
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>23</b>	6020944	6104178
Creditors	Direct insurance business	<b>31</b>	9586	11536
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	7908	8184
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>	3735	377560
Creditors	Taxation	<b>37</b>	119093	18466
	Other	<b>38</b>	611635	1384307
Accruals and deferred income		<b>39</b>	14114	14650
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	6997242	8128053
Excess of the value of net admissible assets		<b>51</b>	3867216	1635944
Total liabilities and margins		<b>59</b>	44120767	43729726

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>	13023	806338
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>	863	852

Total liabilities (11+12+49)		<b>71</b>	40129949	42093782
Increase to liabilities - DAC related		<b>72</b>		
Reinsurers' share of technical provisions		<b>73</b>		
Other adjustments to liabilities (may be negative)		<b>74</b>		
Capital and reserves and fund for future appropriations		<b>75</b>		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		<b>76</b>		

**Long term insurance business liabilities and margins**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **German With Profits Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	423517	315223
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>		
Balance of surplus/(valuation deficit)		<b>13</b>	3841	3841
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	427358	319064
Claims outstanding	Gross	<b>15</b>		
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>		
Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>23</b>		
Creditors	Direct insurance business	<b>31</b>		
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>		
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>		
Creditors	Taxation	<b>37</b>		
	Other	<b>38</b>	5010	4215
Accruals and deferred income		<b>39</b>		
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	5010	4215
Excess of the value of net admissible assets		<b>51</b>	29857	8801
Total liabilities and margins		<b>59</b>	462225	332080

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>		3718
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>		

Total liabilities (11+12+49)		<b>71</b>	428527	319438
Increase to liabilities - DAC related		<b>72</b>		
Reinsurers' share of technical provisions		<b>73</b>		
Other adjustments to liabilities (may be negative)		<b>74</b>		
Capital and reserves and fund for future appropriations		<b>75</b>		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		<b>76</b>		

**Long term insurance business liabilities and margins**

Name of insurer **Standard Life Assurance Limited**  
 Global business  
 Financial year ended **31 December 2010**  
 Total business/Sub fund **German Smoothed Managed Fund**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	37142	27062
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>		
Balance of surplus/(valuation deficit)		<b>13</b>		
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	37142	27062
Claims outstanding	Gross	<b>15</b>		
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>		
Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>23</b>		
Creditors	Direct insurance business	<b>31</b>		
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>		
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>		
Creditors	Taxation	<b>37</b>		
	Other	<b>38</b>	34	219
Accruals and deferred income		<b>39</b>		
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	34	219
Excess of the value of net admissible assets		<b>51</b>		
Total liabilities and margins		<b>59</b>	37176	27281

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>		

Total liabilities (11+12+49)		<b>71</b>	37176	27281
Increase to liabilities - DAC related		<b>72</b>		
Reinsurers' share of technical provisions		<b>73</b>		
Other adjustments to liabilities (may be negative)		<b>74</b>		
Capital and reserves and fund for future appropriations		<b>75</b>		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		<b>76</b>		

**Long term insurance business liabilities and margins**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **UK Smoothed Managed Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	20198	14236
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>		
Balance of surplus/(valuation deficit)		<b>13</b>		
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	20198	14236
Claims outstanding	Gross	<b>15</b>		
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>		
Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>23</b>		
Creditors	Direct insurance business	<b>31</b>		
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>		
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>		
Creditors	Taxation	<b>37</b>		
	Other	<b>38</b>	16	15
Accruals and deferred income		<b>39</b>		
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	16	15
Excess of the value of net admissible assets		<b>51</b>		
Total liabilities and margins		<b>59</b>	20214	14251

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>		

Total liabilities (11+12+49)		<b>71</b>	20214	14251
Increase to liabilities - DAC related		<b>72</b>		
Reinsurers' share of technical provisions		<b>73</b>		
Other adjustments to liabilities (may be negative)		<b>74</b>		
Capital and reserves and fund for future appropriations		<b>75</b>		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		<b>76</b>		

**Long term insurance business liabilities and margins**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **Proprietary Business Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus		<b>11</b>	80941	54594
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>		
Balance of surplus/(valuation deficit)		<b>13</b>	56361	21589
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	137302	76183
Claims outstanding	Gross	<b>15</b>	16055	11462
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>	16055	11462
Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>	103122	101634
Deposits received from reinsurers		<b>23</b>		
Creditors	Direct insurance business	<b>31</b>	74020	58355
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	14	5
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>	277	5496
Creditors	Taxation	<b>37</b>	14351	9185
	Other	<b>38</b>	100223	97166
Accruals and deferred income		<b>39</b>		
Provision for "reasonably foreseeable adverse variations"		<b>41</b>		
Total other insurance and non-insurance liabilities (17 to 41)		<b>49</b>	308062	283303
Excess of the value of net admissible assets		<b>51</b>		
Total liabilities and margins		<b>59</b>	445364	359486

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		<b>61</b>	28210	18298
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		<b>62</b>	58625	35871

Total liabilities (11+12+49)		<b>71</b>	389003	337897
Increase to liabilities - DAC related		<b>72</b>		
Reinsurers' share of technical provisions		<b>73</b>		
Other adjustments to liabilities (may be negative)		<b>74</b>		
Capital and reserves and fund for future appropriations		<b>75</b>		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		<b>76</b>		

**Liabilities (other than long term insurance business)**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**

R15	Company registration number	GL/UK/CM	day	month	year	Units
	SC 286833	GL	31	12	2010	£000
			As at end of this financial year			As at end of the previous year
			1			2

**Technical provisions (gross amount)**

Provisions for unearned premiums	11		
Claims outstanding	12		
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	
Other technical provisions	16		
Total gross technical provisions (11 to 16)	19		

**Provisions and creditors**

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47		
	Foreseeable dividend	48		
	Other	49	123439	408078
Accruals and deferred income		51		
Total (19 to 51)		59	123439	408078
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63	1798873	1876447
Total (59 to 63)		69	1922312	2284525

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	(505047)	(521817)
Capital and reserves	84	1947498	1952391
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85	3364763	3715099

**Profit and loss account (non-technical account)**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**

		Company registration number	GL/ UK/ CM	day	month	year	Units
		R16	SC 286833	GL	31	12	2010
					This financial year		Previous year
					1		2
Transfer (to)/from the general insurance business technical account	From Form 20	11					
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13				(44198)	896862
Investment income	Income	14				34707	45794
	Value re-adjustments on investments	15				64092	49120
	Gains on the realisation of investments	16				76554	
Investment charges	Investment management charges, including interest	17				114077	121003
	Value re-adjustments on investments	18					
	Loss on the realisation of investments	19					32719
Allocated investment return transferred to the general insurance business technical account		20					
Other income and charges (particulars to be specified by way of supplementary note)		21				(26594)	(24566)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29				(9516)	813488
Tax on profit or loss on ordinary activities		31				1232	(15421)
Profit or loss on ordinary activities after tax (29-31)		39				(10748)	828909
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41					
Tax on extraordinary profit or loss		42					
Other taxes not shown under the preceding items		43					
Profit or loss for the financial year (39+41-(42+43))		49				(10748)	828909
Dividends (paid or foreseeable)		51				205000	173000
Profit or loss retained for the financial year (49-51)		59				(215748)	655909

**Analysis of derivative contracts**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	SC 286833	GL	31	12	2010	£000	1
<b>Derivative contracts</b>		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets <b>1</b>		Liabilities <b>2</b>		Bought / Long <b>3</b>		Sold / Short <b>4</b>	
Futures and contracts for differences	Fixed-interest securities	<b>11</b>							
	Interest rates	<b>12</b>	294839		2943		2086212		529570
	Inflation	<b>13</b>							
	Credit index / basket	<b>14</b>							
	Credit single name	<b>15</b>							
	Equity index	<b>16</b>							
	Equity stock	<b>17</b>							
	Land	<b>18</b>							
	Currencies	<b>19</b>							
	Mortality	<b>20</b>							
	Other	<b>21</b>							
In the money options	Swaptions	<b>31</b>							
	Equity index calls	<b>32</b>							
	Equity stock calls	<b>33</b>							
	Equity index puts	<b>34</b>							
	Equity stock puts	<b>35</b>							
	Other	<b>36</b>							
Out of the money options	Swaptions	<b>41</b>							
	Equity index calls	<b>42</b>							
	Equity stock calls	<b>43</b>							
	Equity index puts	<b>44</b>							
	Equity stock puts	<b>45</b>							
	Other	<b>46</b>							
Total (11 to 46)		<b>51</b>	294839		2943		2086212		529570
Adjustment for variation margin		<b>52</b>							
Total (51 + 52)		<b>53</b>	294839		2943				

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.  
Please see instructions 11 and 12 to this Form for the meaning of these figures.

**Analysis of derivative contracts**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
<b>R17</b>		<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>10</b>
<b>Derivative contracts</b>		Value as at the end of this financial year			Notional amount as at the end of this financial year			
		Assets <b>1</b>		Liabilities <b>2</b>		Bought / Long <b>3</b>		Sold / Short <b>4</b>
Futures and contracts for differences	Fixed-interest securities	<b>11</b>						
	Interest rates	<b>12</b>	224835	96025		3586590	135790	
	Inflation	<b>13</b>						
	Credit index / basket	<b>14</b>						
	Credit single name	<b>15</b>						
	Equity index	<b>16</b>			260			12140
	Equity stock	<b>17</b>						
	Land	<b>18</b>						
	Currencies	<b>19</b>	3328	9078		15697	306955	
	Mortality	<b>20</b>						
	Other	<b>21</b>						
In the money options	Swaptions	<b>31</b>	2477			223128		
	Equity index calls	<b>32</b>						
	Equity stock calls	<b>33</b>						
	Equity index puts	<b>34</b>						
	Equity stock puts	<b>35</b>						
	Other	<b>36</b>	24194			153902		
Out of the money options	Swaptions	<b>41</b>						
	Equity index calls	<b>42</b>	65096			1864381		
	Equity stock calls	<b>43</b>						
	Equity index puts	<b>44</b>	265545			2619573		
	Equity stock puts	<b>45</b>						
	Other	<b>46</b>						
Total (11 to 46)		<b>51</b>	585475	105363		8463271	454885	
Adjustment for variation margin		<b>52</b>			(260)			
Total (51 + 52)		<b>53</b>	585475	105103				

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.  
Please see instructions 11 and 12 to this Form for the meaning of these figures.

**Analysis of derivative contracts**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Heritage With Profits Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	SC 286833	GL	31	12	2010	£000	11
<b>Derivative contracts</b>		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets <b>1</b>		Liabilities <b>2</b>		Bought / Long <b>3</b>		Sold / Short <b>4</b>	
Futures and contracts for differences	Fixed-interest securities	<b>11</b>							
	Interest rates	<b>12</b>	218928		90707		3416346		115534
	Inflation	<b>13</b>							
	Credit index / basket	<b>14</b>							
	Credit single name	<b>15</b>							
	Equity index	<b>16</b>				260			12140
	Equity stock	<b>17</b>							
	Land	<b>18</b>							
	Currencies	<b>19</b>		3328		9078		15697	306955
	Mortality	<b>20</b>							
	Other	<b>21</b>							
In the money options	Swaptions	<b>31</b>							
	Equity index calls	<b>32</b>							
	Equity stock calls	<b>33</b>							
	Equity index puts	<b>34</b>							
	Equity stock puts	<b>35</b>							
	Other	<b>36</b>		24194				153902	
Out of the money options	Swaptions	<b>41</b>							
	Equity index calls	<b>42</b>		65096			1864381		
	Equity stock calls	<b>43</b>							
	Equity index puts	<b>44</b>		265545			2619573		
	Equity stock puts	<b>45</b>							
	Other	<b>46</b>							
Total (11 to 46)		<b>51</b>	577091		100045		8069899		434629
Adjustment for variation margin		<b>52</b>				(260)			
Total (51 + 52)		<b>53</b>	577091		99785				

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.  
Please see instructions 11 and 12 to this Form for the meaning of these figures.

**Analysis of derivative contracts**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **Proprietary Business Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
<b>R17</b>		<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>12</b>
<b>Derivative contracts</b>		Value as at the end of this financial year			Notional amount as at the end of this financial year			
		Assets <b>1</b>	Liabilities <b>2</b>	Bought / Long <b>3</b>	Sold / Short <b>4</b>			
Futures and contracts for differences	Fixed-interest securities	<b>11</b>						
	Interest rates	<b>12</b>	404		307	5521	10711	
	Inflation	<b>13</b>						
	Credit index / basket	<b>14</b>						
	Credit single name	<b>15</b>						
	Equity index	<b>16</b>						
	Equity stock	<b>17</b>						
	Land	<b>18</b>						
	Currencies	<b>19</b>						
	Mortality	<b>20</b>						
Other	<b>21</b>							
In the money options	Swaptions	<b>31</b>						
	Equity index calls	<b>32</b>						
	Equity stock calls	<b>33</b>						
	Equity index puts	<b>34</b>						
	Equity stock puts	<b>35</b>						
Other	<b>36</b>							
Out of the money options	Swaptions	<b>41</b>						
	Equity index calls	<b>42</b>						
	Equity stock calls	<b>43</b>						
	Equity index puts	<b>44</b>						
	Equity stock puts	<b>45</b>						
Other	<b>46</b>							
Total (11 to 46)		<b>51</b>	404		307	5521	10711	
Adjustment for variation margin		<b>52</b>						
Total (51 + 52)		<b>53</b>	404		307			

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.  
Please see instructions 11 and 12 to this Form for the meaning of these figures.

**Analysis of derivative contracts**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Category of assets **German With Profits Fund**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets	
<b>R17</b>		<b>SC 286833</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2010</b>	<b>£000</b>	<b>13</b>	
<b>Derivative contracts</b>		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets <b>1</b>		Liabilities <b>2</b>		Bought / Long <b>3</b>		Sold / Short <b>4</b>	
Futures and contracts for differences	Fixed-interest securities	<b>11</b>							
	Interest rates	<b>12</b>	5503		5011		164723	9545	
	Inflation	<b>13</b>							
	Credit index / basket	<b>14</b>							
	Credit single name	<b>15</b>							
	Equity index	<b>16</b>							
	Equity stock	<b>17</b>							
	Land	<b>18</b>							
	Currencies	<b>19</b>							
	Mortality	<b>20</b>							
	Other	<b>21</b>							
In the money options	Swaptions	<b>31</b>	2477				223128		
	Equity index calls	<b>32</b>							
	Equity stock calls	<b>33</b>							
	Equity index puts	<b>34</b>							
	Equity stock puts	<b>35</b>							
	Other	<b>36</b>							
Out of the money options	Swaptions	<b>41</b>							
	Equity index calls	<b>42</b>							
	Equity stock calls	<b>43</b>							
	Equity index puts	<b>44</b>							
	Equity stock puts	<b>45</b>							
	Other	<b>46</b>							
Total (11 to 46)		<b>51</b>	7980		5011		387851	9545	
Adjustment for variation margin		<b>52</b>							
Total (51 + 52)		<b>53</b>	7980		5011				

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.  
Please see instructions 11 and 12 to this Form for the meaning of these figures.

**With-profits insurance capital component for the fund**Name of insurer **Standard Life Assurance Limited**With-profits fund **Heritage With Profits Fund**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	44120766	43729727
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	<b>13</b>	4962839	4907860
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	<b>14</b>	489663	526621
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	<b>15</b>		
	Total (11+12-(13+14+15))	<b>19</b>	38668263	38295246
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	28169868	29057868
	Regulatory current liabilities of the fund	<b>22</b>	6997241	8128052
	Total (21+22)	<b>29</b>	35167109	37185921
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	999528	1005450
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		<b>39</b>	36166637	38191371
Regulatory excess capital (19-39)		<b>49</b>	2501626	103875

**Realistic excess capital**

Realistic excess capital	<b>51</b>		
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	2501626	103875
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>		
Present value of future shareholder transfers arising from distribution of surplus	<b>64</b>		
Present value of other future internal transfers not already taken into account	<b>65</b>	1400230	1330063
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	<b>66</b>	1101397	

**With-profits insurance capital component for the fund**Name of insurer **Standard Life Assurance Limited**With-profits fund **German With Profits Fund**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	462225	332080
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	<b>13</b>		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	<b>14</b>		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	<b>15</b>		
	Total (11+12-(13+14+15))	<b>19</b>	462225	332080
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	423517	315223
	Regulatory current liabilities of the fund	<b>22</b>	5011	4215
	Total (21+22)	<b>29</b>	428528	319438
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	12705	9457
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		<b>39</b>	441233	328895
Regulatory excess capital (19-39)		<b>49</b>	20992	3185

**Realistic excess capital**

Realistic excess capital	<b>51</b>		
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	20992	3185
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>		
Present value of future shareholder transfers arising from distribution of surplus	<b>64</b>		
Present value of other future internal transfers not already taken into account	<b>65</b>		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	<b>66</b>	20992	3185

**With-profits insurance capital component for the fund**

Name of insurer **Standard Life Assurance Limited**  
 With-profits fund **German Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	11	37176	27280
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	37176	27280
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	37142	27062
	Regulatory current liabilities of the fund	22	34	219
	Total (21+22)	29	37176	27280
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31		
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	37176	27280
Regulatory excess capital (19-39)		49		

**Realistic excess capital**

Realistic excess capital	51		
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61		
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66		

**With-profits insurance capital component for the fund**Name of insurer **Standard Life Assurance Limited**With-profits fund **UK Smoothed Managed Fund**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	11	20214	14252
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	20214	14252
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	20198	14236
	Regulatory current liabilities of the fund	22	15	15
	Total (21+22)	29	20214	14252
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31		
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	20214	14252
Regulatory excess capital (19-39)		49		

**Realistic excess capital**

Realistic excess capital	51		
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**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61		
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66		

**Realistic balance sheet**

Name of insurer **Standard Life Assurance Limited**  
 With-profits fund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Realistic value of assets available to the fund**

Regulatory value of assets	11	38668263	38295246
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13	105319	101890
Excess admissible assets	21		587592
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22	1377622	1398591
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24	105319	101890
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	40045885	40281429
Support arrangement assets	27		
Assets available to the fund (26+27)	29	40045885	40281429

**Realistic value of liabilities of fund**

With-profits benefit reserve	31	29932287	29221099	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	971806	911819
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	958709	1291501
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	815723	799625
	Future costs of contractual guarantees (other than financial options)	41	1578130	1942662
	Future costs of non-contractual commitments	42	684380	549100
	Future costs of financial options	43	99679	103777
	Future costs of smoothing (possibly negative)	44	(238222)	(231679)
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	1381148	1162780
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	2702489	2347334
Realistic current liabilities of the fund	51	7411110	8712996	
Realistic value of liabilities of fund (31+49+51)	59	40045885	40281429	

**Realistic balance sheet**Name of insurer **Standard Life Assurance Limited**With-profits fund **Heritage With Profits Fund**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	40045885	40281429
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	40045885	40281429
Risk capital margin for fund (62-59)	<b>65</b>		
Realistic excess capital for fund (26-(59+65))	<b>66</b>		
Realistic excess available capital for fund (29-(59+65))	<b>67</b>		
Working capital for fund (29-59)	<b>68</b>		
Working capital ratio for fund (68/29)	<b>69</b>		

**Other assets potentially available if required to cover the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Realistic balance sheet**

Name of insurer **Standard Life Assurance Limited**  
 With-profits fund **German With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Realistic value of assets available to the fund**

Regulatory value of assets	11	462225	332080
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	462225	332080
Support arrangement assets	27		
Assets available to the fund (26+27)	29	462225	332080

**Realistic value of liabilities of fund**

With-profits benefit reserve	31	448333	322214	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34		
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	68848	46227
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	71860	48160
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44	2281	
	Financing costs	45	3587	3718
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47		
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	8881	5650
Realistic current liabilities of the fund	51	5011	4215	
Realistic value of liabilities of fund (31+49+51)	59	462225	332080	

**Realistic balance sheet**Name of insurer **Standard Life Assurance Limited**With-profits fund **German With Profits Fund**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	462225	332080
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	462225	332080
Risk capital margin for fund (62-59)	<b>65</b>		
Realistic excess capital for fund (26-(59+65))	<b>66</b>		
Realistic excess available capital for fund (29-(59+65))	<b>67</b>		
Working capital for fund (29-59)	<b>68</b>		
Working capital ratio for fund (68/29)	<b>69</b>		

**Other assets potentially available if required to cover the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Realistic balance sheet**

Name of insurer **Standard Life Assurance Limited**  
 With-profits fund **German Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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**Realistic value of assets available to the fund**

Regulatory value of assets	11	37176	27280
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	37176	27280
Support arrangement assets	27		
Assets available to the fund (26+27)	29	37176	27280

**Realistic value of liabilities of fund**

With-profits benefit reserve	31	37142	27062
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	
	Past miscellaneous deficit attributed to with-profits benefits reserve	33	
	Planned enhancements to with-profits benefits reserve	34	
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	
	Future costs of contractual guarantees (other than financial options)	41	
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	
	Future costs of smoothing (possibly negative)	44	
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	
Realistic current liabilities of the fund	51	34	219
Realistic value of liabilities of fund (31+49+51)	59	37176	27280

**Realistic balance sheet**

Name of insurer **Standard Life Assurance Limited**  
 With-profits fund **German Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
--	--

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	37176	27280
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	37176	27280
Risk capital margin for fund (62-59)	<b>65</b>		
Realistic excess capital for fund (26-(59+65))	<b>66</b>		
Realistic excess available capital for fund (29-(59+65))	<b>67</b>		
Working capital for fund (29-59)	<b>68</b>		
Working capital ratio for fund (68/29)	<b>69</b>		

**Other assets potentially available if required to cover the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Realistic balance sheet**

Name of insurer **Standard Life Assurance Limited**  
 With-profits fund **UK Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

As at end of this financial year 1	As at end of the previous year 2
--	--

**Realistic value of assets available to the fund**

Regulatory value of assets	11	20214	14252
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	20214	14252
Support arrangement assets	27		
Assets available to the fund (26+27)	29	20214	14252

**Realistic value of liabilities of fund**

With-profits benefit reserve	31	20198	14236
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32	
	Past miscellaneous deficit attributed to with-profits benefits reserve	33	
	Planned enhancements to with-profits benefits reserve	34	
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36	
	Future costs of contractual guarantees (other than financial options)	41	
	Future costs of non-contractual commitments	42	
	Future costs of financial options	43	
	Future costs of smoothing (possibly negative)	44	
	Financing costs	45	
	Any other liabilities related to regulatory duty to treat customers fairly	46	
	Other long-term insurance liabilities	47	
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	
Realistic current liabilities of the fund	51	15	15
Realistic value of liabilities of fund (31+49+51)	59	20214	14252

**Realistic balance sheet**Name of insurer **Standard Life Assurance Limited**With-profits fund **UK Smoothed Managed Fund**Financial year ended **31 December 2010**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
--	--

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	20214	14252
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	20214	14252
Risk capital margin for fund (62-59)	<b>65</b>		
Realistic excess capital for fund (26-(59+65))	<b>66</b>		
Realistic excess available capital for fund (29-(59+65))	<b>67</b>		
Working capital for fund (29-59)	<b>68</b>		
Working capital ratio for fund (68/29)	<b>69</b>		

**Other assets potentially available if required to cover the fund's risk capital margin**

Additional amount potentially available for inclusion in line 62	<b>81</b>		
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Long-term insurance business : Revenue account**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

**Income**

Earned premiums	11	804238	986368
Investment income receivable before deduction of tax	12	2103405	1595415
Increase (decrease) in the value of non-linked assets brought into account	13	618755	423467
Increase (decrease) in the value of linked assets	14	22765	14246
Other income	15	290797	903788
<b>Total income</b>	<b>19</b>	<b>3839960</b>	<b>3923284</b>

**Expenditure**

Claims incurred	21	3364157	3830417
Expenses payable	22	300238	315378
Interest payable before the deduction of tax	23	73655	65225
Taxation	24	215324	70568
Other expenditure	25	242899	1472
Transfer to (from) non technical account	26	(44198)	896862
<b>Total expenditure</b>	<b>29</b>	<b>4152075</b>	<b>5179922</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(312115)	(1256638)
Fund brought forward	49	34190424	35658912
Fund carried forward (39+49)	59	33878309	34402274

**Long-term insurance business : Revenue account**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

**Income**

Earned premiums	11	581299	782376
Investment income receivable before deduction of tax	12	2092942	1586520
Increase (decrease) in the value of non-linked assets brought into account	13	622882	416594
Increase (decrease) in the value of linked assets	14	11	29
Other income	15	258261	872572
<b>Total income</b>	<b>19</b>	<b>3555395</b>	<b>3658091</b>

**Expenditure**

Claims incurred	21	3354846	3825372
Expenses payable	22	176057	191467
Interest payable before the deduction of tax	23	73301	64676
Taxation	24	219945	71621
Other expenditure	25	243122	79817
Transfer to (from) non technical account	26	(325)	843866
<b>Total expenditure</b>	<b>29</b>	<b>4066946</b>	<b>5076819</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(511551)	(1418728)
Fund brought forward	49	33767860	35384457
Fund carried forward (39+49)	59	33256309	33965729

**Long-term insurance business : Revenue account**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

**Income**

Earned premiums	11	106552	98071
Investment income receivable before deduction of tax	12	3390	3018
Increase (decrease) in the value of non-linked assets brought into account	13	11210	19192
Increase (decrease) in the value of linked assets	14		
Other income	15	262	1310
<b>Total income</b>	<b>19</b>	<b>121414</b>	<b>121591</b>

**Expenditure**

Claims incurred	21		
Expenses payable	22	1851	1210
Interest payable before the deduction of tax	23	4	3
Taxation	24	51	354
Other expenditure	25		
Transfer to (from) non technical account	26		(2004)
<b>Total expenditure</b>	<b>29</b>	<b>1906</b>	<b>(437)</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	119508	122028
Fund brought forward	49	307850	197036
Fund carried forward (39+49)	59	427358	319064

**Long-term insurance business : Revenue account**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

**Income**

Earned premiums	11	7051	6719
Investment income receivable before deduction of tax	12	613	503
Increase (decrease) in the value of non-linked assets brought into account	13	3568	4101
Increase (decrease) in the value of linked assets	14		
Other income	15	24	36
<b>Total income</b>	<b>19</b>	<b>11256</b>	<b>11359</b>

**Expenditure**

Claims incurred	21		
Expenses payable	22	203	139
Interest payable before the deduction of tax	23		8
Taxation	24	10	59
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>213</b>	<b>206</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	11043	11153
Fund brought forward	49	26099	15909
Fund carried forward (39+49)	59	37142	27062

**Long-term insurance business : Revenue account**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **UK Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year 1	Previous year 2
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**Income**

Earned premiums	11	4927	4604
Investment income receivable before deduction of tax	12	524	388
Increase (decrease) in the value of non-linked assets brought into account	13	1500	1746
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>	<b>6951</b>	<b>6738</b>

**Expenditure**

Claims incurred	21	853	557
Expenses payable	22		
Interest payable before the deduction of tax	23		
Taxation	24		10
Other expenditure	25	136	85
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>989</b>	<b>652</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	5962	6086
Fund brought forward	49	14236	8150
Fund carried forward (39+49)	59	20198	14236

**Long-term insurance business : Revenue account**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

**Income**

Earned premiums	11	104409	94598
Investment income receivable before deduction of tax	12	5936	4986
Increase (decrease) in the value of non-linked assets brought into account	13	(20405)	(18166)
Increase (decrease) in the value of linked assets	14	22754	14217
Other income	15	103261	108300
<b>Total income</b>	<b>19</b>	<b>215955</b>	<b>203935</b>

**Expenditure**

Claims incurred	21	8458	4488
Expenses payable	22	122127	122562
Interest payable before the deduction of tax	23	350	538
Taxation	24	(4682)	(1476)
Other expenditure	25	70652	
Transfer to (from) non technical account	26	(43873)	55000
<b>Total expenditure</b>	<b>29</b>	<b>153032</b>	<b>181112</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	62923	22823
Fund brought forward	49	74379	53360
Fund carried forward (39+49)	59	137302	76183

**Long-term insurance business : Analysis of premiums**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11	477987	2534511	833235	3845733	3963490
Single premiums	12	219460	6034300	547017	6800777	5292302

**Reinsurance - external**

Regular premiums	13	38842	17	14203	53062	58753
Single premiums	14		528138		528138	510008

**Reinsurance - intra-group**

Regular premiums	15	66419	2169788	30498	2266705	2218376
Single premiums	16	208855	6244229	541283	6994367	5482287

**Net of reinsurance**

Regular premiums	17	372726	364706	788534	1525966	1686361
Single premiums	18	10605	(738067)	5734	(721728)	(699993)

**Total**

Gross	19	697447	8568811	1380252	10646510	9255792
Reinsurance	20	314116	8942172	585984	9842272	8269424
Net	21	383331	(373361)	794268	804238	986368

**Long-term insurance business : Analysis of premiums**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11	467705	1344155	629151	2441011	2805021
Single premiums	12	27050	565119	35606	627775	760611

**Reinsurance - external**

Regular premiums	13	32926	17	13201	46144	51282
Single premiums	14		528138		528138	510008

**Reinsurance - intra-group**

Regular premiums	15	66220	982783	13839	1062842	1244071
Single premiums	16	16445	776464	57454	850363	977895

**Net of reinsurance**

Regular premiums	17	368559	361355	602111	1332025	1509668
Single premiums	18	10605	(739483)	(21848)	(750726)	(727292)

**Total**

Gross	19	494755	1909274	664757	3068786	3565632
Reinsurance	20	115591	2287402	84494	2487487	2783256
Net	21	379164	(378128)	580263	581299	782376

**Long-term insurance business : Analysis of premiums**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11			86587	86587	75871
Single premiums	12			19965	19965	22200

**Reinsurance - external**

Regular premiums	13					
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17			86587	86587	75871
Single premiums	18			19965	19965	22200

**Total**

Gross	19			106552	106552	98071
Reinsurance	20					
Net	21			106552	106552	98071

**Long-term insurance business : Analysis of premiums**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11		6096	6096	5636
Single premiums	12		955	955	1083

**Reinsurance - external**

Regular premiums	13				
Single premiums	14				

**Reinsurance - intra-group**

Regular premiums	15				
Single premiums	16				

**Net of reinsurance**

Regular premiums	17		6096	6096	5636
Single premiums	18		955	955	1083

**Total**

Gross	19		7051	7051	6719
Reinsurance	20				
Net	21		7051	7051	6719

**Long-term insurance business : Analysis of premiums**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **UK Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11		3520		3520	3409
Single premiums	12		1407		1407	1195

**Reinsurance - external**

Regular premiums	13					
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17		3520		3520	3409
Single premiums	18		1407		1407	1195

**Total**

Gross	19		4927		4927	4604
Reinsurance	20					
Net	21		4927		4927	4604

**Long-term insurance business : Analysis of premiums**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Regular premiums	11	10282	1186836	111401	1308519	1073553
Single premiums	12	192410	5467774	490491	6150675	4507213

**Reinsurance - external**

Regular premiums	13	5916		1002	6918	7471
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15	199	1187005	16659	1203863	974305
Single premiums	16	192410	5467765	483829	6144004	4504392

**Net of reinsurance**

Regular premiums	17	4167	(169)	93740	97738	91777
Single premiums	18		9	6662	6671	2821

**Total**

Gross	19	202692	6654610	601892	7459194	5580766
Reinsurance	20	198525	6654770	501490	7354785	5486168
Net	21	4167	(160)	100402	104409	94598

**Long-term insurance business : Analysis of claims**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11	194417	98215	25509	318141	325138
Disability periodic payments	12	25648		3162	28810	25063
Surrender or partial surrender	13	1248148	4884943	331253	6464344	5998592
Annuity payments	14	40401	912252	102329	1054982	1047871
Lump sums on maturity	15	976311	1085313	144618	2206242	2607829
<b>Total</b>	<b>16</b>	<b>2484925</b>	<b>6980723</b>	<b>606871</b>	<b>10072519</b>	<b>10004493</b>

**Reinsurance - external**

Death or disability lump sums	21	17403		4850	22253	23639
Disability periodic payments	22	15742			15742	13187
Surrender or partial surrender	23	230			230	263
Annuity payments	24		543513		543513	552917
Lump sums on maturity	25	600		553	1153	1091
<b>Total</b>	<b>26</b>	<b>33975</b>	<b>543513</b>	<b>5403</b>	<b>582891</b>	<b>591097</b>

**Reinsurance - intra-group**

Death or disability lump sums	31	96260	59762	8276	164298	160632
Disability periodic payments	32					
Surrender or partial surrender	33	769825	3910391	148395	4828611	4234639
Annuity payments	34	40417	343827	101383	485627	463998
Lump sums on maturity	35	42958	560129	43848	646935	723710
<b>Total</b>	<b>36</b>	<b>949460</b>	<b>4874109</b>	<b>301902</b>	<b>6125471</b>	<b>5582979</b>

**Net of reinsurance**

Death or disability lump sums	41	80754	38453	12383	131590	140867
Disability periodic payments	42	9906		3162	13068	11876
Surrender or partial surrender	43	478093	974552	182858	1635503	1763690
Annuity payments	44	(16)	24912	946	25842	30956
Lump sums on maturity	45	932753	525184	100217	1558154	1883028
<b>Total</b>	<b>46</b>	<b>1501490</b>	<b>1563101</b>	<b>299566</b>	<b>3364157</b>	<b>3830417</b>

**Long-term insurance business : Analysis of claims**

Name of insurer **Standard Life Assurance Limited**  
Total business / subfund **Heritage With Profits Fund**  
Financial year ended **31 December 2010**  
Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11	170824	76283	21843	268950	282368
Disability periodic payments	12	22937		3019	25956	25020
Surrender or partial surrender	13	1020082	3499253	278769	4798104	4358064
Annuity payments	14	36347	784794	24870	846011	874765
Lump sums on maturity	15	976326	954377	116889	2047592	2443387
<b>Total</b>	<b>16</b>	<b>2226516</b>	<b>5314707</b>	<b>445390</b>	<b>7986613</b>	<b>7983604</b>

**Reinsurance - external**

Death or disability lump sums	21	16590		4756	21346	22435
Disability periodic payments	22	12956			12956	13108
Surrender or partial surrender	23	230			230	262
Annuity payments	24		543513		543513	552917
Lump sums on maturity	25	600		614	1214	1091
<b>Total</b>	<b>26</b>	<b>30376</b>	<b>543513</b>	<b>5370</b>	<b>579259</b>	<b>589813</b>

**Reinsurance - intra-group**

Death or disability lump sums	31	74383	37836	5729	117948	119612
Disability periodic payments	32					
Surrender or partial surrender	33	541810	2524922	104060	3170792	2596739
Annuity payments	34	36363	216369	23825	276557	292526
Lump sums on maturity	35	42958	429232	15021	487211	559542
<b>Total</b>	<b>36</b>	<b>695514</b>	<b>3208359</b>	<b>148635</b>	<b>4052508</b>	<b>3568419</b>

**Net of reinsurance**

Death or disability lump sums	41	79851	38447	11358	129656	140321
Disability periodic payments	42	9981		3019	13000	11912
Surrender or partial surrender	43	478042	974331	174709	1627082	1761063
Annuity payments	44	(16)	24912	1045	25941	29322
Lump sums on maturity	45	932768	525145	101254	1559167	1882754
<b>Total</b>	<b>46</b>	<b>1500626</b>	<b>1562835</b>	<b>291385</b>	<b>3354846</b>	<b>3825372</b>

**Long-term insurance business : Analysis of claims**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **UK Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11		97	97	3
Disability periodic payments	12				
Surrender or partial surrender	13		612	612	322
Annuity payments	14				
Lump sums on maturity	15		144	144	232
<b>Total</b>	<b>16</b>		<b>853</b>	<b>853</b>	<b>557</b>

**Reinsurance - external**

Death or disability lump sums	21				
Disability periodic payments	22				
Surrender or partial surrender	23				
Annuity payments	24				
Lump sums on maturity	25				
<b>Total</b>	<b>26</b>				

**Reinsurance - intra-group**

Death or disability lump sums	31				
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34				
Lump sums on maturity	35				
<b>Total</b>	<b>36</b>				

**Net of reinsurance**

Death or disability lump sums	41		97	97	3
Disability periodic payments	42				
Surrender or partial surrender	43		612	612	322
Annuity payments	44				
Lump sums on maturity	45		144	144	232
<b>Total</b>	<b>46</b>		<b>853</b>	<b>853</b>	<b>557</b>

**Long-term insurance business : Analysis of claims**

Name of insurer **Standard Life Assurance Limited**  
Total business / subfund **Proprietary Business Fund**  
Financial year ended **31 December 2010**  
Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Death or disability lump sums	11	23593	21835	3666	49094	42767
Disability periodic payments	12	2711		143	2854	43
Surrender or partial surrender	13	228066	1385078	52484	1665628	1640206
Annuity payments	14	4054	127458	77459	208971	173106
Lump sums on maturity	15	(15)	130792	27729	158506	164210
<b>Total</b>	<b>16</b>	<b>258409</b>	<b>1665163</b>	<b>161481</b>	<b>2085053</b>	<b>2020332</b>

**Reinsurance - external**

Death or disability lump sums	21	813		94	907	1204
Disability periodic payments	22	2786			2786	79
Surrender or partial surrender	23					1
Annuity payments	24					
Lump sums on maturity	25			(61)	(61)	
<b>Total</b>	<b>26</b>	<b>3599</b>		<b>33</b>	<b>3632</b>	<b>1284</b>

**Reinsurance - intra-group**

Death or disability lump sums	31	21877	21926	2547	46350	41020
Disability periodic payments	32					
Surrender or partial surrender	33	228015	1385469	44335	1657819	1637900
Annuity payments	34	4054	127458	77558	209070	171472
Lump sums on maturity	35		130897	28827	159724	164168
<b>Total</b>	<b>36</b>	<b>253946</b>	<b>1665750</b>	<b>153267</b>	<b>2072963</b>	<b>2014560</b>

**Net of reinsurance**

Death or disability lump sums	41	903	(91)	1025	1837	543
Disability periodic payments	42	(75)		143	68	(36)
Surrender or partial surrender	43	51	(391)	8149	7809	2305
Annuity payments	44			(99)	(99)	1634
Lump sums on maturity	45	(15)	(105)	(1037)	(1157)	42
<b>Total</b>	<b>46</b>	<b>864</b>	<b>(587)</b>	<b>8181</b>	<b>8458</b>	<b>4488</b>

**Long-term insurance business : Analysis of expenses**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11	5176	58092	37975	101243	109795
Commission - other	12	23840	64582	19593	108015	95482
Management - acquisition	13	2403	17390	27226	47019	51843
Management - maintenance	14	34987	90968	39684	165639	158709
Management - other	15			3014	3014	10973
<b>Total</b>	<b>16</b>	<b>66406</b>	<b>231032</b>	<b>127492</b>	<b>424930</b>	<b>426802</b>

**Reinsurance - external**

Commission - acquisition	21		1	2	3	2
Commission - other	22	417	71		488	671
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>	<b>417</b>	<b>72</b>	<b>2</b>	<b>491</b>	<b>673</b>

**Reinsurance - intra-group**

Commission - acquisition	31	4778	54432	8806	68016	70769
Commission - other	32	8182	45480	2523	56185	39982
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>	<b>12960</b>	<b>99912</b>	<b>11329</b>	<b>124201</b>	<b>110751</b>

**Net of reinsurance**

Commission - acquisition	41	398	3659	29167	33224	39024
Commission - other	42	15241	19031	17070	51342	54829
Management - acquisition	43	2403	17390	27226	47019	51843
Management - maintenance	44	34987	90968	39684	165639	158709
Management - other	45			3014	3014	10973
<b>Total</b>	<b>46</b>	<b>53029</b>	<b>131048</b>	<b>116161</b>	<b>300238</b>	<b>315378</b>

**Long-term insurance business : Analysis of expenses**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11	220	2474	393	3087	4858
Commission - other	12	15551	11174	2488	29213	32506
Management - acquisition	13	1136	11634	2024	14794	25866
Management - maintenance	14	34325	81476	13266	129067	128389
Management - other	15					
<b>Total</b>	<b>16</b>	<b>51232</b>	<b>106758</b>	<b>18171</b>	<b>176161</b>	<b>191619</b>

**Reinsurance - external**

Commission - acquisition	21		1	2	3	2
Commission - other	22		71		71	103
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>		<b>72</b>	<b>2</b>	<b>74</b>	<b>105</b>

**Reinsurance - intra-group**

Commission - acquisition	31					
Commission - other	32		30		30	47
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>		<b>30</b>		<b>30</b>	<b>47</b>

**Net of reinsurance**

Commission - acquisition	41	220	2473	391	3084	4856
Commission - other	42	15551	11073	2488	29112	32356
Management - acquisition	43	1136	11634	2024	14794	25866
Management - maintenance	44	34325	81476	13266	129067	128389
Management - other	45					
<b>Total</b>	<b>46</b>	<b>51232</b>	<b>106656</b>	<b>18169</b>	<b>176057</b>	<b>191467</b>

**Long-term insurance business : Analysis of expenses**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14		1851	1851	1210
Management - other	15				
<b>Total</b>	<b>16</b>		1851	1851	1210

**Reinsurance - external**

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
<b>Total</b>	<b>26</b>				

**Reinsurance - intra-group**

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
<b>Total</b>	<b>36</b>				

**Net of reinsurance**

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44		1851	1851	1210
Management - other	45				
<b>Total</b>	<b>46</b>		1851	1851	1210

**Long-term insurance business : Analysis of expenses**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14		203	203	139
Management - other	15				
<b>Total</b>	<b>16</b>		<b>203</b>	<b>203</b>	<b>139</b>

**Reinsurance - external**

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
<b>Total</b>	<b>26</b>				

**Reinsurance - intra-group**

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
<b>Total</b>	<b>36</b>				

**Net of reinsurance**

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44		203	203	139
Management - other	45				
<b>Total</b>	<b>46</b>		<b>203</b>	<b>203</b>	<b>139</b>

**Long-term insurance business : Analysis of expenses**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Commission - acquisition	11	4956	55618	37582	98156	104937
Commission - other	12	8289	53408	17105	78802	62976
Management - acquisition	13	1267	5756	25202	32225	25977
Management - maintenance	14	662	9492	24364	34518	28971
Management - other	15			3014	3014	10973
<b>Total</b>	<b>16</b>	<b>15174</b>	<b>124274</b>	<b>107267</b>	<b>246715</b>	<b>233834</b>

**Reinsurance - external**

Commission - acquisition	21					
Commission - other	22	417			417	568
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>	<b>417</b>			<b>417</b>	<b>568</b>

**Reinsurance - intra-group**

Commission - acquisition	31	4778	54432	8806	68016	70769
Commission - other	32	8182	45450	2523	56155	39935
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>	<b>12960</b>	<b>99882</b>	<b>11329</b>	<b>124171</b>	<b>110704</b>

**Net of reinsurance**

Commission - acquisition	41	178	1186	28776	30140	34168
Commission - other	42	(310)	7958	14582	22230	22473
Management - acquisition	43	1267	5756	25202	32225	25977
Management - maintenance	44	662	9492	24364	34518	28971
Management - other	45			3014	3014	10973
<b>Total</b>	<b>46</b>	<b>1797</b>	<b>24392</b>	<b>95938</b>	<b>122127</b>	<b>122562</b>

**Long-term insurance business : Linked funds balance sheet**

Name of insurer **Standard Life Assurance Limited**  
 Total business  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year 1	Previous year 2
---------------------	--------------------

**Internal linked funds (excluding cross investment)**

Directly held assets (excluding collective investment schemes)	11	3769	2218
Directly held assets in collective investment schemes of connected companies	12	56225	33877
Directly held assets in other collective investment schemes	13	832	1205
<b>Total assets (excluding cross investment) (11+12+13)</b>	<b>14</b>	<b>60826</b>	<b>37300</b>
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16		
Other liabilities	17	1338	577
<b>Total net assets (14-15-16-17)</b>	<b>18</b>	<b>59488</b>	<b>36723</b>

**Directly held linked assets**

Value of directly held linked assets	21		
--------------------------------------	----	--	--

**Total**

Value of directly held linked assets and units held (18+21)	31	59488	36723
Surplus units	32		
Deficit units	33		
<b>Net unit liability (31-32+33)</b>	<b>34</b>	<b>59488</b>	<b>36723</b>

**Long-term insurance business : Revenue account for internal linked funds**Name of insurer **Standard Life Assurance Limited**

Total business

Financial year ended **31 December 2010**Units **£000**

Financial year	Previous year
1	2

**Income**

Value of total creation of units	<b>11</b>	18765	9612
Investment income attributable to the funds before deduction of tax	<b>12</b>	6	6
Increase (decrease) in the value of investments in the financial year	<b>13</b>	5076	5911
Other income	<b>14</b>	947	515
<b>Total income</b>	<b>19</b>	24794	16044

**Expenditure**

Value of total cancellation of units	<b>21</b>		
Charges for management	<b>22</b>	738	
Charges in respect of tax on investment income	<b>23</b>		
Taxation on realised capital gains	<b>24</b>		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	<b>25</b>		
Other expenditure	<b>26</b>	15	43
<b>Total expenditure</b>	<b>29</b>	753	43

Increase (decrease) in funds in financial year (19-29)	<b>39</b>	24041	16001
Internal linked fund brought forward	<b>49</b>	35447	20722
Internal linked funds carried forward (39+49)	<b>59</b>	59488	36723

**Long-term insurance business : Summary of new business**Name of insurer **Standard Life Assurance Limited**

Total business

Financial year ended **31 December 2010**Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Number of new policyholders/  
scheme members for direct insurance business**

Regular premium business	11	324	96662	14900	111886	94227
Single premium business	12	2854	49156	4430	56440	54262
<b>Total</b>	<b>13</b>	<b>3178</b>	<b>145818</b>	<b>19330</b>	<b>168326</b>	<b>148489</b>

**Amount of new regular premiums**

Direct insurance business	21	437	554350	33407	588194	534289
External reinsurance	22					
Intra-group reinsurance	23					
<b>Total</b>	<b>24</b>	<b>437</b>	<b>554350</b>	<b>33407</b>	<b>588194</b>	<b>534289</b>

**Amount of new single premiums**

Direct insurance business	25	207023	5796905	632044	6635972	5203260
External reinsurance	26		1407	1657	3064	25
Intra-group reinsurance	27					
<b>Total</b>	<b>28</b>	<b>207023</b>	<b>5798312</b>	<b>633701</b>	<b>6639036</b>	<b>5203285</b>

## Long-term insurance business : Analysis of new business

Name of insurer

Standard Life Assurance Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
145	Income protection with-profits - PHI Deferred Benefits		16		
325	Level term assurance	11	11		
330	Decreasing term assurance	249	247		
360	Income protection non-profit (guaranteed premiums)	48	5		
380	Miscellaneous protection rider		60		
395	Annuity non-profit (PLA)			101	5355
400	Annuity non-profit (CPA)			2	14
500	Life UWP single premium - With Profits Bond			11	1103
515	Life UWP endowment regular premium - target cash - Homeplan	1	1		
700	Life property linked single premium - Capital Investment Bond			897	80361
700	Life property linked single premium - Special Investment Bond			693	10473
700	Life property linked single premium - Tailored Investment Bond			638	51878
700	Life property linked single premium - Wrap Onshore Bond			512	57839
710	Life property linked whole life regular premium - Variable Protection Plan	12	19		
715	Life property linked endowment regular premium - savings - Versatile Investment Plan	3	5		



## Long-term insurance business : Analysis of new business

Name of insurer

Standard Life Assurance Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
155	Conventional pensions endowment with-profits - Reversionary Bonus	113			6
160	Conventional pensions endowment with-profits - increments - Reversionary Bonus		31		
205	Miscellaneous conventional with-profits - Death in service dependants' annuities		13		
205	Miscellaneous conventional with-profits - Life Assurance		57		
390	Deferred annuity non-profit - Group Deferred Annuity				791
400	Annuity non-profit (CPA)			23222	323148
400	Annuity non-profit (CPA) - Group Annuity in Payment			71	2668
410	Group Life		97		
411	Group death in service dependants' annuities		10		
525	Individual pensions UWP - Personal Pension Plan & Castle Pension Series	7	5	2	19
525	Individual pensions UWP - Stakeholder	84	129	43	561
530	Individual pensions UWP - increments - Personal Pension Plan & Castle Pension Series		2567		10614
530	Individual pensions UWP - increments - Stakeholder		704		9076
535	Group money purchase pensions UWP - Group Money Purchase Plan	153	510	110	2486
535	Group money purchase pensions UWP - Personal Pension Plan & Castle Pension Series	177	226		

## Long-term insurance business : Analysis of new business

Name of insurer

Standard Life Assurance Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
535	Group money purchase pensions UWP - Stakeholder	414	697	2	14
540	Group money purchase pensions UWP - increments - Group Money Purchase Plan		1745		1477
540	Group money purchase pensions UWP - increments - Personal Pension Plan & Castle Pension Series		3012		2569
540	Group money purchase pensions UWP - increments - Stakeholder		1756		2207
565	DWP National Insurance rebates UWP			1	84374
571	Trustee investment plan UWP				6923
725	Individual pensions property linked - Active Money Personal Pension	1892	9289	1702	93467
725	Individual pensions property linked - Personal Pension Plan & Castle Pension Series	543	2082	144	5733
725	Individual pensions property linked - Stakeholder	2122	5837	773	16475
730	Individual pensions property linked - increments - Personal Pension Plan & Castle Pension Series		8768		103492
730	Individual pensions property linked - increments - Stakeholder		2720		48674
735	Group money purchase pensions property linked - Group Money Purchase Plan	9548	42622	2299	157243
735	Group money purchase pensions property linked - Personal Pension Plan & Castle Pension Series	22989	73976	57	1995
735	Group money purchase pensions property linked - Stakeholder	16507	59424	76	1052
735	Group money purchase pensions property linked - Trust Based Pension	2314	19686	5846	238732

## Long-term insurance business : Analysis of new business

Name of insurer

Standard Life Assurance Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
740	Group money purchase pensions property linked - increments - Group Money Purchase Plan		14797		49842
740	Group money purchase pensions property linked - increments - Personal Pension Plan & Castle Pension Series		34996		74125
740	Group money purchase pensions property linked - increments - Stakeholder		22737		37914
745	DWP National Insurance rebates property linked			35	130623
750	Income drawdown property linked - Active Money SIPP	11	41	26	2898
750	Income drawdown property linked - Flexible Pension Plan		4	1	334
750	Income drawdown property linked - Group Flexible Retirement Plan	34346	224918	2745	494385
750	Income drawdown property linked - Group Self Invested Personal Pension	392	3330	62	27607
750	Income drawdown property linked - Pension Fund Withdrawal Plan			18	938
750	Income drawdown property linked - Self Invested Personal Pension	2179	15640	5934	579992
750	Income drawdown property linked - Wrap Self Invested Personal Pension	2853	1519	5786	54364
755	Trustee investment plan				3219104
760	Small self administered schemes - Personal Pension Plan & Castle Pension Series	18	405		1618
905	Index linked annuity			198	4753
905	Index linked annuity - Group Annuity in Payment			3	4612

**Long-term insurance business : Analysis of new business**

Name of insurer

**Standard Life Assurance Limited**

Total business

Financial year ended

**31 December 2010**

Units

**£000**

UK Pension / Reinsurance accepted external

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
755	Trustee investment plan				1407

## Long-term insurance business : Analysis of new business

Name of insurer

Standard Life Assurance Limited

Total business

Financial year ended

31 December 2010

Units

£000

Overseas (Irish Republic) / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
325	Level term assurance		8		
400	Annuity non-profit (CPA)			211	12034
400	Annuity non-profit (CPA) - Group Annuity in Payment			2	148
505	Life UWP whole life regular premium - Money Works Plan		51		
505	Life UWP whole life regular premium - Moneyworks SSIA		1		
525	Individual pensions UWP - Personal & Executive Pension Plans	5	15	2	6
530	Individual pensions UWP - increments - Personal & Executive Pension Plans		275		1796
530	Individual pensions UWP - increments - PRSA		33		299
535	Group money purchase pensions UWP	13	36		
540	Group money purchase pensions UWP - increments		91		39
575	Miscellaneous UWP				600
700	Life property linked single premium - Money Works Bond				8
700	Life property linked single premium - Synergy Investment Bond			651	53634
700	Life property linked single premium - Synergy Portfolio Bond			222	29934
710	Life property linked whole life regular premium - Money Works Plan		11		

## Long-term insurance business : Analysis of new business

Name of insurer

Standard Life Assurance Limited

Total business

Financial year ended

31 December 2010

Units

£000

Overseas (Irish Republic) / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
725	Individual pensions property linked - Personal & Executive Pension Plans	15	502	3	47
725	Individual pensions property linked - Synergy Buy Out Bond			455	39263
725	Individual pensions property linked - Synergy Executive Pension Plan	330	4578	108	12734
725	Individual pensions property linked - Synergy Personal Pension Plan	124	585	458	15367
725	Individual pensions property linked - Synergy PRSA	21	195	202	18327
730	Individual pensions property linked - increments - Personal & Executive Pension Plans		500		7389
730	Individual pensions property linked - increments - PRSA		154		3705
730	Individual pensions property linked - increments - Synergy Executive Pension Plan		1894		27278
730	Individual pensions property linked - increments - Synergy Personal Pension Plan		368		14719
735	Group money purchase pensions property linked	30	81	2	68
740	Group money purchase pensions property linked - increments		81		289
750	Income drawdown property linked - Synergy Approved Retirement Funds			1137	141888
765	Group managed fund				180582

**Long-term insurance business : Analysis of new business**

Name of insurer

**Standard Life Assurance Limited**

Total business

Financial year ended

**31 December 2010**

Units

**£000**

Overseas (Germany) / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
400	Annuity non-profit (CPA)			41	1256
525	Individual pensions UWP	13037	21273	387	26566
725	Individual pensions property linked	1325	2675	210	10757

**Long-term insurance business : Analysis of new business**

Name of insurer

**Standard Life Assurance Limited**

Total business

Financial year ended

**31 December 2010**

Units

**£000**

Overseas (Canada) / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
320	Group deposit administration non-profit - SLX			3	907
395	Annuity non-profit (PLA) - Structured Settlements			290	29975
395	Annuity non-profit (PLA) - Vested non Linked			4	368
400	Annuity non-profit (CPA) - Vested non Linked			22	730
905	Index linked annuity - Vested linked to CPI			20	1331

**Long-term insurance business : Analysis of new business**

Name of insurer

**Standard Life Assurance Limited**

Total business

Financial year ended

**31 December 2010**

Units

**£000**

Overseas (Irish Republic) / Reinsurance accepted external

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
765	Group managed fund				1657

**Long-term insurance business : Assets not held to match linked liabilities**

Name of insurer **Standard Life Assurance Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 2010**  
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

**Assets backing non-profit liabilities and non-profit capital requirements**

Land and buildings	11	2011	2011			
Approved fixed interest securities	12	1683794	2830602	116645	3.78	
Other fixed interest securities	13	4625128	5877104	361614	6.09	
Variable interest securities	14	882445	882445	11845	0.64	
UK listed equity shares	15	157740	209271	0		
Non-UK listed equity shares	16	0	0	0		
Unlisted equity shares	17	315008	315008			
Other assets	18	2920114	469800	2714	0.57	
<b>Total</b>	<b>19</b>	<b>10586241</b>	<b>10586240</b>	<b>492819</b>	<b>4.47</b>	

**Assets backing with-profits liabilities and with-profits capital requirements**

Land and buildings	21	1072623	2466313	154087	6.25	15.70
Approved fixed interest securities	22	3707419	15477352	633202	3.36	9.50
Other fixed interest securities	23	1249639	2447151	132073	4.59	9.52
Variable interest securities	24	643721	1020837	9559	0.10	9.50
UK listed equity shares	25	3387764	4119112	139030	5.15	14.51
Non-UK listed equity shares	26	246616	3826087	80275	3.21	14.65
Unlisted equity shares	27	568970	653622	0		14.50
Other assets	28	22289235	3155511	17782	0.44	0.99
<b>Total</b>	<b>29</b>	<b>33165986</b>	<b>33165986</b>	<b>1166008</b>	<b>3.43</b>	<b>12.09</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					12.09
Return allocated to non taxable 'asset shares'	32					12.09
Return allocated to taxable 'asset shares'	33					8.96

**Long-term insurance business : Assets not held to match linked liabilities**

Name of insurer **Standard Life Assurance Limited**  
 Category of assets **11 Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

**Assets backing non-profit liabilities and non-profit capital requirements**

Land and buildings	11					
Approved fixed interest securities	12	1680468	2812376	116066	3.78	
Other fixed interest securities	13	4625128	5877104	361614	6.09	
Variable interest securities	14	882445	882445	11845	0.64	
UK listed equity shares	15	157706	209237	0		
Non-UK listed equity shares	16	0	0	0		
Unlisted equity shares	17	315008	315008			
Other assets	18	2539146	103732	519	0.50	
<b>Total</b>	<b>19</b>	<b>10199902</b>	<b>10199901</b>	<b>490043</b>	<b>4.61</b>	

**Assets backing with-profits liabilities and with-profits capital requirements**

Land and buildings	21	1072623	2466313	154087	6.25	15.70
Approved fixed interest securities	22	3707419	15282906	625775	3.35	9.50
Other fixed interest securities	23	1249639	2359705	127744	4.58	9.50
Variable interest securities	24	643721	1013921	9458	0.10	9.50
UK listed equity shares	25	3385964	4103762	138683	5.16	14.50
Non-UK listed equity shares	26	246616	3638541	75251	3.19	14.50
Unlisted equity shares	27	568970	653620	0		14.50
Other assets	28	21771420	3127602	17507	0.44	1.00
<b>Total</b>	<b>29</b>	<b>32646370</b>	<b>32646370</b>	<b>1148505</b>	<b>3.42</b>	<b>12.10</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					12.10
Return allocated to non taxable 'asset shares'	32					12.10
Return allocated to taxable 'asset shares'	33					9.10

**Long-term insurance business : Assets not held to match linked liabilities**

Name of insurer **Standard Life Assurance Limited**  
 Category of assets **12 Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

**Assets backing non-profit liabilities and non-profit capital requirements**

Land and buildings	11	2011	2011			
Approved fixed interest securities	12	3326	18226	580	3.58	
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15	34	34			
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	380968	366068	2196	0.59	
<b>Total</b>	<b>19</b>	<b>386339</b>	<b>386339</b>	<b>2776</b>	<b>0.73</b>	

**Assets backing with-profits liabilities and with-profits capital requirements**

Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
<b>Total</b>	<b>29</b>					

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

**Long-term insurance business : Assets not held to match linked liabilities**

Name of insurer **Standard Life Assurance Limited**  
 Category of assets **13 German With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

**Assets backing non-profit liabilities and non-profit capital requirements**

Land and buildings	11				
Approved fixed interest securities	12				
Other fixed interest securities	13				
Variable interest securities	14				
UK listed equity shares	15				
Non-UK listed equity shares	16				
Unlisted equity shares	17				
Other assets	18				
<b>Total</b>	<b>19</b>				

**Assets backing with-profits liabilities and with-profits capital requirements**

Land and buildings	21					
Approved fixed interest securities	22		183998	7013	4.36	10.20
Other fixed interest securities	23		84189	4140	4.86	10.20
Variable interest securities	24		6381	95	0.58	10.20
UK listed equity shares	25	1603	5535	69	2.67	17.60
Non-UK listed equity shares	26		155735	4194	3.62	17.60
Unlisted equity shares	27					
Other assets	28	460622	26387	264	1.00	0.40
<b>Total</b>	<b>29</b>	<b>462225</b>	<b>462225</b>	<b>15774</b>	<b>3.94</b>	<b>10.90</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					10.90
Return allocated to non taxable 'asset shares'	32					10.90
Return allocated to taxable 'asset shares'	33					

**Long-term insurance business : Assets not held to match linked liabilities**

Name of insurer **Standard Life Assurance Limited**  
 Category of assets **14 German Smoothed Managed With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

**Assets backing non-profit liabilities and non-profit capital requirements**

Land and buildings	11				
Approved fixed interest securities	12				
Other fixed interest securities	13				
Variable interest securities	14				
UK listed equity shares	15				
Non-UK listed equity shares	16				
Unlisted equity shares	17				
Other assets	18				
<b>Total</b>	<b>19</b>				

**Assets backing with-profits liabilities and with-profits capital requirements**

Land and buildings	21					
Approved fixed interest securities	22		6997	268	3.07	1.70
Other fixed interest securities	23					
Variable interest securities	24		245	4	0.58	1.70
UK listed equity shares	25	196	810	11	2.84	17.50
Non-UK listed equity shares	26		28347	770	3.64	17.50
Unlisted equity shares	27					
Other assets	28	36980	778	8	1.00	0.40
<b>Total</b>	<b>29</b>	<b>37176</b>	<b>37176</b>	<b>1060</b>	<b>3.44</b>	<b>13.50</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					13.50
Return allocated to non taxable 'asset shares'	32					13.50
Return allocated to taxable 'asset shares'	33					

**Long-term insurance business : Assets not held to match linked liabilities**

Name of insurer **Standard Life Assurance Limited**  
 Category of assets **15 UK Smoothed Managed With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

**Assets backing non-profit liabilities and non-profit capital requirements**

Land and buildings	11				
Approved fixed interest securities	12				
Other fixed interest securities	13				
Variable interest securities	14				
UK listed equity shares	15				
Non-UK listed equity shares	16				
Unlisted equity shares	17				
Other assets	18				
<b>Total</b>	<b>19</b>				

**Assets backing with-profits liabilities and with-profits capital requirements**

Land and buildings	21					
Approved fixed interest securities	22		3451	146	3.03	7.90
Other fixed interest securities	23		3257	190	5.27	7.90
Variable interest securities	24		289	2	0.16	7.90
UK listed equity shares	25		9006	268	4.53	16.20
Non-UK listed equity shares	26		3465	60	3.06	16.20
Unlisted equity shares	27		2			16.20
Other assets	28	20214	745	4	0.50	0.50
<b>Total</b>	<b>29</b>	<b>20214</b>	<b>20214</b>	<b>669</b>	<b>3.93</b>	<b>12.50</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					12.50
Return allocated to non taxable 'asset shares'	32					12.50
Return allocated to taxable 'asset shares'	33					

**Long-term insurance business : Fixed and variable interest assets**

Name of insurer **Standard Life Assurance Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 2010**  
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
<b>UK Government approved fixed interest securities</b>	<b>11</b>	13147946	11.36	3.40	3.40
<b>Other approved fixed interest securities</b>	<b>21</b>	4947337	13.33	3.44	3.23
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	638110	7.24	4.02	3.68
AA/Aa	<b>32</b>	1783020	9.02	5.24	4.63
A/A	<b>33</b>	3634823	9.28	5.41	4.58
BBB/Baa	<b>34</b>	1381320	9.15	6.23	4.88
BB/Ba	<b>35</b>	442730	9.00	8.99	5.04
B/B	<b>36</b>	66997	4.50	8.17	0.98
CCC/Caa	<b>37</b>	59635	6.87	9.96	0.41
Other (including unrated)	<b>38</b>	230175	10.84	5.49	4.85
<b>Total other fixed interest securities</b>	<b>39</b>	8236810	9.02	5.65	4.54
<b>Approved variable interest securities</b>	<b>41</b>	1597376	11.00	0.12	0.12
<b>Other variable interest securities</b>	<b>51</b>	298991	11.68	1.58	1.09
<b>Total (11+21+39+41+51)</b>	<b>61</b>	28228458	11.01	3.86	3.49

**Long-term insurance business : Fixed and variable interest assets**

Name of insurer **Standard Life Assurance Limited**  
 Category of assets **11 Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
<b>UK Government approved fixed interest securities</b>	<b>11</b>	13147946	11.36	3.40	3.40
<b>Other approved fixed interest securities</b>	<b>21</b>	4947337	13.33	3.44	3.23
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	638110	7.24	4.02	3.68
AA/Aa	<b>32</b>	1783020	9.02	5.24	4.63
A/A	<b>33</b>	3634823	9.28	5.41	4.58
BBB/Baa	<b>34</b>	1381320	9.15	6.23	4.88
BB/Ba	<b>35</b>	442730	9.00	8.99	5.04
B/B	<b>36</b>	66997	4.50	8.17	0.98
CCC/Caa	<b>37</b>	59635	6.87	9.96	0.41
Other (including unrated)	<b>38</b>	230175	10.84	5.49	4.85
<b>Total other fixed interest securities</b>	<b>39</b>	8236810	9.02	5.65	4.54
<b>Approved variable interest securities</b>	<b>41</b>	1597376	11.00	0.12	0.12
<b>Other variable interest securities</b>	<b>51</b>	298991	11.68	1.58	1.09
<b>Total (11+21+39+41+51)</b>	<b>61</b>	28228458	11.01	3.86	3.49

## Long-term insurance business : Summary of mathematical reserves

Name of insurer **Standard Life Assurance Limited**Total business / subfund **Summary**Financial year ended **31 December 2010**Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Form 51 - with-profits	11	5625493	651903	148078	6425474	7367848
Form 51 - non-profit	12	466641	10467351	1375324	12309316	11897092
Form 52	13	3075503	13132700	6002504	22210706	22027845
Form 53 - linked	14	7905564	49888746	2594648	60388958	51473830
Form 53 - non-linked	15	6470	44385	(20109)	30747	6427
Form 54 - linked	16	98544	2426981	304785	2830310	2751987
Form 54 - non-linked	17	40	6497	2286	8823	7627
<b>Total</b>	<b>18</b>	<b>17178254</b>	<b>76618563</b>	<b>10407516</b>	<b>104204333</b>	<b>95532656</b>

**Reinsurance - external**

Form 51 - with-profits	21	5160	101	19	5280	5646
Form 51 - non-profit	22	136847	5416885	38389	5592121	5702890
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26	2576	963122		965698	952356
Form 54 - non-linked	27					
<b>Total</b>	<b>28</b>	<b>144583</b>	<b>6380108</b>	<b>38408</b>	<b>6563099</b>	<b>6660893</b>

**Reinsurance - intra-group**

Form 51 - with-profits	31		392		392	373
Form 51 - non-profit	32	51647	2106018	899062	3056728	2581064
Form 52	33					
Form 53 - linked	34	7904701	49888746	2536024	60329471	51437107
Form 53 - non-linked	35	7186	1947	(22377)	(13244)	(27964)
Form 54 - linked	36	1413	284394	304772	590580	526675
Form 54 - non-linked	37	1	733	2286	3019	2580
<b>Total</b>	<b>38</b>	<b>7964948</b>	<b>52282229</b>	<b>3719768</b>	<b>63966945</b>	<b>54519835</b>

**Net of reinsurance**

Form 51 - with-profits	41	5620333	651410	148060	6419803	7361829
Form 51 - non-profit	42	278147	2944448	437873	3660467	3613138
Form 52	43	3075503	13132700	6002504	22210706	22027845
Form 53 - linked	44	863		58625	59487	36722
Form 53 - non-linked	45	(716)	42439	2268	43991	34391
Form 54 - linked	46	94555	1179464	13	1274032	1272957
Form 54 - non-linked	47	39	5765		5803	5047
<b>Total</b>	<b>48</b>	<b>9068723</b>	<b>17956225</b>	<b>6649341</b>	<b>33674290</b>	<b>34351928</b>

**Long-term insurance business : Summary of mathematical reserves**Name of insurer **Standard Life Assurance Limited**Total business / subfund **Heritage With Profits Fund**Financial year ended **31 December 2010**Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Form 51 - with-profits	11	5625493	651903	148078	6425474	7367848
Form 51 - non-profit	12	419222	8399901	461250	9280373	9346003
Form 52	13	3075503	13112502	5541845	21729849	21671324
Form 53 - linked	14	4868062	29996831	1012415	35877308	33944048
Form 53 - non-linked	15	(716)	43511	1764	44559	35942
Form 54 - linked	16	94231	2282889	13	2377133	2369986
Form 54 - non-linked	17	39	5765		5803	5047
<b>Total</b>	<b>18</b>	<b>14081833</b>	<b>54493301</b>	<b>7165366</b>	<b>75740500</b>	<b>74740198</b>

**Reinsurance - external**

Form 51 - with-profits	21	5160	101	19	5280	5646
Form 51 - non-profit	22	133225	5415893	37449	5586568	5697991
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26		963122		963122	951106
Form 54 - non-linked	27					
<b>Total</b>	<b>28</b>	<b>138385</b>	<b>6379116</b>	<b>37468</b>	<b>6554970</b>	<b>6654743</b>

**Reinsurance - intra-group**

Form 51 - with-profits	31		392		392	373
Form 51 - non-profit	32	12288	40644	2890	55823	54924
Form 52	33					
Form 53 - linked	34	4867199	29996831	1012415	35876445	33943196
Form 53 - non-linked	35					
Form 54 - linked	36	76	140303		140379	146148
Form 54 - non-linked	37					
<b>Total</b>	<b>38</b>	<b>4879563</b>	<b>30178170</b>	<b>1015306</b>	<b>36073039</b>	<b>34144641</b>

**Net of reinsurance**

Form 51 - with-profits	41	5620333	651410	148060	6419803	7361829
Form 51 - non-profit	42	273708	2943364	420911	3637982	3593088
Form 52	43	3075503	13112502	5541845	21729849	21671324
Form 53 - linked	44	863			863	852
Form 53 - non-linked	45	(716)	43511	1764	44559	35942
Form 54 - linked	46	94155	1179464	13	1273632	1272732
Form 54 - non-linked	47	39	5765		5803	5047
<b>Total</b>	<b>48</b>	<b>9063885</b>	<b>17936015</b>	<b>6112592</b>	<b>33112492</b>	<b>33940813</b>

**Long-term insurance business : Summary of mathematical reserves**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Form 51 - with-profits	11				
Form 51 - non-profit	12				
Form 52	13		423517	423517	315223
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
<b>Total</b>	<b>18</b>		423517	423517	315223

**Reinsurance - external**

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
<b>Total</b>	<b>28</b>				

**Reinsurance - intra-group**

Form 51 - with-profits	31				
Form 51 - non-profit	32				
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
<b>Total</b>	<b>38</b>				

**Net of reinsurance**

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43		423517	423517	315223
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
<b>Total</b>	<b>48</b>		423517	423517	315223

**Long-term insurance business : Summary of mathematical reserves**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Form 51 - with-profits	11				
Form 51 - non-profit	12				
Form 52	13		37142	37142	27062
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
<b>Total</b>	<b>18</b>		37142	37142	27062

**Reinsurance - external**

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
<b>Total</b>	<b>28</b>				

**Reinsurance - intra-group**

Form 51 - with-profits	31				
Form 51 - non-profit	32				
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
<b>Total</b>	<b>38</b>				

**Net of reinsurance**

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43		37142	37142	27062
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
<b>Total</b>	<b>48</b>		37142	37142	27062

**Long-term insurance business : Summary of mathematical reserves**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **UK Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Form 51 - with-profits	11				
Form 51 - non-profit	12				
Form 52	13		20198	20198	14236
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
<b>Total</b>	<b>18</b>		20198	20198	14236

**Reinsurance - external**

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
<b>Total</b>	<b>28</b>				

**Reinsurance - intra-group**

Form 51 - with-profits	31				
Form 51 - non-profit	32				
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
<b>Total</b>	<b>38</b>				

**Net of reinsurance**

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43		20198	20198	14236
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
<b>Total</b>	<b>48</b>		20198	20198	14236

**Long-term insurance business : Summary of mathematical reserves**Name of insurer **Standard Life Assurance Limited**Total business / subfund **Proprietary Business Fund**Financial year ended **31 December 2010**Units **£000**

UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
1	2	3	4	5

**Gross**

Form 51 - with-profits	11					
Form 51 - non-profit	12	47420	2067450	914074	3028943	2551089
Form 52	13					
Form 53 - linked	14	3037502	19891915	1582233	24511650	17529782
Form 53 - non-linked	15	7186	874	(21873)	(13813)	(29515)
Form 54 - linked	16	4313	144091	304772	453177	382001
Form 54 - non-linked	17	1	733	2286	3019	2580
<b>Total</b>	<b>18</b>	<b>3096421</b>	<b>22105063</b>	<b>2781492</b>	<b>27982977</b>	<b>20435938</b>

**Reinsurance - external**

Form 51 - with-profits	21					
Form 51 - non-profit	22	3622	992	940	5553	4899
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26	2576			2576	1250
Form 54 - non-linked	27					
<b>Total</b>	<b>28</b>	<b>6198</b>	<b>992</b>	<b>940</b>	<b>8130</b>	<b>6149</b>

**Reinsurance - intra-group**

Form 51 - with-profits	31					
Form 51 - non-profit	32	39359	2065373	896172	3000905	2526140
Form 52	33					
Form 53 - linked	34	3037502	19891915	1523608	24453025	17493912
Form 53 - non-linked	35	7186	1947	(22377)	(13244)	(27964)
Form 54 - linked	36	1337	144091	304772	450201	380526
Form 54 - non-linked	37	1	733	2286	3019	2580
<b>Total</b>	<b>38</b>	<b>3085385</b>	<b>22104059</b>	<b>2704462</b>	<b>27893906</b>	<b>20375194</b>

**Net of reinsurance**

Form 51 - with-profits	41					
Form 51 - non-profit	42	4438	1084	16962	22485	20050
Form 52	43					
Form 53 - linked	44			58625	58625	35870
Form 53 - non-linked	45		(1072)	504	(568)	(1551)
Form 54 - linked	46	400			400	225
Form 54 - non-linked	47					
<b>Total</b>	<b>48</b>	<b>4838</b>	<b>12</b>	<b>76090</b>	<b>80941</b>	<b>54594</b>

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	9522	163992	2248				81019
120	Conventional endowment with-profits OB savings	52435	748125	23530				582567
125	Conventional endowment with-profits OB target cash	368689	5580178	154333				4961474
145	Income protection with-profits - PHI Deferred benefits	230	4660	138				138
155	Conventional pensions endowment with-profits - Reversionary Bonus	4	26					276
205	Miscellaneous conventional with-profits	5	45	1				18
300	Regular premium non-profit WL/EA OB - Endowment Assurance	148	452	5				483
300	Regular premium non-profit WL/EA OB - Whole life assurance	8983	33505	374				18045
305	Single premium non-profit WL/EA OB	113	155					149
325	Level term assurance	18871	695831	2073				(341)
330	Decreasing term assurance	17542	403189	2550				(5300)
335	Decreasing term assurance (rider benefits)		4683063	13995				19668
350	Stand-alone critical illness (guaranteed premiums)	2306	173510	2419				14654
360	Income protection non-profit (guaranteed premiums)	168	1061	47				238
375	Protection menu policy - Lifetime Protection Series	128491	14168328	53803				107448

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
380	Miscellaneous protection rider		18639	48				53
385	Income protection claims in payment	1	14					41
390	Deferred annuity non-profit	271	12					864
390	Deferred annuity non-profit - Group deferred annuity	730	62					1613
395	Annuity non-profit (PLA) - Annuity in Payment	8562	33715					242298
400	Annuity non-profit (CPA) - Annuity in Payment	362	413					4775
400	Annuity non-profit (CPA) - Group Annuity in Payment	195	126					1086
425	Group income protection claims in payment	37	800					7603
435	Miscellaneous non-profit - Increasable term assurance	21	1496	14				26
435	Miscellaneous non-profit - Miscellaneous	155	128537	903				5817

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB		5215	66				2821
120	Conventional endowment with-profits OB savings		695	24				508
125	Conventional endowment with-profits OB target cash		2243	69				1762
145	Income protection with-profits - PHI Deferred benefits		2330	69				69
300	Regular premium non-profit WL/EA OB - Whole life assurance		1170	10				533
325	Level term assurance		490467	1223				(569)
330	Decreasing term assurance		7195	26				20
335	Decreasing term assurance (rider benefits)		2321	20				27
350	Stand-alone critical illness (guaranteed premiums)		138927	610				5945
375	Protection menu policy - Lifetime Protection Series		11421126	30166				124789
425	Group income protection claims in payment		243					2335
435	Miscellaneous non-profit - Miscellaneous		94					146

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
395	Annuity non-profit (PLA) - Annuity in Payment		33564	29814				6466
400	Annuity non-profit (CPA) - Annuity in Payment		413					4749
400	Annuity non-profit (CPA) - Group Annuity in Payment		125					1073

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
155	Conventional pensions endowment with-profits - Endowment Assurance	92	1549					900
155	Conventional pensions endowment with-profits - Pure Endowment	8165	363176	722				249292
155	Conventional pensions endowment with-profits - Reversionary Bonus	6607	15729	1385				80808
165	Conventional deferred annuity with-profits	517	2259					14767
200	Annuity with-profits (CPA) - With Profits Pension annuity	3299	26060					305367
205	Miscellaneous conventional with-profits - Death in service dependants' annuities	106	4376	272				272
205	Miscellaneous conventional with-profits - Life Assurance	1890	182945	492				497
300	Regular premium non-profit WL/EA OB	1	2					2
305	Single premium non-profit WL/EA OB	10	11					4
325	Level term assurance	466	37451	58				159
330	Decreasing term assurance	27	4417	5				6
380	Miscellaneous protection rider		674230	2805				749
390	Deferred annuity non-profit	141	40					593
390	Deferred annuity non-profit - Group deferred annuity	33884	39530					725615
400	Annuity non-profit (CPA) - Annuity in Payment	271387	497785					6138815

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
400	Annuity non-profit (CPA) - Group Annuity in Payment	36939	135549					1504755
410	Group Life - Life Assurance	2308	361056	1106				1106
411	Group death in service dependants' annuities	18	13177	214				6810
435	Miscellaneous non-profit	1231	4247	1824				21187
440	Additional reserves non-profit OB							100

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
205	Miscellaneous conventional with-profits - Death in service dependants' annuities		271	0				0
205	Miscellaneous conventional with-profits - Life Assurance		7473	101				101
325	Level term assurance		30241	34				93
330	Decreasing term assurance		3533	2				2
380	Miscellaneous protection rider		333	1				0
400	Annuity non-profit (CPA) - Annuity in Payment		467426					5415756
400	Annuity non-profit (CPA) - Group Annuity in Payment							0
410	Group Life - Life Assurance		7054	38				41

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
205	Miscellaneous conventional with-profits - Life Assurance		175472	392				392
400	Annuity non-profit (CPA) - Annuity in Payment		29998	29654				
400	Annuity non-profit (CPA) - Group Annuity in Payment		135545	134064				39575
410	Group Life - Life Assurance		354002	1069				1069

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	492	3850	46				2594
120	Conventional endowment with-profits OB savings - Endowment Assurance	7421	82792	4052				59519
120	Conventional endowment with-profits OB savings - Pure Endowment	551	30524	97				48626
125	Conventional endowment with-profits OB target cash	1055	24475	989				20518
145	Income protection with-profits - PHI Deferred benefits	1	390	26				26
155	Conventional pensions endowment with-profits - Reversionary Bonus	1	10					139
165	Conventional deferred annuity with-profits	68	540					7210
200	Annuity with-profits (CPA) - Annuity in Payment	40	324					3671
205	Miscellaneous conventional with-profits	1	2					
205	Miscellaneous conventional with-profits - Life Assurance	20	2995	12				13
300	Regular premium non-profit WL/EA OB - Endowment assurance	18	82	3				73
300	Regular premium non-profit WL/EA OB - Whole life assurance	1031	6447	82				4034
325	Level term assurance	279	10786	42				5
330	Decreasing term assurance	345	5108	48				(73)
335	Decreasing term assurance (rider benefits)		17118	59				41

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
350	Stand-alone critical illness (guaranteed premiums)	20	1869	24				187
365	Income protection non-profit (reviewable premiums)							723
375	Protection menu policy - Lifetime Protection Series	2083	215523	834				(498)
380	Miscellaneous protection rider		12563	69				(11)
390	Deferred annuity non-profit	28	6					108
390	Deferred annuity non-profit - Group deferred annuity	365	552					10396
395	Annuity non-profit (PLA) - Annuity in Payment	34	174					1284
400	Annuity non-profit (CPA) - Annuity in payment	4223	17842					248513
400	Annuity non-profit (CPA) - Group Annuity in payment	1069	5908					116275
410	Group Life - Life Assurance		1870	10				10
411	Group death in service dependants' annuities		11					24
420	Group income protection - PHI Deferred benefits		165	5				5
425	Group income protection claims in payment	189	3016					29848
435	Miscellaneous non-profit - Miscellaneous	108	4897	16				922

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Germany) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
200	Annuity with-profits (CPA)	79	365					5762
385	Income protection claims in payment							42986
400	Annuity non-profit (CPA)	58	432					6400

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
120	Conventional endowment with-profits OB savings - Endowment Assurance		7	0				5
145	Income protection with-profits - PHI Deferred benefits		195	13				13
300	Regular premium non-profit WL/EA OB - Whole life assurance		44	1				25
325	Level term assurance		4171	14				(20)
350	Stand-alone critical illness (guaranteed premiums)		1495	8				102
375	Protection menu policy - Lifetime Protection Series		171301	379				589
425	Group income protection claims in payment		546					4616

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Germany) / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
385	Income protection claims in payment							32138

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
395	Annuity non-profit (PLA) - Annuity in Payment		174					1276
400	Annuity non-profit (CPA) - Annuity in Payment		17842	18126				1510
400	Annuity non-profit (CPA) - Group Annuity in Payment		5908	6070				105

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular premium non-profit WL/EA OB	306	1109	57				1004
350	Stand-alone critical illness (guaranteed premiums)	39	3012	457				1177
360	Income protection non-profit (guaranteed premiums)	10269	1342	807				4278
375	Protection menu policy - Lifetime Protection Series	9001	1753661	5516				1470
395	Annuity non-profit (PLA) - Annuity in Payment	775	4819					39344
400	Annuity non-profit (CPA) - Annuity in Payment	3	1					15
435	Miscellaneous non-profit - Increasable term assurance	85	8118	65				131

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
300	Regular premium non-profit WL/EA OB		1109	57				1004
350	Stand-alone critical illness (guaranteed premiums)		2409	168				432
375	Protection menu policy - Lifetime Protection Series		1497965	3499				2186

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
395	Annuity non-profit (PLA) - Annuity in Payment		4819					39344
400	Annuity non-profit (CPA) - Annuity in Payment		1					15

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance	2099	386722	625				1210
330	Decreasing term assurance	265	38647	82				85
380	Miscellaneous protection rider		1841	6				(18)
400	Annuity non-profit (CPA) - Annuity in Payment	127978	118877					1807383
400	Annuity non-profit (CPA) - Group Annuity in Payment	4134	15729					257472
440	Additional reserves non-profit OB							1318

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
325	Level term assurance		348049	482				950
330	Decreasing term assurance		30765	40				41
380	Miscellaneous protection rider			0				0

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
400	Annuity non-profit (CPA) - Annuity in Payment		118877					1807383
400	Annuity non-profit (CPA) - Group Annuity in Payment		15729					257472
440	Additional reserves non-profit OB							518

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
350	Stand-alone critical illness (guaranteed premiums)			0				0
375	Protection menu policy - Lifetime Protection Series	34	5784	73				(112)
400	Annuity non-profit (CPA) - Annuity in payment	802	2599					41692
400	Annuity non-profit (CPA) - Group Annuity in Payment	51	155					2658
440	Additional reserves non-profit OB - Unitised with profits business							32

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Germany) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
385	Income protection claims in payment							1369
400	Annuity non-profit (CPA)	105	309					4918
435	Miscellaneous non-profit - sterling reserves UWP							6644
440	Additional reserves non-profit OB							5082

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Canada) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
320	Group deposit administration non-profit - SLX	469						13504
395	Annuity non-profit (PLA) - Annuity in payment	4154	62454					775505
400	Annuity non-profit (CPA) - Annuity in payment	21	526					4847
400	Annuity non-profit (CPA) - Group annuity in payment	674	6978					57934

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
375	Protection menu policy - Lifetime Protection Series		4627	59				(87)

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer	<b>Standard Life Assurance Limited</b>
Total business / subfund	<b>Proprietary Business Fund</b>
Financial year ended	<b>31 December 2010</b>
Units	<b>£000</b>
Overseas (Germany) / Reinsurance ceded external	

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
385	Income protection claims in payment							1027

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
400	Annuity non-profit (CPA) - Annuity in payment		2599					41692
400	Annuity non-profit (CPA) - Group Annuity in Payment		155					2658
440	Additional reserves non-profit OB - Unitised with profits business							32

**Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Canada) / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
320	Group deposit administration non-profit - SLX							13504
395	Annuity non-profit (PLA) - Annuity in payment		62454					775505
400	Annuity non-profit (CPA) - Annuity in payment		526					4847
400	Annuity non-profit (CPA) - Group annuity in payment		6978					57934

**Long-term insurance business : Valuation summary of accumulating with-profits contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium - Special Investment Bond	610	19366	3	19345	19063	2965	22029
500	Life UWP single premium - With Profit Bond	47816	1152071		1140725	1125428	138	1125565
505	Life UWP whole life regular premium - Variable Protection Plan	4349	319588	3636	36333	30818	11125	41944
510	Life UWP endowment regular premium - savings - Regular Investment Bond		98	4	341	358		358
510	Life UWP endowment regular premium - savings - Versatile Investment Plan	14651	310222	15491	243312	243312	10789	254101
515	Life UWP endowment regular premium - target cash - Homeplan	93344	3815526	86542	1352152	1352152	1323	1353475
610	Additional reserves UWP - Homeplan					264821		264821
610	Additional reserves UWP - With Profit Bond					13210		13210

**Long-term insurance business : Valuation summary of accumulating with-profits contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP - Personal Pension Plan & Castle Pension Series	242952	8302859	103780	8167943	7969658	155695	8125353
525	Individual pensions UWP - Stakeholder	47961	991352	35062	991352	991352	3142	994494
535	Group money purchase pensions UWP - Group Money Purchase Plan	71511	1429667	30538	1329554	1280518	49797	1330315
535	Group money purchase pensions UWP - Personal Pension Plan & Castle Pension Series	62823	2140190	55952	2116740	2053674	66590	2120264
535	Group money purchase pensions UWP - Stakeholder	15820	357358	26177	357358	357358	728	358086
571	Trustee investment plan UWP				109590	109590		109590
610	Additional reserves UWP - Personal Pension Plan & Castle Pension Series					57400	17000	74400

**Long-term insurance business : Valuation summary of accumulating with-profits contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium - Special Investment Bond		116	5	86	88		88
500	Life UWP single premium - Synergy Investment Bond	61	2898		2949	2949	0	2949
500	Life UWP single premium - Synergy Portfolio Bond	3	42		43	43		43
500	Life UWP single premium - With Profit Bond	4182	184935		184750	162078	2725	164803
505	Life UWP whole life regular premium - Capital Savings Plan	7340	38883	3241	38883	38809	1377	40186
505	Life UWP whole life regular premium - Flexible Life Plan	357	25971	342	2809	2809	121	2930
505	Life UWP whole life regular premium - Moneyworks Plan	1772	37654	3240	37282	36583	733	37316
505	Life UWP whole life regular premium - Moneyworks SSIA	1119	20710	1412	20505	20375	79	20455
505	Life UWP whole life regular premium - Mortgage Plan	114	6845	248	2862	2860	8	2868
525	Individual pensions UWP - Personal & Executive Pension Plans	15627	609050	17031	599584	583613	96360	679973
525	Individual pensions UWP - PRSA	748	24970	1942	24970	26547	37	26584
535	Group money purchase pensions UWP - Group Money Purchase Plan	1694	50537	2166	48537	46289	11784	58073
570	Income drawdown UWP - Approved Retirement Funds	381	42208		42208	43002	1	43003
575	Miscellaneous UWP - Managed Fund				4499	4795		4795
610	Additional reserves UWP - With Profit Bond					18240		18240

**Long-term insurance business : Valuation summary of accumulating with-profits contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Germany) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
510	Life UWP endowment regular premium - savings - cash	136759	6175592	231590	1312801	1447138	12146	1459284
525	Individual pensions UWP	260650	1048298	346730	2624183	2954152	26103	2980254

**Long-term insurance business : Valuation summary of accumulating with-profits contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Germany) / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
510	Life UWP endowment regular premium - savings - cash		4631694					
525	Individual pensions UWP		767459					





**Long-term insurance business : Valuation summary of accumulating with-profits contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **UK Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP - Stakeholder	792	8078	534	8078	8078		8078
535	Group money purchase pensions UWP - Stakeholder	1305	12121	3128	12121	12121		12121

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium - Capital Investment Bond	104603	3709681		3614607	3614607	(735)	3613872
700	Life property linked single premium - Special Investment Bond	10762	219382	5	219267	219267		219267
700	Life property linked single premium - Wrap Onshore Bond	3	168		168	168	0	169
710	Life property linked whole life regular premium - Variable Protection Plan	8706	487647	4934	60422	60422	7	60429
715	Life property linked endowment regular premium - savings - Regular Investment Bond	216	10721	172	10964	10964		10964
715	Life property linked endowment regular premium - savings - Versatile Investment Plan	25536	363127	14813	248540	248540	4	248544
720	Life property linked endowment regular premium - target cash - Homeplan	81714	1969014	41932	713231	713231	7	713238
795	Miscellaneous property linked - Unit Endowment	1	55	0	863	863		863

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium - Capital Investment Bond		3615		3614607	3614607		3614607
700	Life property linked single premium - Special Investment Bond		219	5	219267	219267		219267
700	Life property linked single premium - Wrap Onshore Bond				168	168		168
710	Life property linked whole life regular premium - Variable Protection Plan		60	4926	60422	60422		60422
715	Life property linked endowment regular premium - savings - Regular Investment Bond		11	172	10964	10964		10964
715	Life property linked endowment regular premium - savings - Versatile Investment Plan		249	14809	248540	248540		248540
720	Life property linked endowment regular premium - target cash - Homeplan		713	41924	713231	713231		713231

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked - Personal Pension Plan & Castle Pension Series	454754	10737103	222043	10567095	10532348	9541	10541890
725	Individual pensions property linked - Stakeholder	130113	2051887	66761	2051887	2051887	3596	2055484
735	Group money purchase pensions property linked - Group Money Purchase Plan	123765	2323462	94081	2266694	2262618	8293	2270911
735	Group money purchase pensions property linked - Personal Pension Plan & Castle Pension Series	405937	7352781	308060	7300657	7298209	16454	7314663
735	Group money purchase pensions property linked - Stakeholder	56148	1186647	105816	1186647	1186647	2148	1188794
750	Income drawdown property linked - Flexible Pension Plan	848	125238	6	125238	125238	21	125260
750	Income drawdown property linked - Pension Fund Withdrawal Plan	2237	77780		77780	77780	(122)	77659
755	Trustee investment plan	13782			6375147	6375147	(237)	6374910
760	Small self administered schemes - Group Money Purchase Plan	78	3395	58	3268	3234	8	3242
760	Small self administered schemes - Personal Pension Plan & Castle Pension Series	1492	88114	3940	83885	83722	255	83977
800	Additional reserves property linked - Personal Pension Plan & Castle Pension Series						3553	3553

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
Total business / subfund **Heritage With Profits Fund**  
Financial year ended **31 December 2010**  
Units **£000**  
UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked - Personal Pension Plan & Castle Pension Series			222043	10567095	10532348		10532348
725	Individual pensions property linked - Stakeholder			66761	2051887	2051887		2051887
735	Group money purchase pensions property linked - Group Money Purchase Plan			94081	2266694	2262618		2262618
735	Group money purchase pensions property linked - Personal Pension Plan & Castle Pension Series			308060	7300657	7298209		7298209
735	Group money purchase pensions property linked - Stakeholder			105816	1186647	1186647		1186647
750	Income drawdown property linked - Flexible Pension Plan			6	125238	125238		125238
750	Income drawdown property linked - Pension Fund Withdrawal Plan				77780	77780		77780
755	Trustee investment plan				6375147	6375147		6375147
760	Small self administered schemes - Group Money Purchase Plan			58	3268	3234		3234
760	Small self administered schemes - Personal Pension Plan & Castle Pension Series			3940	83885	83722		83722

## Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium - Capital Investment Bond	5064	165250		163483	163483	842	164326
700	Life property linked single premium - Moneyworks Bond	858	30329		30028	30028	220	30249
700	Life property linked single premium - Prosperity Bond	597	26449		26187	26187	7	26194
700	Life property linked single premium - Special Investment Bond	77	1102	1	1094	1094	0	1094
700	Life property linked single premium - Synergy Investment Bond	915	65397		64743	64743	(1037)	63706
700	Life property linked single premium - Synergy Portfolio Bond	101	9056		8966	8966	5	8970
710	Life property linked whole life regular premium - Capital Savings Plan	237	1489	103	1489	1489	2	1490
710	Life property linked whole life regular premium - Flexible Life Plan	158	6254	84	894	894	0	894
710	Life property linked whole life regular premium - Moneyworks Plan	637	5193	508	5141	5141	5	5147
710	Life property linked whole life regular premium - Mortgage Plan	10	382	13	146	146		146
710	Life property linked whole life regular premium - Universal Life Plan	601	31211	422	4789	4789	5	4794
710	Life property linked whole life regular premium - Variable Protection Plan	575	20663	282	7696	7696	0	7696
715	Life property linked endowment regular premium - savings - Versatile Investment Plan	148	3630	57	2248	2248	25	2273
725	Individual pensions property linked - Personal & Executive Pension Plans	12183	294118	8601	290169	286632	1086	287719
725	Individual pensions property linked - PRSA	1404	30299	2524	30299	30299	118	30417

## Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked - Synergy Buy Out Bond	2	43		43	43	0	43
725	Individual pensions property linked - Synergy Executive Pension Plan	46	4312	283	4312	4312	(58)	4254
725	Individual pensions property linked - Synergy Personal Pension Plan	25	1071	40	1071	1071	(11)	1061
735	Group money purchase pensions property linked - Executive Pension Plan	788	22166	1311	19067	18444	361	18805
735	Group money purchase pensions property linked - Group Money Purchase Plan	1224	16672	1240	16672	16672	258	16929
750	Income drawdown property linked - Approved Retirement Funds	497	50407		50407	50407	(51)	50356
750	Income drawdown property linked - Synergy Approved Retirement Funds	42	4267		4267	4267	(15)	4252
765	Group managed fund	641			283362	283362		283362

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium - Capital Investment Bond		163		163483	163483		163483
700	Life property linked single premium - Moneyworks Bond		30		30028	30028		30028
700	Life property linked single premium - Prosperity Bond		26		26187	26187		26187
700	Life property linked single premium - Special Investment Bond		1	1	1094	1094		1094
700	Life property linked single premium - Synergy Investment Bond		65		64743	64743		64743
700	Life property linked single premium - Synergy Portfolio Bond		9		8966	8966		8966
710	Life property linked whole life regular premium - Capital Savings Plan		1	103	1489	1489		1489
710	Life property linked whole life regular premium - Flexible Life Plan		1	84	894	894		894
710	Life property linked whole life regular premium - Moneyworks Plan		5	508	5141	5141		5141
710	Life property linked whole life regular premium - Mortgage Plan		0	13	146	146		146
710	Life property linked whole life regular premium - Universal Life Plan		5	420	4789	4789		4789
710	Life property linked whole life regular premium - Variable Protection Plan		8	282	7696	7696		7696
715	Life property linked endowment regular premium - savings - Versatile Investment Plan		2	57	2248	2248		2248
725	Individual pensions property linked - Personal & Executive Pension Plans			8601	290169	286632		286632
725	Individual pensions property linked - PRSA			2524	30299	30299		30299

## Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked - Synergy Buy Out Bond				43	43		43
725	Individual pensions property linked - Synergy Executive Pension Plan			283	4312	4312		4312
725	Individual pensions property linked - Synergy Personal Pension Plan			40	1071	1071		1071
735	Group money purchase pensions property linked - Executive Pension Plan			1311	19067	18444		18444
735	Group money purchase pensions property linked - Group Money Purchase Plan			1240	16672	16672		16672
750	Income drawdown property linked - Approved Retirement Funds		51		50407	50407		50407
750	Income drawdown property linked - Synergy Approved Retirement Funds		4		4267	4267		4267
765	Group managed fund				283362	283362		283362

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium - Capital Investment Bond	51541	2892123		2889564	2834275	8496	2842772
700	Life property linked single premium - Tailored Investment Bond	906	71249		71178	71178	(830)	70348
700	Life property linked single premium - Wrap Onshore Bond	1248	131827		131695	131695	(480)	131215
710	Life property linked whole life regular premium - Variable Protection Plan	63	5397	177	325	325		325
715	Life property linked endowment regular premium - savings - Versatile Investment Plan	9	190	10	20	20		20
720	Life property linked endowment regular premium - target cash - Homeplan	3	82	3	7	7		7

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
Total business / subfund **Proprietary Business Fund**  
Financial year ended **31 December 2010**  
Units **£000**  
UK Life / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium - Capital Investment Bond		2892123		2889564	2834275	8496	2842772
700	Life property linked single premium - Tailored Investment Bond		71249		71178	71178	(830)	70348
700	Life property linked single premium - Wrap Onshore Bond		131827		131695	131695	(480)	131215
710	Life property linked whole life regular premium - Variable Protection Plan		5397	177	325	325		325
715	Life property linked endowment regular premium - savings - Versatile Investment Plan		190	10	20	20		20
720	Life property linked endowment regular premium - target cash - Homeplan		82	3	7	7		7

## Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked - Active Money Personal Pension	3601	108204	9362	108204	108204	(675)	107530
725	Individual pensions property linked - Personal Pension Plan & Castle Pension Series	21077	275774	17207	275758	275758	1061	276819
725	Individual pensions property linked - Stakeholder	33156	343368	22083	343368	343368	1536	344903
735	Group money purchase pensions property linked - Group Money Purchase Plan	68216	812951	126659	770421	770421	9504	779925
735	Group money purchase pensions property linked - Personal Pension Plan & Castle Pension Series	125436	1200832	273213	1200838	1200838	8902	1209740
735	Group money purchase pensions property linked - Stakeholder	64264	684001	210817	684001	684001	1753	685754
735	Group money purchase pensions property linked - Trust Based Pension	8180	266142	19686	266142	266142	2244	268386
750	Income drawdown property linked - Active Money SIPP	37	2694	41	2694	2694	(5)	2689
750	Income drawdown property linked - Flexible Pension Plan	6	618		618	618		618
750	Income drawdown property linked - Flexible Retirement Plan	19708	243726	8995	243726	243726	4707	248433
750	Income drawdown property linked - Group Flexible Retirement Plan	107478	2389413	515455	2389413	2389413	10244	2399658
750	Income drawdown property linked - Group Self Invested Personal Pension	2512	175616	15037	175616	175616	125	175741
750	Income drawdown property linked - Pension Fund Withdrawal Plan	10931	332407		332407	332407	(1542)	330865
750	Income drawdown property linked - Self Invested Personal Pension	64773	4778989	82439	4778989	4778989	(36096)	4742893
750	Income drawdown property linked - Wrap Self Invested Personal Pension	18955	132168	8039	132168	132168	(2875)	129294

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
755	Trustee Investment Plan			79653	8185091	8185091	(721)	8184370
760	Small self administered schemes - Personal Pension Plan & Castle Pension Series	66	2461	397	2461	2461	9	2470
800	Additional reserves property linked - Personal Pension Plan & Castle Pension series						2701	2701

## Long-term insurance business : Valuation summary of property linked contracts

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked - Active Money Personal Pension		108204	9362	108204	108204	(675)	107530
725	Individual pensions property linked - Personal Pension Plan & Castle Pension Series		275774	17207	275758	275758	1061	276819
725	Individual pensions property linked - Stakeholder		343368	22083	343368	343368	1507	344875
735	Group money purchase pensions property linked - Group Money Purchase Plan		812951	126659	770421	770421	9504	779925
735	Group money purchase pensions property linked - Personal Pension Plan & Castle Pension Series		1200832	273213	1200838	1200838	8902	1209740
735	Group money purchase pensions property linked - Stakeholder		684001	210817	684001	684001	1753	685754
735	Group money purchase pensions property linked - Trust Based Pension		266142	19686	266142	266142	2244	268386
750	Income drawdown property linked - Active Money SIPP		2694	41	2694	2694	(5)	2689
750	Income drawdown property linked - Flexible Pension Plan		618		618	618		618
750	Income drawdown property linked - Flexible Retirement Plan		243726	8995	243726	243726	5582	249308
750	Income drawdown property linked - Group Flexible Retirement Plan		2389413	515455	2389413	2389413	10304	2399717
750	Income drawdown property linked - Group Self Invested Personal Pension		175616	15037	175616	175616	52	175668
750	Income drawdown property linked - Pension Fund Withdrawal Plan		332407		332407	332407	(1542)	330865
750	Income drawdown property linked - Self Invested Personal Pension		4778989	82439	4778989	4778989	(35851)	4743139
750	Income drawdown property linked - Wrap Self Invested Personal Pension		132168	8039	132168	132168	(2880)	129288

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
755	Trustee Investment Plan			79653	8185091	8185091	(721)	8184370
760	Small self administered schemes - Personal Pension Plan & Castle Pension Series		2461	397	2461	2461	9	2470
800	Additional reserves property linked - Personal Pension Plan & Castle Pension Series						2701	2701

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium - Synergy Investment Bond	3122	192146		190232	190232	(5020)	185212
700	Life property linked single premium - Synergy Portfolio Bond	556	52795		52270	52270	5	52274
725	Individual pensions property linked - Personal & Executive Pension Plans	85	1467	148	948	856	47	902
725	Individual pensions property linked - Synergy Buy Out Bond	1202	87587		87587	87587	(2407)	85180
725	Individual pensions property linked - Synergy Executive Pension Plan	2107	167942	21546	167942	167942	(3928)	164014
725	Individual pensions property linked - Synergy Personal Pension Plan	3897	162806	9678	162806	162806	(2937)	159869
725	Individual pensions property linked - Synergy PRSA	238	14518	255	14518	14518		14518
735	Group money purchase pensions property linked - Executive Pension Plan	116	2953	341	1264	1162	40	1202
750	Income drawdown property linked - Synergy Approved Retirement Funds	4068	556047		556047	556047	(8275)	547772
765	Group Managed Fund				290189	290189		290189
800	Additional reserves property linked						100	100

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Germany) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual pensions property linked	9368	18522	14950	58625	58625	504	59128

**Long-term insurance business : Valuation summary of property linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium - Synergy Investment Bond		192146		190232	190232	(5020)	185212
700	Life property linked single premium - Synergy Portfolio Bond		52795		52270	52270	5	52274
725	Individual pensions property linked - Personal & Executive Pension Plans		1467	148	948	856	47	902
725	Individual pensions property linked - Synergy Buy Out Bond		87587		87587	87587	(2407)	85180
725	Individual pensions property linked - Synergy Executive Pension Plan		167942	21546	167942	167942	(3928)	164014
725	Individual pensions property linked - Synergy Personal Pension Plan		162806	9678	162806	162806	(2937)	159869
725	Individual pensions property linked - Synergy PRSA		14518	255	14518	14518		14518
735	Group money purchase pensions property linked - Executive Pension Plan		2953	341	1264	1162	40	1202
750	Income drawdown property linked - Synergy Approved Retirement Funds		556047		556047	556047	(8275)	547772
765	Group Managed Fund				290189	290189		290189
800	Additional reserves property linked						100	100

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity - Annuity In Payment - RPI	168	3419			94155	38	94193
905	Index linked annuity - Group Annuity in Payment - RPI	1	3			76	0	76

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity - Annuity In Payment - RPI		3419	3603				
905	Index linked annuity - Group Annuity in Payment - RPI		3			76		76

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity - Annuity in Payment - RPI	14773	76261			1149402	1492	1150895
905	Index linked annuity - Group Annuity in Payment - RPI	21697	50734			708492	2158	710650
910	Miscellaneous index linked - Death in service pension - RPI		6146			3691	27	3719
910	Miscellaneous index linked - Group deferred annuity - RPI		23807			421303	2087	423390

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity - Annuity in Payment - RPI		72755			963122		963122

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity - Annuity in Payment - RPI		3507	1575		131443		131443
905	Index linked annuity - Group Annuity in Payment - RPI		50731	49323		8860		8860

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Heritage With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Irish Republic) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
910	Miscellaneous index linked - PHI - Individual - CPI		406	13		13		13

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
901	Index linked income protection claims in payment - INDEX1		839			6490		6490
905	Index linked annuity - Annuity in payment - RPI	8	127			1337	1	1338
910	Miscellaneous index linked - Claims Incurred But Not Reported - INDEX1		683			525		525
910	Miscellaneous index linked - Claims Notified But Not Admitted - INDEX1		39			192		192
910	Miscellaneous index linked - Income Protection Plan - INDEX1	5283	92749	2751		(4230)		(4230)

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
901	Index linked income protection claims in payment - INDEX1		839			5728		5728
910	Miscellaneous index linked - Claims Incurred But Not Reported - INDEX1		683			463		463
910	Miscellaneous index linked - Claims Notified But Not Admitted - INDEX1		39			145		145
910	Miscellaneous index linked - Income Protection Plan - INDEX1		92749	2751		(3760)		(3760)



**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity - Annuity in Payment - RPI	703	832			18847	134	18980
905	Index linked annuity - Group Annuity in Payment - RPI	3554	8341			125245	599	125844

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity - Annuity in Payment - RPI		832			18847	134	18980
905	Index linked annuity - Group Annuity in Payment - RPI		8341			125245	599	125844

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Canada) / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity - Annuity in payment - Index 5	336	10489			296767	2226	298993
905	Index linked annuity - Group annuity in payment - Index 5	61	838			8005	60	8065

**Long-term insurance business : Valuation summary of index linked contracts**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 Overseas (Canada) / Reinsurance ceded intra-group

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity - Annuity in payment - Index 5		10489			296767	2226	298993
905	Index linked annuity - Group annuity in payment - Index 5		838			8005	60	8065

## Long-term insurance business : Unit prices for internal linked funds

Name of insurer **Standard Life Assurance Limited**  
 Total business  
 Financial year ended **31 December 2010**  
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Fixed Interest Asset Level Fund	03 - life - defensive managed fund	5639	1	1.20	1.1689	1.2078	3.33
European Equity MoM Asset Fund	01 - life - stock market managed fund	9939	1	1.80	0.8142	0.9098	11.74
US Equity MoM Asset Fund	06 - life - overseas equity	10846	1	1.80	0.7324	0.9074	23.90
Global Equity MoM Asset Fund	01 - life - stock market managed fund	3766	1	1.80	0.7955	0.9571	20.31
Asian Equity MoM Asset Fund	06 - life - overseas equity	5607	1	1.80	0.8398	1.0643	26.73
Property Asset Level Fund	07 - life - property	5313	1	1.20	0.6014	0.6730	11.90
SL GARS Germany Fund	24 - group managed fund - other managed fund	12733	1	1.85	1.0997	1.2198	10.92

**Long-term insurance business : Index linked business**Name of insurer **Standard Life Assurance Limited**

Total business

Financial year ended **31 December 2010**Units **£000**

Value of assets	Mean Term
1	2

**Analysis of assets**

Approved variable interest securities	11	1250922	15.47
Other variable interest securities	12	22781	10.01
Approved fixed interest securities	13	329	8.83
Other fixed interest securities	14		
Cash and deposits	15		
Equity index derivatives	16		
Inflation swaps	17		
Other assets	18		
Variation margin	19		
<b>Total (11 to 19)</b>	<b>20</b>	1274031	

**Credit rating of other fixed interest and other variable interest securities**

AAA/Aaa	31	13960	10.99
AA/Aa	32	2403	5.74
A/A	33	6313	9.59
BBB/Baa	34		
BB/Ba	35		
B/B	36		
CCC/Caa	37		
Other (including unrated)	38	105	2.30
<b>Total other fixed interest and other variable interest securities</b>	<b>39</b>	22781	10.01

**Long-term insurance business: Analysis of valuation interest rate**Name of insurer **Standard Life Assurance Limited**Subfund **Heritage With Profits Fund**Financial year ended **31 December 2010**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK L&GA Form 51 NP Annuities	238348	3.50	3.50	3.81
UK L&GA Form 51 NP Assurances	24823	2.70	3.37	3.75
UK L&GA Form 51 WP Assurances	5375313	3.60	4.17	4.47
UK L&GA Form 52 Assurances	2795971	2.20	2.26	2.61
UK Pens Form 51 NP Annuities	2152035	5.20	5.20	5.54
UK Pens Form 51 NP Assurances	11050	3.45	3.45	3.75
UK Pens Form 51 WP Annuities in Payment	312678	0.70	0.70	1.01
UK Pens Form 51 WP Assurances	324937	7.10	7.10	7.56
UK Pens Form 51 WP Deferred Annuities	14767	7.10	7.10	7.56
UK Pens Form 52 Assurances (0% guarantee)	4535497	1.50	1.50	1.83
UK Pens Form 52 Assurances (4% guarantee)	7078334	4.25	4.25	4.66
Germany L&GA Form 52 Assurances & Annuities	4439539	3.20	3.20	3.53
Ireland L&GA Form 51 NP Annuities in payment	363181	3.15	3.15	3.47
Ireland L&GA Form 51 NP Assurances - Life	3103	2.10	3.02	3.44
Ireland L&GA Form 51 NP Assurances - Pensions	898	3.10	3.10	3.44
Ireland L&GA Form 51 NP Deferred Annuities	10503	3.15	3.15	3.47
Ireland L&GA Form 51 WP Assurances - Life	82530	1.50	2.16	2.58
Ireland L&GA Form 51 WP Assurances - Pensions	48715	2.25	2.25	2.58
Ireland L&GA Form 52 Assurances - Life	271638	1.50	2.16	2.58
<b>Total</b>				



**Long-term insurance business: Analysis of valuation interest rate**

Name of insurer                   **Standard Life Assurance Limited**

Subfund                             **German With Profits Fund**

Financial year ended           **31 December 2010**

Units                               **£000**

Product group  1	Net mathematical reserves  2	Net valuation interest rate  3	Gross valuation interest rate  4	Risk adjusted yield on matching assets  5
Germany L&GA Form 52 Annuity	423517	3.35	3.35	3.72
<b>Total</b>	423517			

**Long-term insurance business : Distribution of surplus**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Summary**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	33878309	34402274
Bonus payments in anticipation of a surplus	12	400835	439963
Transfer to non-technical account	13		896862
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	34279144	35739099
Mathematical reserves	21	33674289	34351928
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	604855	1387171

**Composition of surplus**

Balance brought forward	31	25430	862279
Transfer from non-technical account	32	44198	
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	535227	524892
Total	39	604855	1387171

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41	400835	439963
Cash bonuses	42		
Reversionary bonuses	43	20216	24916
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	421051	464879
Net transfer out of fund / part of fund	47		896862
Total distributed surplus (46+47)	48	421051	1361741
Surplus carried forward	49	183804	25430
Total (48+49)	59	604855	1387171

**Percentage of distributed surplus allocated to policyholders**

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

**Long-term insurance business : Distribution of surplus**

Name of insurer **Standard Life Assurance Limited**  
Total business / subfund **Heritage With Profits Fund**  
Financial year ended **31 December 2010**  
Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	33256309	33965729
Bonus payments in anticipation of a surplus	12	395370	435824
Transfer to non-technical account	13		843866
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	33651679	35245419
Mathematical reserves	21	33112491	33940813
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	539188	1304606

**Composition of surplus**

Balance brought forward	31		843866
Transfer from non-technical account	32	325	
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	538863	460740
Total	39	539188	1304606

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41	395370	435824
Cash bonuses	42		
Reversionary bonuses	43	20216	24916
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	415586	460740
Net transfer out of fund / part of fund	47		843866
Total distributed surplus (46+47)	48	415586	1304606
Surplus carried forward	49	123602	
Total (48+49)	59	539188	1304606

**Percentage of distributed surplus allocated to policyholders**

Current year	61	100.00	35.32
Current year - 1	62	35.32	71.37
Current year - 2	63	71.37	53.31
Current year - 3	64	53.31	68.30

**Long-term insurance business : Distribution of surplus**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German With Profits Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	427358	319064
Bonus payments in anticipation of a surplus	12	5465	4139
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	432823	323203
Mathematical reserves	21	423517	315223
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	9306	7980

**Composition of surplus**

Balance brought forward	31	3841	1837
Transfer from non-technical account	32		2004
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	5465	4139
Total	39	9306	7980

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41	5465	4139
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	5465	4139
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	5465	4139
Surplus carried forward	49	3841	3841
Total (48+49)	59	9306	7980

**Percentage of distributed surplus allocated to policyholders**

Current year	61	100.00	100.00
Current year - 1	62	100.00	100.00
Current year - 2	63	100.00	100.00
Current year - 3	64	100.00	100.00

**Long-term insurance business : Distribution of surplus**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **German Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	37142	27062
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	37142	27062
Mathematical reserves	21	37142	27062
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		

**Composition of surplus**

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34		
Total	39		

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		
Surplus carried forward	49		
Total (48+49)	59		

**Percentage of distributed surplus allocated to policyholders**

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

**Long-term insurance business : Distribution of surplus**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **UK Smoothed Managed Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	20198	14236
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	20198	14236
Mathematical reserves	21	20198	14236
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29		

**Composition of surplus**

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34		
Total	39		

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		
Surplus carried forward	49		
Total (48+49)	59		

**Percentage of distributed surplus allocated to policyholders**

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

**Long-term insurance business : Distribution of surplus**

Name of insurer **Standard Life Assurance Limited**  
 Total business / subfund **Proprietary Business Fund**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year 1	Previous year 2
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**Valuation result**

Fund carried forward	11	137302	76183
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		55000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	137302	131183
Mathematical reserves	21	80941	54594
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	56361	76589

**Composition of surplus**

Balance brought forward	31	21589	16576
Transfer from non-technical account	32	43873	
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(9101)	60013
Total	39	56361	76589

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		55000
Total distributed surplus (46+47)	48		55000
Surplus carried forward	49	56361	21589
Total (48+49)	59	56361	76589

**Percentage of distributed surplus allocated to policyholders**

Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

**Long-term insurance business : With-profits payouts on maturity (normal retirement)**Name of insurer **Standard Life Assurance Limited**Original insurer **Standard Life Assurance Limited**Date of maturity value / open market option **01 March 2011**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	6519	683	N/A	CWP	N	6519
Endowment assurance	15	10466	470	N/A	CWP	N	10466
Endowment assurance	20	17500	1037	N/A	CWP	N	17500
Endowment assurance	25	28781	2206	N/A	CWP	N	28781
Regular premium pension	5	13079	425	N/A	UWP	Y	N/A
Regular premium pension	10	29782	2603	N/A	UWP	Y	N/A
Regular premium pension	15	49495	2758	N/A	UWP	Y	N/A
Regular premium pension	20	80494	5341	N/A	UWP	Y	N/A
Single premium pension	5	11807	713	N/A	UWP	Y	N/A
Single premium pension	10	13519	N/A	N/A	UWP	Y	N/A
Single premium pension	15	20024	N/A	N/A	UWP	Y	N/A
Single premium pension	20	38226	6318	N/A	UWP	Y	N/A

## Long-term insurance business : With-profits payouts on surrender

Name of insurer **Standard Life Assurance Limited**  
 Original insurer **Standard Life Assurance Limited**  
 Date of surrender value **01 March 2011**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	N/A	N/A	N/A	N/A	N/A	N/A
Endowment assurance	10	6428	287	N/A	CWP	N	14200
Endowment assurance	15	10378	285	N/A	CWP	N	15632
Endowment assurance	20	17331	975	N/A	CWP	N	20026
With-profits bond	2	11307	1247	N/A	UWP	Y	11318
With-profits bond	3	9782	N/A	523	UWP	Y	10316
With-profits bond	5	10759	31	N/A	UWP	Y	10769
With-profits bond	10	12333	N/A	382	UWP	Y	12842
Single premium pension	2	11662	1262	N/A	UWP	Y	11662
Single premium pension	3	10656	N/A	N/A	UWP	Y	10656
Single premium pension	5	11807	713	N/A	UWP	Y	11807
Single premium pension	10	12013	N/A	-1506	UWP	Y	13519

**Long-term insurance capital requirement**Name of insurer **Standard Life Assurance Limited**

Global business

Financial year ended **31 December 2010**Units **£000**

LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
1	2	3	4	5	6

**Insurance death risk capital component**

Life protection reinsurance	11	0.0%					
Classes I (other), II and IX	12	0.1%	568033	51298	0.50	284	259
Classes I (other), II and IX	13	0.15%	25005	10000		19	39
Classes I (other), II and IX	14	0.3%	34182623	15492602		51274	54963
Classes III, VII and VIII	15	0.3%	2443633	1951750	0.80	5855	7792
<b>Total</b>	<b>16</b>		<b>37219294</b>	<b>17505651</b>		<b>57432</b>	<b>63054</b>

**Insurance health risk and life protection reinsurance capital component**

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					1656	1656
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**Insurance expense risk capital component**

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	39371010	36196233	0.92	361962	371910
Classes III, VII and VIII (investment risk)	33	1%	2739827	2608635	0.95	26086	26445
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	5816419	4768852	0.85	49440	42304
Classes III, VII and VIII (other)	35	25%				17732	20051
Class IV (other)	36	1%	95984	48096	0.85	816	838
Class V	37	1%					
Class VI	38	1%					
<b>Total</b>	<b>39</b>					<b>456036</b>	<b>461547</b>

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	39371010	30762005	0.85	1003961	1016892
Classes III, VII and VIII (investment risk)	43	3%	3142471	1505134	0.85	80133	76494
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	5816419	1550517			
Classes III, VII and VIII (other)	45	0%	55894251	5127			
Class IV (other)	46	3%	95984	48096	0.85	2448	2514
Class V	47	0%					
Class VI	48	3%					
<b>Total</b>	<b>49</b>		<b>104320135</b>	<b>33870878</b>		<b>1086541</b>	<b>1095900</b>

<b>Long term insurance capital requirement</b>	<b>51</b>					<b>1601666</b>	<b>1622157</b>
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## Returns under the Accounts and Statements Rules

### Supplementary notes

Name of insurer **STANDARD LIFE ASSURANCE LIMITED**

Financial year ended **31 December 2010**

#### **\*0301\* Reconciliation of net admissible assets to total capital resources after deductions**

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Total admissible assets (long term) F13:89	45,085,746	44,462,824
Total admissible assets (other than long term) F13:89	2,586,357	3,614,672
Less:		
Mathematical reserves, after distribution of surplus (long term) F14:11	(33,694,505)	(34,376,844)
Total other insurance and non-insurance liabilities (long term) F14:49	(7,310,364)	(8,415,805)
Total liabilities (other than long term) F15:69	(1,922,312)	(2,284,525)
Net admissible assets	4,744,922	3,000,322
Add:		
Subordinated members' accounts F3:27 and 43	636,874	647,791
Perpetual subordinated loan capital F3:46	502,297	521,817
Fixed term subordinated loan capital F3:52	659,702	706,839
Capital requirements of regulated related undertakings F2:35	188,374	415,002
Total capital resources after deductions F3:79	6,732,169	5,291,771

#### **\*0310\* Valuation differences**

Positive valuation differences included within line 14 relate to liabilities valued lower than in the IFRS statutory accounts. Negative valuation differences included within line 14 relate to liabilities valued higher than in the IFRS statutory accounts:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Mathematical reserves	3,261,650	1,485,669
Deferred income	148,899	166,603
Deficit Reduction Amount on defined benefit pension scheme	(258,629)	(35,065)
Contingent loan to regulated insurance subsidiary	(88,938)	(166,537)
Subordinated debt investment in regulated subsidiary	(120)	(120)
Adjust mortgage loan balances to market value	(9,020)	(10,662)
Other	67	35
	3,053,909	1,439,923

On 12 December 2007 the Company loaned £150 million to its subsidiary undertaking, Standard Life Investment Funds Limited ("SLIF"), which is also a regulated insurer. The outstanding loan amount accrues interest at a floating rate based on 3 month LIBOR plus a commercial margin and this interest is capitalised quarterly. Total interest capitalised as at 31 December 2010 amounted to £19,938,000.

Under the terms of the loan arrangement, repayment of the total outstanding amount (including capitalised interest) of £169,938,000 is contingent on Form 58 surplus emerging in SLIF's long term business fund (excluding the impact of the contingent loan itself). As at 31 December 2010, the Company requested that SLIF repay £81,000,000 of the loan leaving the outstanding loan balance as £88,938,000. No liability for this amount has been recognised in SLIF's Form 14 as at 31 December

## Returns under the Accounts and Statements Rules

### Supplementary notes

2010. Accordingly, the outstanding amount forms part of SLIF's core tier one capital, reported at line 14 of its Form 3 (positive valuation differences). This flows through to the value at which SLIF is held in the Company's adjusted solo return. In order to avoid a 'double counting' of this benefit in the Company's adjusted solo capital resources, the contingent loan debtor has been valued at nil in the Company's Form 13.

The Company is the holder of £120,000 of subordinated debt issued by its subsidiary, Standard Life Savings Limited ("SLSL"), which is a regulated investment company. This subordinated debt forms part of SLSL's Tier 2 capital resources and therefore flows through the value at which SLSL is held in the Company's adjusted solo return. In order to avoid a 'double counting' of this benefit in the Company's adjusted solo capital resources, the subordinated loan debtor has been valued at nil in the Company's Form 13.

### \*0313\* Reconciliation of profit and loss account and other reserves to profit retained for year

	2010	2009
	£'000	£'000
Profit and loss account and other reserves brought forward F3:12	1,674,173	1,659,774
Profit/(loss) retained for the year F16:59	(215,749)	655,911
Transfer resulting from contingent loan arrangement - see note 4009	-	(587,592)
Capital element of contingent loan repayment not through F16	172,751	-
Net capital transferred to/(from) Proprietary Business Fund	43,873	(55,000)
Capital transferred into long-term business funds	-	2,004
Exchange differences on capital transferred into long-term business funds	28	-
Adjust non-technical account tax charge to FSA basis	(11,341)	(7,139)
IFRS profit/(loss) for the year arising in long term business funds	55,584	56,370
Exchange differences on translating foreign operations	(6,485)	(13,949)
Actuarial gains/(losses) on defined benefit pension scheme	205,442	(59,784)
Tax effect of items charged directly to equity	(65,416)	23,078
Other	(10)	500
<u>Profit and loss account and other reserves carried forward F3:12</u>	<u>1,852,850</u>	<u>1,674,173</u>

### \*1301 and 1308\* Aggregate value of certain securities

The aggregate value of unlisted investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with the rules in GENPRU 1.3 was £236 million (2009: £220 million).

The aggregate value of units or beneficial interests in collective investment schemes that are not schemes falling within the UCITS Directive and are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act was £1,094 million (2009: £1,455 million).

### \*1302 and 1309\* Hybrid securities

The aggregate value of hybrid securities included at lines 46 or 48 was £42 million (2009: £224 million).

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*1304 and 1310\* Amounts set off under generally accepted accounting principles**

Amounts have been set off to the extent permitted by generally accepted accounting principles.

#### **\*1305 and 1319\* Maximum permitted counterparty limits**

Investment and treasury managers operate within counterparty limits approved by the Board of Directors. Operation within these limits ensures that the total exposure to any one counterparty falls within the prescribed admissibility limits. To secure proper diversification, individual equity, property and fixed interest holdings are limited to specified percentages of the total portfolios in which they are held. Holdings in fixed interest securities are also subject to limits on the percentage of the portfolio held in issues whose credit ratings are less than a specified level. Cash deposits and holdings in short term securities are restricted to counterparties whose credit ratings are above a specified level, with limits set for each counterparty.

The maximum extent to which, in accordance with the above investment guidelines, the Company was permitted to be exposed to any one counterparty during the year was £9,523 million. This limit was not exceeded during the year.

The maximum extent to which, in accordance with the above investment guidelines, the Company was permitted to be exposed to any one counterparty, other than by way of exposure to an approved counterparty, during the year was £2,381 million. This limit was not exceeded during the year.

#### **\*1306 and 1312\* Large counterparty exposure**

As at 31 December 2010 the Company had no counterparty exposures in excess of the value calculated as 5% of the Company's base capital resources requirement and its long-term insurance liabilities (excluding property linked liabilities and net of reinsurance ceded).

#### **\*1307 and 1313\* Aggregate value of fully secured rights**

The aggregate value of rights to which INSPRU 2.1.35R or INSPRU 2.1.36R and INSPRU 2.1.37R relate was £6,394 million (2009: £6,370 million).

#### **\*1318\* Other asset adjustments**

The following adjustments were included at line 101 of the Shareholder Fund:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Grossing up of debtors and creditors	(2,751)	-
Inter-fund position with Proprietary Business Fund	-	(55,000)
<u>Inter-fund position with Heritage With Profits Fund</u>	-	(587,592)
	<u>(2,751)</u>	<u>(642,592)</u>

## Returns under the Accounts and Statements Rules

### Supplementary notes

The following adjustments were included at line 101 of the Heritage With Profits Fund:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Grossing up of debtors and creditors	4,710	(333,823)
Contingent loan liability	(188,080)	-
<u>Inter-fund position with Shareholder Fund</u>	<u>-</u>	<u>587,592</u>
	<u>(183,370)</u>	<u>253,769</u>

The following adjustments were included at line 101 of the Proprietary Business Fund:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Grossing up of debtors and creditors	240,942	(75,787)
Inter-fund position with Shareholder Fund	-	55,000
<u>Current liabilities of property linked business</u>	<u>1,338</u>	<u>577</u>
	<u>242,280</u>	<u>(20,210)</u>

The following adjustments were included at line 101 of the German With Profits Fund:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
<u>Grossing up of debtors and creditors</u>	<u>(3,590)</u>	<u>(3,718)</u>

The following adjustments were included at line 101 of the German Smoothed Managed With Profits Fund:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
<u>Grossing up of debtors and creditors</u>	<u>(34)</u>	<u>(219)</u>

### **\*1321\* Total long term business and total other than long term business**

The inter-fund transactions between long term business funds have been eliminated for the total long term business assets and liabilities on Forms 13 and 14.

### **\*1322\* Reconciliation to IFRS statutory accounts**

The total long term business assets determined in accordance with the IFRS statutory accounts (line 102 of Form 13) differs from the total long term business liabilities (line 76 of Form 14) by the value of the inter-fund position with the Shareholder Fund, as set out in note 1318 above. The total other than long term business assets determined in accordance with the IFRS statutory accounts (line 102 of Form 13) differs from the total other than long term business liabilities (line 85 of Form 15) by the same amount.

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*1323\* Other asset adjustments**

The following adjustments were included at line 98 of the Shareholder Fund:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Differences in the valuation of regulated related undertakings	(94,405)	(460,709)
Outstanding contingent loan to German With Profits Fund	3,588	3,718
Outstanding contingent loan to subsidiary undertaking	88,938	166,537
	<u>(1,879)</u>	<u>(290,454)</u>

The following adjustments were included at line 98 of the Heritage With Profits Fund:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Differences in the valuation of regulated related undertakings	(103,220)	(97,611)

#### **\*1401 and 1501\* Provision for reasonably foreseeable adverse variations**

No adjustment or provision is deemed necessary pursuant to GENPRU 1.3.30R to GENPRU 1.3.33R. This follows a review by senior management of positions that are valued using third-party valuations or by marking-to-model.

No adjustment or provision is deemed necessary pursuant to INSPRU 3.2.17R as all positions in derivatives, quasi-derivatives or any contract (other than a contract of insurance) for the purchase, sale or exchange of assets are covered.

#### **\*1402 and 1502\* Contingent liabilities and guarantees**

On 14 February 2008 the Company reinsured a portfolio of annuity contracts held within the Heritage With Profits Fund to Canada Life International Re ("the reinsurer"). In order to limit counterparty credit exposure, the reinsurer was required to deposit back an amount equal to the reinsurance premium. In respect of this arrangement the Company holds a ring fenced pool of assets, which are recognised across the appropriate lines of the Heritage With Profits Fund's Form 13. The value of these assets is also recognised as a liability due to the reinsurer at line 23 of Form 14. In addition, the Company has granted a floating charge to the reinsurer over the ring fenced pool of assets. The assets subject to the charge amounted to £6.0 billion as at 31 December 2010, equivalent to the value reported at line 23 of Form 14. These assets were reported at line 45 (£1.3 billion), line 46 (£3.6 billion), line 55 (£0.1 billion), line 58 (£0.9 billion) and line 84 (£0.1 billion) of Form 13.

Full provision has been made in respect of the Company's potential liability to capital gains tax.

The Company, like other insurers is subject to legal proceedings and complaints in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on the results and financial position of the Company.

## Returns under the Accounts and Statements Rules

### Supplementary notes

The Company is subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts, and it has complied with all the local solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with these regulations.

The Company has entered into agreements to share in the assets and liabilities of joint venture and associate investments. The Company does not anticipate any material losses from such investments, and the operations of such investments are not material to the operations of the Company.

There were no guarantees, indemnities or contractual commitments effected by the Company other than in ordinary course of its insurance business.

#### \*1405\* Other adjustments to liabilities

The following adjustments were included at line 74:

	2010 £'000	2009 £'000
Mathematical reserves	3,261,650	1,485,669
Deferred income	148,899	166,603
Pension provision	(367,922)	(35,065)
Contingent loan liability	(188,080)	-
Outstanding contingent loan to German With Profits Fund	3,588	3,718
Grossing up of debtors and creditors	265,854	(384,488)
Deferred tax	57,341	(22,321)
Current tax	4,306	35
Current liabilities of property linked business	1,338	577
	3,186,974	1,214,728

#### \*1406\* Increase or decrease in the value of non-linked assets

The increase/(decrease) in the value of non-linked assets brought into account in respect of the Company's with-profits funds were as follows:

Heritage With Profits		UK Smoothed Managed		German Smoothed Managed	
2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
622,882	416,594	1,500	1,746	3,568	4,101

#### German With Profits Fund

2010 £'000	2009 £'000
11,210	19,192

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*1507\* Other adjustments to liabilities**

The amount included in line 83 represents the Company's liability in respect of its perpetual subordinated guaranteed bonds. These are classified as non shareholders' equity in the Company's IFRS financial statements, but are reported as a subordinated liability at line 63, above.

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Perpetual subordinated guaranteed bonds	(502,297)	(521,817)
Grossing up of debtors and creditors	(2,750)	-
	<u>(505,047)</u>	<u>(521,817)</u>

#### **\*1601 and 4005\* Basis of conversion of foreign currency**

Assets and liabilities of foreign branches have been translated at the rates of exchange ruling at the financial year end. The results of foreign branches have been translated at an average rate. Other foreign currency transactions have been translated at the exchange rate prevailing at the date of the transaction. Gains and losses arising from such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies have been recognised in the revenue account.

#### **\*1603\* Other income and charges**

Other charges of £26,594,000 represent mainly net income and charges in respect of management services provided to and from other group companies.

#### **\*1700\* Analysis of derivative contracts**

Forms 17 have been omitted for the following funds as all entries would be blank:

- German Smoothed Managed With Profits Fund; and
- UK Smoothed Managed With Profits Fund.

#### **\*1701\* Variation margin**

Variation margins on futures contracts represent unrealised profits or losses on open futures positions and can act as security for futures clearers in their exposure to the Company. The Company draws down assets from the futures clearer on a daily basis where the level of security provided to the futures clearer exceeds that required. As a result the Company has no liability to repay any variation margin at 31 December 2010.

#### **\*1901\* Regulatory value of assets**

Note 4009 refers to a contingent loan agreement between the Company's Heritage With Profits Fund and its parent undertaking Standard Life plc, for an amount of £588m. Simultaneously on 31

## Returns under the Accounts and Statements Rules

### Supplementary notes

December 2009, the above parties entered a limited recourse loan agreement. The arrangement was not intended to increase the Company's capital resources and therefore, in line with individual guidance from the FSA in December 2009, the limited recourse loan debtor was not recognised as an admissible asset in Form 13 as at 31 December 2009. Accordingly, in the determination of the regulatory excess capital in Form 18, to the extent the contingent loan is not recognised as a regulatory liability, no value was attributed to the limited recourse loan when determining the regulatory value of assets at 31 December 2009.

However, in the determination of the realistic excess capital, a contingent loan liability is recognised as part of the realistic current liabilities. Hence, in line with individual guidance from the FSA in December 2009, for consistency and to ensure no impact overall on the capital position at 31 December 2009, a value of £588m was placed on the limited recourse loan debtor for inclusion in the excess admissible assets at line 21 of Form 19.

As explained in note 4009, assets equal to the loan value of £588m were transferred out of the Heritage With Profits Fund to the Shareholder Fund in March 2010. However, immediately after that transfer of assets was made, the Shareholder Fund lent the same amount to Standard Life plc under a second limited recourse loan agreement and these deposits were immediately used to repay the first limited recourse loan to the Heritage With Profits Fund. The value of the excess admissible assets at line 21 of Form 19 at 31 December 2010 is therefore zero.

#### **\*4001\* Brought forward amounts**

The application of different exchange rates to translate foreign currencies to sterling results in a difference between the fund brought forward in line 49 compared with the fund carried forward from the previous year at line 59.

#### **\*4002\* Other income and expenditure**

Other income of £258 million in the Heritage With Profits Fund represents fee and commission income and charges of £224 million, notional rent on property occupied by other group companies of £8 million, underwriting commission income of £2 million and sundry income of £24 million.

Note 4009 refers to a contingent loan agreement between the Company's Heritage With Profits Fund and its parent undertaking Standard Life plc. Other expenditure in the Heritage With Profits Fund of £243 million represents the amount payable to Standard Life plc as at 31 December 2010 under the terms of the contingent loan agreement of £172 million and £71 million of expenses recharged from the Proprietary Business Fund.

Other income of £103 million in the Proprietary Business Fund represents £71 million of expenses recharged to the Heritage With Profits Fund, £27 million of fee and commission income from investment contracts and sundry income of £5 million.

Other expenditure of £71 million in the Proprietary Business Fund represents additional contributions to the UK defined benefit pension scheme in the year.

Other income in the German Smoothed Managed Fund and the German With Profits Fund represent sundry income from investment contracts.

Other expenditure in the UK Smoothed Managed Fund represents sundry charges in respect of investment contracts.

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*4006\* Basis of apportionment between funds**

There are separate pools of assets for each of the Company's long term business funds. Income earned and other expenses incurred are borne directly in each fund with no apportionment taking place.

#### Investment income and expenses:

Investment income earned on the assets of each fund and investment expenses are borne directly by each fund.

#### Expenses:

Directly attributable expenses are charged to each fund. In addition, the Company's Scheme of Demutualisation allows for additional expenses to be charged by the Proprietary Business Fund to the Heritage With Profits Fund in respect of the German branch business of the Company. Such charge, which is determined in accordance with Schedule 2 of the Scheme of Demutualisation, may only be made if the directors of the Company (having regard to the advice of the With Profits Actuary) consider they have been incurred in the operation of the Heritage With Profits Fund after 10 July 2006.

#### Increase or decrease in the value of non-linked assets brought into account:

The amounts brought into account in each fund have regard to the nature of the changes in the long term liabilities of the fund including liabilities in respect of the current bonus declaration and transfers to the shareholder fund.

#### Taxation:

Taxation is computed separately for each long term business fund with regard to the income and expenses of the fund and in accordance with the Scheme of Demutualisation.

#### **\*4008\* Provision of management services**

During the financial year arrangements have been in place for the Company to be provided with management services by the following companies:

Standard Life plc

Standard Life Investments Limited

Standard Life Bank plc

Standard Life Employee Services Limited

Standard Life Shared Services Limited

Barclays Bank plc

During the financial year arrangements have been in place for the Company to provide management services to the following companies:

The Standard Life Assurance Company 2006

## Returns under the Accounts and Statements Rules

### Supplementary notes

Standard Life Investment Funds Limited

Standard Life Pension Funds Limited

Standard Life Client Management Limited

Standard Life Savings Limited

Standard Life International Limited

Standard Life Trustee Company Limited

### **\*4009\* Material connected party transactions**

The material connected party transactions which occurred during the year were as follows:

- The Company ceded some £9.3 billion of premiums under a contract of reinsurance to its subsidiary undertaking, Standard Life Investment Funds Limited; and
- The Company ceded some £6.1 billion of claims under a contract of reinsurance to its subsidiary undertaking, Standard Life Investment Funds Limited.

In addition, on 31 December 2009 the Company's Heritage With Profits Fund borrowed £588m under a contingent loan agreement from its parent undertaking, Standard Life plc. Under the terms of the contingent loan agreement, repayment of the outstanding amount is contingent, inter alia, on surplus emerging in the Heritage With Profits Fund and therefore no liability for this amount has been recognised in Form 14 as at 31 December 2010 (or 31 December 2009). Accordingly, the principal amount of the contingent loan was recorded as a receipt within line 15 of Form 40 at 31 December 2009.

Simultaneously on 31 December 2009, the Heritage With Profits Fund lent £588m to Standard Life plc under a limited recourse loan agreement. Payments under both loans are subject to a formal netting agreement. The purpose of the two loans was to remove the market risk to the tax treatment of future shareholder transfers from the Heritage With Profits Fund. The arrangement was not intended to increase the Company's capital resources and therefore, in line with individual guidance from the FSA in December 2009, the limited recourse loan debtor was not recognised as an admissible asset in Form 13 as at 31 December 2009.

As a consequence of entering into the contingent loan agreement with Standard Life plc, and in accordance with the Company's Scheme of Demutualisation, assets equal to the loan value of £588m were transferred out of the Heritage With Profits Fund to the Shareholder Fund in March 2010. The accrual of this future transfer was reflected in the 2009 FSA return as a reduction in the deposits of the HWPF and an increase in the deposits of the Shareholder Fund. However, immediately after that transfer of assets was made, and reported in the 2010 FSA Return, the Shareholder Fund lent the same amount to Standard Life plc under a second limited recourse loan agreement and these deposits were immediately used to repay the first limited recourse loan to the Heritage With Profits Fund. As with the initial loans, payments under these subsequent loan arrangements are subject to a formal netting agreement. To the extent the contingent loan is not recognised as a liability, no value will be attributed to the second limited recourse loan when assessing the overall capital resources of the Company.

The net effect of these arrangements is that the admissible assets of the Company's Heritage With Profits Fund and the Shareholder Fund are unchanged. However, due to the fact that the

## **Returns under the Accounts and Statements Rules**

### **Supplementary notes**

arrangements were reported partly in 2009 and partly in 2010, the admissible assets of the Heritage With Profits Fund and Shareholder Fund at 31 December 2009 appeared artificially low and high respectively to the value of £588m.

As part of the loan agreements, the Company's Shareholder Fund made a payment of £325,000 to the Heritage With Profits Fund during 2010. Under the terms of an internal memorandum of account expressed as a deed, if at any time the SLAL With Profits Actuary or the SLAL With Profits Committee, acting reasonably, determines that any loss has been incurred by the Heritage With Profits Fund as a result of the Company entering into the loan agreements, then the Shareholder Fund will provide (or procure the provision of) such amounts (or otherwise make assets that are sufficient in type and value available) to the Heritage With Profits Fund to ensure that any such loss does not adversely affect the interests of policyholders whose policies are allocated to the Heritage With Profits Fund.

As at 31 December 2010 the amount repayable to Standard Life plc under the terms of the contingent loan agreement was £195m, being capital of £172m and interest of £23m.

#### **\*4010\* Investment income relating to linked assets**

There was no investment income relating to linked assets included at line 12 in any of the Company's with-profits funds.

#### **\*4012\* Total long term business**

The inter-fund transactions between long term business funds have been eliminated for the total long term business revenue account on Forms 40 to 43.

#### **\*4200\* Analysis of claims**

Forms 42 have been omitted for the following funds as all entries would be blank:

- German Smoothed Managed With Profits Fund; and
- German With Profits Fund.

#### **\*4300\* Analysis of expenses**

Form 43 has been omitted for the UK Smoothed Managed Fund as all entries would be blank.

#### **\*4401\* Assets valuation basis**

Assets which are linked to contracts under which the benefits payable are determined by reference to the value of those assets have been valued in accordance with the terms of the relevant contracts. Other assets have been valued in accordance with appropriate provisions of GENPRU and INSPRU.

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*4402\* Rights under derivative contracts**

The gross aggregate value of rights under derivative contracts, or in respect of contracts which have the effect of a derivative contract, was £8,520 (£8,520 excluding variation margins). The gross aggregate value of liabilities under derivative contracts, or in respect of contracts which have the effect of a derivative contract, was £110,693 (£110,693 excluding variation margins).

#### **\*4405\* Negative liquidity**

As at 31 December 2010, there were no funds which had a net asset value of greater than £10 million and negative liquidity exceeding 5% of the net asset value and no funds which had a net asset value of greater than £0.5 million and negative liquidity exceeding 50% of the net asset value.

#### **\*4501\* Brought forward amounts**

The application of different exchange rates to translate foreign currencies to sterling results in a difference between the fund brought forward in line 49 compared to the fund carried forward from the previous year at line 59.

#### **\*4502\* Other income and expenditure**

Other income of £947,000 and other expenditure of £15,000 represents sundry income and expenditure related to the purchase and sale of investments.

#### **\*4701\* Group schemes**

##### **UK Pension/Direct: Product code number 755: Trustee investment plan**

There are 256 new schemes which have no records of benefits at member level.

##### **Overseas (Ireland)/Direct: Product code number 765: Group Managed Fund**

There are 54 new schemes which have no records of benefits at member level.

#### **\*4802\* Treatment of expected income where interest in default**

Expected income from admissible assets not held to match linked liabilities is stated net of provision against any expected income where the payment of interest is in default. The amount of interest provided against was £ nil.

#### **\*4803\* Securities redeemable over a period at the option of the guarantor or issuer**

The yield on securities with optional redemption dates has been determined on the prudent assumption that the redemption date used is the most onerous. Where bonds are irredeemable the yield has been calculated assuming the bond redeems 40 years after the valuation date.

The market value of these securities in each of the Long Term Business Funds is shown in the table below:

## Returns under the Accounts and Statements Rules

### Supplementary notes

<b>Subfund</b>	<b>Market Value (£000's)</b>
Heritage With Profits Fund	1,398,566
Proprietary Business Fund	-
German With Profits Fund	9,846
German Smoothed Managed Fund	-
UK Smoothed Managed Fund	6,249

#### **\*4806\* Assets used to calculate the investment returns**

The portfolios of assets used to calculate the investment returns shown in lines 21-29, column 5 are:

<b>Subfund</b>	<b>Portfolio of Assets</b>
Heritage With Profits Fund	The assets backing the UK asset shares.
German With Profits Fund	All the assets of the fund.
German Smoothed Managed Fund	All the assets of the fund.
UK Smoothed Managed Fund	All the assets of the fund.

#### **\*4807\* Allowance for Deposit Back assets**

The total unadjusted assets include the deposit back assets held by Canada Life. The corresponding liabilities have been excluded from Form 50 (lines 42, 45 and 47) and Form 60 (line 51) as the values in these forms are net of reinsurance.

#### **\*4900\* Fixed and variable interest assets**

Forms 49 have been omitted for the following funds as all entries would be blank:

- German Smoothed Managed With Profits Fund,
- UK Smoothed Managed With Profits Fund,
- German With Profits Fund; and
- Proprietary Business Fund.

#### **\*4901\* Rating Agency used to provide split by credit rating**

For each fixed-interest stock, details of the credit rating are obtained, where available, from the following ratings agencies: Moody's; Standard & Poor's; and Fitch.

An appropriate rating for each stock is then determined as:

- The median credit rating if credit ratings are available from all three agencies;
- The lowest credit rating if credit ratings from all three agencies are not available.

#### **\*5101\* Group schemes**

##### **UK Pension/Gross: Product code number 400: Annuity non-profit (CPA)–Group Annuity in Payment**

In the Heritage With Profits Fund there is one scheme which has no records of benefits at member level.

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*5103\* Miscellaneous product codes**

##### **UK Pension/Gross: Product code number 435: Miscellaneous non-profit**

In the Heritage With Profits Fund this is split by the following lines of business:

	<b>Mathematical Reserves £'000</b>
Transfer Plans	15,300
Pure endowments	3,227
Options and riders	2,657
Other	3
<b>Total</b>	<b>21,187</b>

#### **\*5201\* Group schemes**

##### **UK Pension/Gross: Product code number 571: Trustee investment plan UWP**

In the Heritage With Profits Fund there are 12 schemes which have no records of benefits at member level.

##### **Overseas (Ireland)/Gross: Product code number 575: Miscellaneous UWP – Managed Fund**

In the Heritage With Profits Fund there are 5 schemes which have no records of benefits at member level.

#### **\*5301\* Group schemes**

##### **UK Pension/Gross: Product code number 755: Trustee investment plan**

In the Heritage With Profits Fund there are 1,257 schemes which have no records of benefits at member level.

In the Proprietary Business Fund there are 1,105 schemes which have no records of benefits at member level.

##### **Overseas (Ireland)/Gross: Product code number 765: Group Managed Fund**

In the Heritage With Profits Fund there are 85 schemes which have no records of benefits at member level.

In the Proprietary Business Fund there are 104 schemes which have no records of benefits at member level.

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*5403\* Miscellaneous index linked**

##### **UK Pension/Gross: Product code number 910: Group deferred annuity – RPI**

In the Heritage With Profits Fund this reserve is in respect of index linked group deferred annuities.

#### **\*5404\* Name of index link**

The name of index links referred to are as follows:

INDEX 1	United Kingdom General Index of National Average Earnings
INDEX 5	Canadian Consumer Prices Index

#### **\*5601\* Rating Agency used to provide split by credit rating**

For each fixed-interest stock, details of the credit rating are obtained, where available, from the following ratings agencies: Moody's; Standard & Poor's; and Fitch.

An appropriate rating for each stock is then determined as:

- The median credit rating if credit ratings are available from all three agencies;
- The lowest credit rating if credit ratings from all three agencies are not available.

#### **\*5701\* Negative mathematical reserves**

In the Heritage With Profits Fund, negative reserves arise on Lifetime Protection Series (LPS) and other protection business (–£26.8m). These are offset against positive reserves on other non-profit assurance business.

Negative sterling reserves also arise on various property-linked products (mainly the Capital Investment Bond). These are offset against the total sterling reserves on property-linked business.

In the Proprietary Business Fund, negative reserves arise on LPS and other protection business (–£1.3m) and on sterling reserves on SIPP property-linked business (–£6.4m). These have been fully offset against other positive reserves on protection business, sterling reserves and mortality and contingency reserves on some German deferred annuity business (£7.1m).

#### **\*5803\* Distribution of surplus**

The FSA, on the application of the firm, made a direction under section 148 of the Financial Services and Markets Act 2000 in January 2008. The effect of the direction was to modify the IPRU(INS) rule 3.3 so that, if the result of applying the principles followed by the insurer in setting actual proportions of profits distributed to policyholders and shareholders as a result of satisfying the terms of a Scheme of Demutualisation, approved by the Court of Session on 9 June 2006, is that the allocation of surplus to policyholders is less than the 'relevant minimum' defined in IPRU(INS) rule 3.3(1) and (2), then the publicity requirements of IPRU(INS) rule 3.3(3) shall not apply.

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*6001\* Calculation of Insurance health risk and life protection reinsurance capital requirement**

Forms 11 and 12 were not completed since the gross annual office premiums for Class IV business in force on 31 December 2010 did not exceed 1% of the gross annual office premiums in force on that date for all long-term insurance business. The gross annual office premiums in force at 31 December 2010 for such business was £14.2m. The entry in line 21 of Form 60 was calculated on the basis of the instructions for completion of Forms 11 and 12.

#### **\*6002\* Calculation of expense risk and market risk capital requirement**

The Company's approach to the LTICR calculation is to consider the risks that the Company is exposed to.

For example, for property-linked business written prior to 10 July 2006, the unit reserve is reinsured internally to Standard Life Investment Funds Limited but the expense risk is retained by the Company. The expense risk component of the LTICR in respect of this business is therefore held by the Company and the reserves shown in column 3 reflect this. Therefore the net reserves shown for the expense risk do not necessarily equal the net reserves shown for the market risk.

Similarly for some property-linked business there is an element of market risk retained by the Company, and this is reflected in the market risk component of the LTICR and the reserves shown in column 3. Therefore the amount in line 49, column 3 does not equal the amount in Form 14 line 11. There is also an element of market risk on some policyholder cash balances on Irish property-linked business and this is reflected in the reserves in column 2.



## **Returns under the Accounts and Statements Rules**

### **Statement of additional information on controllers required by IPRU (INS) 9.30**

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

The shareholder controller during the year to 31 December 2010 was Standard Life plc, which remained shareholder controller at 31 December 2010.

As at 31 December 2010, Standard Life plc held 100% of the issued share capital of Standard Life Assurance Limited and was able to exercise 100% of the voting power at any general meeting.

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

#### 1. Introduction

1. (1) The valuation date (the date to which the investigation relates) is 31 December 2010.
1. (2) The previous investigation related to 31 December 2009.
1. (3) There have been no interim valuations (for the purposes of rule 9.4) carried out since 31 December 2009.

#### 2. Product range

##### New products

The following new products were launched in the UK during the report period:

In February 2010 the Company launched the Active Money Personal Pension which is a low cost investment linked plan providing a tax efficient way to save for retirement.

In April 2010 the Company launched the Trust Based Pension which is used to manage the administration and investment assets of Defined Contribution occupational group pension arrangements.

The following new product was launched in Germany during the report period:

In November 2010 the Company launched a new single premium, unit-linked product called Standard Life Global Absolute Returns Strategy (GARS) Pension. It has no guarantees and can initially invest only in the (GARS) fund.

The following new product was launched in the Republic of Ireland (RoI) during the report period:

In October 2010 the Company launched the Synergy Personal Retirement Savings Account (Synergy PRSA). PRSAs are long term personal retirement savings accounts designed to encourage pension provision by enabling people to save for retirement in a flexible manner.

##### Products closed to new business

In March 2010, the UK Personal Pension Flex was closed to new business, but remains open to increments.

No products were closed to new business in the RoI or Germany in the report period.

##### Products altered

In February 2010 the UK Retail SIPP was rebranded as the Active Money SIPP (AMSIPP).

In September 2010 a new version of the Freelax product was launched in Germany. It has a new charging structure with charges spread more evenly over the contract term compared to the higher initial charging structure of the previous versions. A surrender penalty has also been introduced.

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

#### Change to options or guarantees

The following changes were made to options or guarantees under existing products in UK & Germany:

In April 2010 the Top Up option under the UK Variable Protection Plan was changed to allow top up to the original sum assured at a first review, and to the sum assured at last review date at subsequent reviews irrespective of age, providing other contractual requirements are satisfied.

There have been changes to the scope of Guaranteed Annuity Values (GAVs) and Guaranteed Annuity Factors (GAFs) on German Freelax, Suxsess and Maxxellence products following changes to personal tax rules in Germany. This has been accompanied by a change in the GAF basis to use higher mortality assumptions but lower interest rate guarantees.

There were no changes made to options or guarantees under existing products in the RoI in the report period.

#### Change to charging methods

There were no changes made to charging methods in the report period.

#### New bonus series

The above change to the charging structure of the German Freelax product required a new bonus series. Series 2 within the existing German With Profit High Equity 2006 Fund was set up for this.

There were no new bonus series launched in the UK or RoI in the report period.

#### With profits sub funds

The Company has four with profits long-term business funds. These are:

- The Heritage With Profits Fund – open to new incremental business and some new business may be allocated to it subject to certain limitations set out in the Scheme of demutualisation. At the valuation date, the investment element of certain new UK and RoI with profits plans was being allocated to this fund.
- The UK Smoothed Managed With Profits Fund – open to new with profits business.
- The German With Profits Fund – open to new with profits business.
- The German Smoothed Managed With Profits Fund – open to new with profits business.

### 3. Discretionary charges and benefits

#### 3. (1) Market Value Reductions

Market Value Reductions (MVRs) have applied for some payout values for unitised policies throughout the report period. Payout values on surrender or transfer are derived from asset shares, after any adjustment for smoothing. If the unit value of a policy is higher than its payout value we may apply an MVR to bring the unit value in line with the payout value. The size of any MVR is therefore individually determined. It depends on when payments were made to a policy and can vary from one day to the next. For example, the ranges of MVRs that could have applied to some UK types of business at the Company's mid year bonus review on 27 July 2010 were as follows:

Type of contract	MVR range at 27 July 2010
UK regular premium accumulating with profits pensions business	Nil to 10%
UK With Profits Bond business	Nil to 14%

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

The size of MVR applied during the report period has varied depending on the difference between the unit value of a policy and its asset share based surrender or transfer value. MVRs do not apply in every instance. For example, at 27 July 2010, MVRs did not apply to the following with profits investments: any UK With Profits Bonds taken out between August 2001 and December 2005 or after October 2008, or any UK Homeplan endowment plans.

For RoI products, Market Value Reductions have applied to some policies throughout the report period. As is the case with UK products, the ranges that applied have varied during the report period.

No Market Value Adjustments applied to German products during the report period. Smoothed values are paid out for surrenders.

#### 3. (2) Reviewable premiums for non-linked protection policies

In March 2010 the customer premium on the UK Mortgage Outlay Cover (MOC) product was increased by 48%. The mathematical reserves for this product are £0.2m.

There were no other changes to reviewable premiums for non-linked protection policies during the report period.

#### 3. (3) Non-profit deposit admin benefits

The Company has one Canadian product (all reinsured) providing non-profit deposit administration benefits. The average interest rate added during the year for this product was 3.86%.

#### 3. (4) Changes to service charges

There has been no change to the service charges for UK, RoI or German linked policies during the report period.

#### 3. (5) Changes to benefit charges

There has been no change to the benefit charges for linked policies during the report period.

#### 3. (6) Changes to unit management charges, or notional charges to accumulating with profits policies

There have been no changes to unit management charges for non-profit unitised business over the report period.

As detailed in the Company's Principles and Practices of Financial Management, the allowance made for expenses when calculating asset shares for accumulating with profits business may either be, generally, a charges basis consistent with that for an equivalent non-profit unitised policy or at a level consistent with the basis used to produce illustrative maturity values when the policy was taken out, or an expenses basis. For those on an expenses basis, the Company's aim is to apply pre-demutualisation, the appropriate share of actual expenses incurred by The Standard Life Assurance Company and post-demutualisation, the appropriate share of the expenses charged to the Heritage With Profits Fund in accordance with the Scheme of demutualisation. For the business on a charges basis, there has been no change in any allowance equivalent to a unit management charge.

#### 3. (7) Unit pricing of internal linked funds

##### 3. (7) (a) Methods used to create and cancel units and determine unit prices

Prices of units are normally determined each working day for each internal linked fund. Units are normally created at the "creation price". The creation price is determined by valuing the assets in the fund based on the prices at which they could be acquired, including the costs of acquisition, any uninvested cash and accrued income, and net of fund management charges, expenses, duties or

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

charges arising from the operation of the fund, any borrowings by the fund and interest thereon, and, where applicable, an allowance in respect of tax. Expenses deducted from funds used for Stakeholder pensions business are restricted to those charges deemed allowable by Standard Life after consideration of the relevant legislation. The result is then divided by the number of units in the fund.

Units are normally cancelled at the “cancellation price”. The cancellation price is determined by valuing the assets in the fund based on the prices at which they could be sold, including any uninvested cash and accrued income, and net of the costs of disposing of those assets, the fund management charges, expenses, duties or charges arising from the operation of the fund, any borrowings by the fund and interest thereon, and, where applicable, an allowance in respect of tax. Expenses deducted from funds used for Stakeholder pensions business are restricted to those charges deemed allowable by Standard Life after consideration of the relevant legislation. The result is then divided by the number of units in the fund.

Units are allocated to policies at the offer price and are de-allocated from policies at the bid price. Bid prices of units are calculated using a base price determined following each valuation. Excluding products with units on a single buying and selling price, the offer price is the base price multiplied by 100/95 and rounded to the higher 1/10 or 1/1,000,000 of a penny, and the bid price is equal to the offer price multiplied by 95/100 and rounded to the lower 1/10 or 1/1,000,000 of a penny. For products with units on a single buying and selling price, the offer price and bid price are both equal to the base price rounded to the higher 1/10 or 1/1,000,000 of a penny dependent on product.

The base price is the price determined, having regard to the net cash flow to the fund, which Standard Life considers appropriate to maintain fairness and equity between incoming, outgoing and continuing unit-holders. The base price is no less than the cancellation price and no greater than the creation price.

Units are created or cancelled at the corresponding price determined at the valuation on the preceding day. Depending on the time at which the request is received and the type of the products, most unit prices used to allocate or de-allocate units are those determined as a result of the valuation on the day when the transaction instruction is received with the exceptions of switches between internal linked funds. The prices normally applicable on switches are those determined as a result of the valuation on the next working day, following receipt by Standard Life of the customer’s request. Standard Life may treat bulk transactions differently to these conditions to ensure fairness across all customer groups. Standard Life reserves the right to defer encashment of units for a limited period in respect of withdrawals (excluding regular withdrawals), surrenders and on switching between funds.

In pension business funds issuing both Retail and Institutional units, prices for each series are set in accordance with the above principles in a manner that Standard Life considers maintains equity between both classes of unit-holders.

Standard Life offers some funds for specialist Trustee Investment Plan investors where the unit price is based on a number of factors but in aggregate, the value of units issued is equal to the net asset value of the underlying assets. These funds are not available to retail investors.

The Unit Endowment Fund invests solely in an authorised unit trust managed by Standard Life Trust Management Limited (SLTM). The fund price is normally determined monthly based on assets valued at mid-market prices. The price so determined is rounded to the nearer 1/10th of a penny and is used for both allocation and de-allocation of units.

3. (7) (b) All policies investing in the same fund and same fund series are subject to the same pricing basis for that fund and fund series.

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

3. (7) (c) The holdings of internal linked funds in collective investment schemes are mainly units in authorised unit trusts managed by Standard Life Trust Management Limited (SLTM). Those units are valued on prices reflecting a mid-market value of the trust's assets. Unit holdings in externally managed funds are valued on prices representing the mid-market value of the external fund's assets. Unit holdings in other collective investment schemes are valued at the prices most recently available to the pricing supplier at the time of the valuation, corrected to a mid-market value.

#### 3. (8) Tax deductions from funds

When the provisions calculated in 3 (9) fall due for payment they are paid by the funds. In the case of the UK funds, payments are made when they fall due under the Quarterly Instalment Payment Regime. For the Republic of Ireland funds, the tax is paid following the end of the year in which it was provided.

#### 3. (9) Provision for tax on realised and unrealised gains

Where applicable, a provision for tax on realised and unrealised capital gains in an internal linked fund is made in the determination of unit prices. The provision and investment return thereon are retained within the fund, until settlement of the liability.

During the report period the following deductions were applied to gains (net of indexation relief, where appropriate, in United Kingdom business funds) in determining the tax provision.

Asset class	United Kingdom		Republic of Ireland	
	Realised gains	Unrealised gains	Realised gains	Unrealised gains
Equities	20.0%	20.0%	20.0%	20.0%
Bonds	20.0%	20.0%	20.0%	20.0%
Property	20.0%	20.0%	n/a	n/a
Unit trust holdings	20.0%	20.0%	20.0%	20.0%
Derivatives	20.0%	20.0%	20.0%	20.0%

Gains resulting from deemed disposals of unit trusts and collective investment schemes are spread over seven years in accordance with the Taxes Act. Deductions are made for the portion of such gains for which a tax payment falls due in the current year at the rate applicable to realised gains listed in the table above. Deductions in respect of the portions of such gains for which tax payments fall due in subsequent years are made at the rate applicable to unrealised gains listed in the table above.

In the Unit Endowment Fund the treatment of realised capital gains is identical to that described above. No provision is made in respect of unrealised gains. However, a corresponding charge is deducted in the event of a claim. During the report period the amount of this charge was 12.5% of the unrealised gain in the associated Unit Trust that was attributable to the units cancelled (after allowance for indexation relief).

#### 3. (10) Collective investments

Some funds invest in units of authorised collective investment schemes administered by Standard Life Trust Management Limited (SLTM) or Standard Life Investments (Mutual Funds) Limited. Internal linked funds purchase units in these schemes where there is no preliminary charge. Rebates of the fund management charges are made in respect of investments in these collective investment schemes with the aim of ensuring that customers pay the same management charges as if the relevant assets had been held directly by the internal linked fund.

For the internal linked funds that invest in an externally managed fund, the Company may receive a negotiated discount to the external manager's normal preliminary charge or a rebate of part of the external manager's normal management charge. The amount of any discount or rebate may vary depending upon the external manager.

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

The Company does not benefit from any other form of discount or commission on the purchase or sale of units in collective investment schemes.

#### 4. Valuation basis (other than for special reserves)

The following information relates to groups of products using the same valuation method and basis where either the gross mathematical reserves (before any reinsurance) or the gross annual premiums exceed the lesser of £10m and 1% of the total gross mathematical reserves.

##### 4. (1) Valuation methods

[1] Property-linked business written prior to 10 July 2006

The gross reserve held is a combination of the value of units at the valuation date and a sterling reserve. The unit reserve (and for Life business some death risk) is reassured to Standard Life Investment Funds Limited. In some cases the unit value is the actuarially funded unit value – in calculating this, the unit value is reduced by the discounted value of an amount of fund-based charges that are expected to be received in future, allowing for mortality. The sterling reserve is calculated by projecting future charges and expenses to the chosen maturity or retirement date and discounting these cashflows at the valuation rate of interest, ensuring that no future valuation strain emerges. Only attributable expenses are included in the sterling reserve calculation. A reserve for non-attributable expenses is calculated at an aggregate level for all policies in each homogenous risk group. Ongoing regular premiums are included in the projections. Unit growth rates, expense inflation rates and mortality are assumed. For some UK pension products the projection allows for surrenders and early retirement. In some cases the sterling reserve calculation results in a zero sterling reserve. For some products that have exit penalties on surrenders, the sterling reserve calculation may result in a negative sterling reserve.

This method applies to property-linked investments for many of the Company's unitised Life products including: UK Capital Investment Bond, UK Special Investment Bond, UK Variable Protection Plan, UK Versatile Investment Plan, UK Variable Investment Bond, UK Regular Investment Bond, UK Homeplan, RoI Capital Investment Bond, RoI Special Investment Bond, RoI MoneyWorks Bond, RoI Prosperity Bond, RoI Universal Life Plan, RoI Flexible Life Plan, RoI Mortgage Plan, RoI Variable Protection Plan, RoI MoneyWorks Plan, RoI Versatile Investment Plan.

This method applies to property-linked investments for many of the Company's unitised Pensions products including: UK Stakeholder, UK Personal Pension Plans, UK Self Invested Personal Pension, UK Group Self Invested Personal Pension, UK Castle Pension Series, UK Group Money Purchase Plan, UK Flexible Pension Plan, UK Phased Retirement Plan, UK Trustee Investment Plan, UK Small Self Administered Schemes, RoI Personal & Executive Pension Plans, RoI Approved Retirement Fund, RoI PRSA, RoI Group Money Purchase contracts, RoI Group Managed Fund.

[2] Property-linked SIPP business written prior to 10 July 2006

The gross reserve held is a combination of the value of units at the valuation date and a sterling reserve. The unit reserve is reassured to Standard Life Investment Funds Limited. The sterling reserve is calculated by projecting future charges and expenses to the chosen retirement date and discounting these cashflows at the valuation rate of interest, ensuring that no future valuation strain emerges. Only attributable expenses are included in the sterling reserve calculation. A reserve for non-attributable expenses is calculated at an aggregate level for all policies in each homogenous risk group. Ongoing regular premiums are included in the projections. The projection allows for mortality. Unit growth

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

rates and expense inflation rates are assumed. The sterling reserve calculation may result in a negative sterling reserve, but only where an exit penalty applies.

[3] Property-linked business written post 10 July 2006

The gross reserve held is a combination of the value of units at the valuation date and a sterling reserve. This business is wholly reassured to Standard Life Investment Funds Limited. The sterling reserve is calculated by projecting future charges and expenses to the chosen maturity or retirement date and discounting these cashflows at the valuation rate of interest, ensuring that no future valuation strain emerges. Only attributable expenses are included in the sterling reserve calculation. A reserve for non-attributable expenses is calculated at an aggregate level for all policies in each homogenous risk group. Ongoing regular premiums are included in the projections. Unit growth rates, expense inflation rates and mortality are assumed. For some UK pension products the projection allows for surrenders and early retirement. In some cases, the sterling reserve calculation results in a zero sterling reserve. For some products that have exit penalties on surrenders, the sterling reserve calculation may result in a negative sterling reserve.

This method applies to property-linked investments for many of the Company's unitised Life products including: UK Capital Investment Bond, UK Tailored Investment Bond, UK Variable Protection Plan, and UK Versatile Investment Plan.

This method applies to property-linked investments for many of the Company's unitised Pensions products including: UK Stakeholder, UK Personal Pension Plans, UK Castle Pension Series, UK Group Money Purchase Plan, UK Flexible Pension Plan, UK Phased Retirement Plan, UK Self Invested Personal Pension, UK Group Self Invested Personal Pension, UK Trustee Investment Plan, UK Small Self Administered Schemes, UK Trust Based Pensions, UK Active Money Personal Pension, RoI Personal & Executive Pension Plans, RoI Group Managed Fund plan, RoI Synergy products.

[4] UK accumulating with profits Life business written prior to 10 July 2006

The reserve held is the maximum of a prospective reserve of the guaranteed benefits and an amount calculated in line with INSPRU 1.2.71R.

The prospective reserve of guaranteed benefits is the face value of units at the valuation date accumulated to the date of claim at the rate of growth guaranteed under the contract. The projected unit values together with a prudent allowance for future expenses are discounted at the valuation rate of interest.

The amount calculated in line with INSPRU 1.2.71R is the face value of units at the valuation date reduced by a market value reduction, where appropriate, to reflect an amount based on asset share.

This method applies to with profits investments for many of the Company's unitised products including: UK With Profits Bond, UK Homeplan, UK Variable Protection Plan, and UK Versatile Investment Plan.

[5] UK accumulating with profits Pensions business written prior to 10 July 2006

The reserve held is the maximum of a prospective reserve of the guaranteed benefits and an amount calculated in line with INSPRU 1.2.71R.

The prospective reserve of guaranteed benefits is the face value of units at the valuation date accumulated to the date of claim at the rate of growth guaranteed under the contract. The projected

## Returns under the Accounts and Statements Rules

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unit values together with a prudent allowance for future expenses are discounted at the valuation rate of interest.

The amount calculated in line with INSPRU 1.2.71R is the face value of units at the valuation date reduced by a market value reduction, where appropriate, to reflect an amount based on asset share.

This method applies to with profits investments for many of the Company's unitised Pensions products including: UK Personal Pension Plans, UK Castle Pension Series products, UK Group Money Purchase Plans.

[6] UK accumulating with profits Pensions Business written post 10 July 2006

The reserve held is the maximum of a prospective reserve of the guaranteed benefits and an amount calculated in line with INSPRU 1.2.71R.

The prospective reserve of guaranteed benefits is the face value of units at the valuation date accumulated to the date of claim at the rate of growth guaranteed under the contract. The projected unit values together with a prudent allowance for future expenses are discounted at the valuation rate of interest.

The amount calculated in line with INSPRU 1.2.71R for the accumulating with profits Pension business, is the face value of units at the valuation date reduced by a market value reduction, where appropriate, to reflect an amount based on asset share.

This method applies to with profits investments for many of the Company's unitised Pensions products including: UK Personal Pension Plans, UK Castle Pension Series products, UK Group Money Purchase Plans.

[7] UK accumulating with profits Stakeholder business written prior to 10 July 2006

The reserve held is a combination of the value of units at the valuation date and an expense reserve. The value of units does not include any smoothing of investment returns that might apply to payouts. The expense reserve is calculated by projecting future charges and expenses to the chosen retirement date and discounting these cashflows at the valuation rate of interest, ensuring that no future valuation strain emerges. Ongoing regular premiums are included in the projections. Unit growth rates, expense inflation rates, mortality, surrenders and early retirements are assumed.

This method applies to with profits investments in the UK Stakeholder product.

[8] UK accumulating with profits Stakeholder business written post 10 July 2006

The reserve held is a combination of the value of units at the valuation date and an expense reserve. The value of units does not include any smoothing of investment returns that might apply to payouts. The expense reserve is calculated by projecting future charges and expenses to the chosen retirement date and discounting these cashflows at the valuation rate of interest, ensuring that no future valuation strain emerges. Ongoing regular premiums are included in the projections. Unit growth rates, expense inflation rates, mortality, surrenders and early retirements are assumed.

This method applies to with profits investments in the UK Stakeholder product.

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[9] UK accumulating with profits Trustee Investment Plan business written prior to 10 July 2006

The reserve held is the maximum of a prospective reserve of the guaranteed benefits and an amount calculated in line with INSPRU 1.2.71R.

The prospective reserve of guaranteed benefits is calculated using an approximate method. The calculation is equivalent to accumulating the face value of units at the valuation date to the date of claim at the rate of growth guaranteed under the contract and discounting the projected unit values together with a prudent allowance for future expenses at the valuation rate of interest.

The amount calculated in line with INSPRU 1.2.71R is the face value of units at the valuation date.

This method applies to with profits investment with a 4% unit growth guarantee in the UK Trustee Investment Plan.

[10] RoI accumulating with profits Life business written prior to 10 July 2006

The reserve held is the maximum of a prospective reserve of the guaranteed benefits and an amount calculated in line with INSPRU 1.2.71R.

The prospective reserve of guaranteed benefits is the face value of units at the valuation date accumulated to the date of claim at the rate of growth guaranteed under the contract. The projected unit values together with a prudent allowance for future expenses are discounted at the valuation rate of interest.

The amount calculated in line with INSPRU 1.2.71R is the face value of units at the valuation date reduced by a market value reduction, where appropriate, to reflect an amount based on asset share.

This method applies to with profits investments for many of the Company's unitised products including: RoI With Profits Bond, RoI Capital Savings Plan, RoI Flexible Life Plan, RoI Mortgage Plan, RoI MoneyWorks Plan, and RoI MoneyWorks Special Savings Incentive Account.

[11] RoI accumulating with profits Pensions business written prior to 10 July 2006

The reserve held is the maximum of a prospective reserve of the guaranteed benefits and an amount calculated in line with INSPRU 1.2.71R.

The prospective reserve of guaranteed benefits is the face value of units at the valuation date accumulated to the date of claim at the rate of growth guaranteed under the contract. The projected unit values together with a prudent allowance for future expenses are discounted at the valuation rate of interest.

The amount calculated in line with INSPRU 1.2.71R is the face value of units at the valuation date reduced by a market value reduction, where appropriate, to reflect an amount based on asset share.

This method applies to with profits investments for many of the Company's unitised products including: RoI Personal and Executive Pension Plans, RoI Group Money Purchase Plan, RoI Approved Retirement Fund, RoI Approved Minimum Retirement Fund.

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[12] RoI accumulating with profits business with no unit growth guarantee written prior to 10 July 2006

The reserve held is the maximum of a prospective reserve and an amount calculated in line with INSPRU 1.2.71R.

As there is no unit growth guarantee, the prospective reserve is the face value of units at the valuation date, with no smoothing applied, plus a prudent allowance for future expenses discounted at the valuation rate of interest. The amount calculated in line with INSPRU 1.2.71R is the face value of units at the valuation date, with no smoothing applied.

This method applies to with profits investments in some of the Company's unitised Pensions products including: RoI PRSA, RoI EPP Plus, RoI Synergy Portfolio Bond, RoI Synergy Investment Bond, RoI Synergy ARF, and RoI Synergy AMRF.

[13] German accumulating with profits endowment assurances

The reserve held is the maximum of a prospective reserve of the guaranteed benefits, an amount calculated in line with INSPRU 1.2.71R and an amount that, together with future premiums, covers the Guaranteed Maturity Value and Guaranteed Surrender Value plus future expenses.

The prospective reserve of guaranteed benefits is the value of units at the valuation date accumulated, with future premiums, to the surrender option date (the earliest date at which a market value adjustment may not be applied) or the contract end date, as applicable, at the rate of growth guaranteed under the contract. Where a surrender option date applies, the calculation is done twice, once using the surrender option date and once using the contract end date. The higher value is used. The projected unit value together with a prudent allowance for future expenses (less future charges and premiums) is discounted at the valuation rate of interest.

The amount calculated in line with INSPRU 1.2.71R is the unit value at the valuation date reduced, for some contracts, by a market value reduction. An expense reserve is also held.

The amount to cover the Guaranteed Maturity Value is calculated by discounting the Guaranteed Maturity Value from the maturity date or selected benefit date, as appropriate, to the valuation date allowing for premiums payable, expenses and disability and mortality charges. At each time period, a check is done to ensure that the discounted amount is at least equal to any Guaranteed Surrender Value plus an allowance for expenses. Where a surrender option date applies, the calculation is done twice, once using the surrender option date and once using the maturity (or selected benefit) date. The higher value is used.

[14] German accumulating with profits deferred annuities written prior to 10 July 2006

The reserve held is calculated as for German accumulating with profits endowment assurances but the Guaranteed Maturity Value component allows for the more onerous of the guaranteed cash value and the value of the guaranteed annuity at maturity.

[15] German accumulating with profits deferred annuities written post 10 July 2006

The reserve held is split between the German With Profits Fund and the Proprietary Business Fund.

The reserve in the German With Profits Fund is the maximum of a prospective reserve of the guaranteed benefits and an amount calculated in line with INSPRU 1.2.71R.

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The prospective reserve of guaranteed benefits is the maximum of two values. The first is the value of units at the valuation date accumulated, with future premiums, to the contract end date at the rate of growth guaranteed under the contract and discounted, together with a prudent allowance for future charges less premiums, at the valuation rate of interest. The second is the Guaranteed Maturity Value discounted, together with a prudent allowance for future charges less premiums, at the valuation rate of interest. The Guaranteed Maturity Value is increased, where appropriate, to allow for any guaranteed annuity value.

The amount calculated in line with INSPRU 1.2.71R is the unit value at the valuation date reduced, for some contracts, by a market value reduction.

The reserve in the Proprietary Business Fund is the sterling reserve subject to a minimum of zero.

#### [16] UK With Profits Pension Annuity

The reserve held is calculated as the value of future annuity payments discounted at the valuation interest rate, assuming the current level of annuity escalates at a rate equal to the excess of the expected Declared Rate of Return over the Anticipated Bonus Rate. The expected Declared Rate of Return is taken to equal the valuation interest rate less any assumed deductions, for example for expenses and the cost of with profits guarantees. In line with conventional annuities, a prudent allowance is made for future expenses.

#### [17] UK and RoI non-profit annuities written prior to 10 July 2006

The longevity risk and investment risk for a large proportion of this group of business is reassured externally to Canada Life International Reinsurance Ltd. A reserve is held to cover future expenses in relation to these reassured annuities.

The longevity risk for the remainder of this group of business is reassured to Standard Life Investment Funds Limited. The net reserve held by the Company for this portion of the business is the discounted value of the future premiums payable to Standard Life Investment Funds Limited plus a reserve to cover the future expenses in relation to these annuities.

#### [18] UK and RoI non-profit annuities written post 10 July 2006

This business is wholly reassured to Standard Life Investment Funds Limited. The gross reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. The expected annuity payment in each future year allows for mortality and any guaranteed period. Any escalation of annuity payments and any dependant's annuity is allowed for. In the case of temporary annuities, payments are assumed to continue only until the end of the temporary period.

#### [19] UK index-linked annuities written prior to 10 July 2006

The longevity risk and investment risk for a large proportion of this group of business is reassured externally to Canada Life International Reinsurance Ltd. A reserve is held to cover future expenses in relation to these reassured annuities.

The longevity risk for the remainder of this group of business is reassured to Standard Life Investment Funds Limited. The net reserve held by the Company for this portion of the business is the discounted value of the future premiums payable to Standard Life Investment Funds Limited plus a reserve to cover the future expenses in relation to these annuities.

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[20] UK index-linked annuities written post 10 July 2006

This business is wholly reassured to Standard Life Investment Funds Limited. The gross reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. The expected annuity payment in each future year allows for mortality and any guaranteed period. Escalation of annuity payments is allowed for by using a real valuation rate of interest. Any dependant's annuity is allowed for. In the case of temporary annuities, payments are assumed to continue only until the end of the temporary period.

[21] Canadian non-profit group annuities

This business is wholly reassured to The Standard Life Assurance Company of Canada. The gross reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. The expected annuity payment in each future year allows for mortality and any guaranteed period. Any escalation of annuity payments and any dependant's annuity is allowed for. In the case of temporary annuities, payments are assumed to continue only until the end of the temporary period.

[22] Canadian non-profit individual annuities

This business is wholly reassured to The Standard Life Assurance Company of Canada. The gross reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. The expected annuity payment in each future year allows for mortality and any guaranteed period. Any escalation of annuity payments and any dependant's annuity is allowed for. In the case of temporary annuities, payments are assumed to continue only until the end of the temporary period.

[23] Canadian index-linked individual annuities

This business is wholly reassured to The Standard Life Assurance Company of Canada. The gross reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. The expected annuity payment in each future year allows for mortality and any guaranteed period. Escalation of annuity payments is allowed for by using a real valuation rate of interest. Any dependant's annuity is allowed for. In the case of temporary annuities, payments are assumed to continue only until the end of the temporary period.

[24] UK non-profit group deferred annuities

The reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. Payments are assumed to start at the retirement ages associated with the relevant pension scheme. The expected annuity payment in each future year allows for mortality and any guaranteed period. Any escalation of annuity payments, any cash benefit and any dependant's annuity is allowed for.

[25] UK with profits individual deferred annuities

The reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. Payments for each annuity are assumed to start at the retirement age chosen by the individual. The expected annuity payment in each future year allows for mortality and any guaranteed period. Any escalation of annuity payments and any dependant's annuity is allowed for. Where a cash option exists, reserves are held equal to the greater of the value of the cash option and the value of the deferred annuity.

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#### [26] UK index-linked group deferred annuities

The reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. Payments are assumed to start at the retirement ages associated with the relevant pension scheme. The expected annuity payment in each future year allows for mortality and any guaranteed period. Any escalation of annuity payments, any cash benefit and any dependant's annuity is allowed for. Escalation of annuity payments is allowed for using a real valuation rate of interest.

#### [27] RoI non-profit Deferred Annuity

The reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. Payments are assumed to start at the retirement ages associated with the relevant pension scheme. The expected annuity payment in each future year allows for mortality and any guaranteed period. Any escalation of annuity payments, any cash benefit and any dependant's annuity is allowed for.

#### [28] German individual Property Linked business written post 10 July 2006

The reserve held is a combination of the value of units at the valuation date and a sterling reserve. The sterling reserve is calculated by projecting future charges and expenses to the chosen maturity date and discounting these cashflows at the valuation interest rate, ensuring no future valuation strain emerges. Mortality and future premiums are allowed for in the projection. In some cases, the sterling reserve calculation results in a zero sterling reserve.

#### [29] German Smoothed Managed Deferred Annuity written prior to 10 July 2006

The reserve held is a combination of the value of units at the valuation date and a sterling reserve. The value of the units does not include any smoothing of investment returns that might apply to payouts. The sterling reserve is calculated by projecting future charges and expenses to the chosen maturity date and discounting these cashflows at the valuation interest rate, ensuring no future valuation strain emerges. Mortality and future premiums are allowed for in the projection. In some cases, the sterling reserve calculation results in a zero sterling reserve.

#### [30] German Smoothed Managed Deferred Annuity written post 10 July 2006

The reserve held is split between the German Smoothed Managed With Profits Fund and the Proprietary Business Fund.

The reserve held in the German Smoothed Managed With Profits Fund is the value of units at the valuation date. The value of the units does not include any smoothing of investment returns that might apply to payouts.

The reserve in the Proprietary Business Fund is a sterling reserve calculated by projecting future charges and expenses to the chosen maturity date and discounting these cashflows at the valuation interest rate, ensuring no future valuation strain emerges. Mortality and future premiums are allowed for in the projection. In some cases, the sterling reserve calculation results in a zero sterling reserve.

#### [31] UK with profits Pensions Reversionary Bonus Schemes

The reserve held is the discounted value of all future expected annuity payments, including a prudent allowance for future expenses. Payments for each annuity are assumed to start at the retirement age chosen by the individual. The expected annuity payment in each future year allows for mortality and any guaranteed period. Any escalation of annuity payments and any dependant's annuity is allowed

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for. Where a cash option exists, reserves are held equal to the greater of the value of the cash option and the value of the deferred annuity.

[32] UK with profits Life endowment assurances

The reserve held is calculated using a gross premium prospective valuation method.

[33] RoI with profits Life endowment assurances

The reserve held is calculated using a gross premium prospective valuation method.

[34] UK with profits Pensions pure endowments

The reserve held is calculated using a gross premium prospective valuation method.

[35] RoI with profits pure endowments

The reserve held is calculated using a gross premium prospective valuation method.

[36] UK with profits whole life assurances

The reserve held is calculated using a gross premium prospective valuation method.

[37] UK non-profit whole life assurances

The reserve held is calculated using a gross premium prospective valuation method.

[38] UK Life term assurances

The reserve held is calculated using a gross premium prospective valuation method. Negative reserves and lapses are allowed for.

[39] UK Lifetime Protection Series

The reserve held is calculated using a gross premium prospective valuation method. Where an extra premium has been charged on policies issued to substandard lives and lives subject to additional risk, a reserve is set up equal to 100% of the annualised extra premium. Negative reserves and lapses are allowed for.

[40] RoI PHI claims in payment

The reserve held is the discounted value of all future expected claim payments, including a prudent allowance for future expenses. The expected claim payment in each future year allows for morbidity. Any escalation of claim payments is allowed for.

[41] German Permanent Health Insurance written prior to 10 July 2006

The reserve held is a combination of amounts to cover claims in payment, claims reported but not yet accepted and future claims. For claims in payment, the reserve is the discounted value of all future expected claim payments. The expected claim payment in each future year allows for morbidity, any escalation of claim payments and any outstanding deferred period. For claims reported but not yet accepted, it is assumed that the claims will be accepted and claim payments made from the date the disability started. For future claims, it is assumed that future premiums are adequate to cover future risks and a month's worth of premium is also held for prudence.

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[42] Canadian non-profit group deposit administration policies

This business is wholly reassured to The Standard Life Assurance Company of Canada. The gross reserve held is the value of the monies held on deposit.

#### 4. (2) Valuation rates of interest

The following interest rates were used in the valuation.

Product group	Interest rate used at the valuation on 31/12/10	Interest rate used at the valuation on 31/12/09
[1] Property-linked business written prior to 10 July 2006 (for sterling reserve)	3.45%	4.05%
[2] Property-linked SIPP business written prior to 10 July 2006 (for sterling reserve)	2.70%	0.25%
[3] Property-linked business written post 10 July 2006 (for sterling reserve)	4.55%	4.75%
[4] UK accumulating with profits Life business written prior to 10 July 2006	2.20%	2.80%
[5] UK accumulating with profits Pensions business written prior to 10 July 2006	1.50% (0% guarantee) 4.25% (4% guarantee)	4.05%
[6] UK accumulating with profits Pensions Business written post 10 July 2006	1.50%	4.05%
[7] UK accumulating with profits Stakeholder business written prior to 10 July 2006 (for expense reserve)	1.50%	3.95%
[8] UK accumulating with profits Stakeholder business written post 10 July 2006 (for expense reserve)	4.55%	4.75%
[9] UK accumulating with profits TIP business written prior to 10 July 2006	4.25%	4.05%
[10] RoI accumulating with profits Life business written prior to 10 July 2006	1.50%	2.10%
[11] RoI accumulating with profits Pensions business written prior to 10 July 2006	2.25%	3.10%
[12] RoI accumulating with profits business with no unit growth guarantee written prior to 10 July 2006	2.25%	3.10%
[13] German accumulating with profits endowment assurances	3.20%	3.70%
[14] German accumulating with profits deferred annuities written prior to 10 July 2006	3.20%	3.70%
[15] German accumulating with profits deferred annuities written post 10 July 2006	3.35%	3.85%
[16] UK With Profits Pension Annuity	0.70%	3.95%
[17] UK and RoI non-profit annuities written prior to 10 July 2006	UK Life Business: 3.50% UK Pensions business (not reinsured externally) 5.20% UK Pensions business (reinsured externally) 3.85% RoI business : 3.15%	UK Life Business: 4.20% UK Pensions business (not reinsured externally) 5.65% UK Pensions business (reinsured externally) 4.30% RoI business : 3.85%
[18] UK and RoI non-profit annuities written post 10 July 2006	UK: 4.55% RoI: 4.25%	UK: 4.75% RoI: 4.00%

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Product group	Interest rate used at the valuation on 31/12/10	Interest rate used at the valuation on 31/12/09
[19] UK index-linked annuities written prior to 10 July 2006	not reinsured externally 0.45% reinsured externally 0.25%	not reinsured externally 0.85% reinsured externally 0.85%
[20] UK index-linked annuities written post 10 July 2006	0.65%	0.65%
[21] Canadian non-profit group annuities	3.25%	3.70%
[22] Canadian non-profit individual annuities	3.25%	3.70%
[23] Canadian index-linked individual annuities	0.80%	1.25%
[24] UK non-profit group deferred annuities	4.30%	4.65%
[25] UK with profits individual deferred annuities	7.10%	4.05%
[26] UK index-linked group deferred annuities	0.45%	0.55%
[27] RoI non-profit Deferred Annuity	3.15%	3.70%
[28] German Property Linked deferred annuities	3.10%	2.75%
[29] German Smoothed Managed deferred annuities written prior to 10 July 2006	3.20%	3.70%
[30] German Smoothed Managed deferred annuities written post 10 July 2006	3.10%	2.75%
[31] UK with profits Pensions Reversionary Bonus Schemes	7.10%	4.05%
[32] UK with profits Life endowment assurances	3.60%	2.80%
[33] RoI with profits Life endowment assurances	1.50%	2.10%
[34] UK with profits Pensions pure endowments	7.10%	4.05%
[35] RoI with profits pure endowments	2.25%	3.10%
[36] UK with profits whole life assurances	3.60%	2.80%
[37] UK non-profit whole life assurances	2.70%	3.20%
[38] UK Life term assurances	2.70%	3.20%
[39] UK Lifetime Protection Series	2.70%	3.20%
[40] RoI PHI claims in payment	2.25%	3.10%
[41] German PHI written prior to 10 July 2006	3.60%	3.75%
[42] Canadian non-profit group deposit administration policies	N/A	N/A

#### 4. (3) Risk-adjusted yield

To determine the risk-adjusted yield in Form 57, the following adjustments for risk are made:

The yields on unapproved and approved non-gilt fixed interest securities and mortgages are reduced to make a prudent allowance for the expected rates of default (on both interest and capital). The reduction in yields for each security is determined by that security's default rating and credit spread. The following table indicates the reduction in yields allowed for fixed interest bonds:

Credit Rating	Default Risk
AAA	0.12%
AA+	0.39%
AA	0.65%
AA-	0.58%
A+	0.77%
A	0.99%
A-	0.89%

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BBB+	0.89%
BBB	1.45%
BBB–	1.78%
BB+	2.50%
BB	4.39%
BB–	5.70%
B+	6.96%
B	7.79%
B–	11.61%
CCC	15.37%
CC	15.41%
C	15.36%
NA	N/A

The running yields on property are reduced where appropriate to allow for the risk of default. The impact of this is to reduce valuation yields by 0.20%. The running yields on property are also reduced where appropriate to allow for an expected fall in property rental yields. The impact of this is to reduce valuation yields by a further 0.40%.

For the top 50 equity shares by size of holding, each share is analysed individually using information from several sources. Where dividends or earnings figures appeared high compared to other sources, an appropriate reduction is made. Further, for holdings where dividends or earnings are expected to be lower in the future, an appropriate reduction is made.

The remaining equity shares are not analysed individually. The valuation yield is capped at 7% on a stock-by-stock basis to introduce a prudent allowance for dividend or earnings falls.

#### 4. (4) Valuation mortality bases

The following mortality bases were used in the valuation.

Product group	Mortality basis used at the valuation on 31/12/2010	Mortality basis used at the valuation on 31/12/2009
UK and RoI assurances, sterling reserves for the UK Capital Investment Bond, Tailored Investment Bond and UK SIPP	72.3% AMC00 ultimate	74.2% AMC00 ultimate
UK and RoI sterling reserves for non-SIPP pensions	70.5% AMC00 ultimate	72.4% AMC00 ultimate
UK & RoI pension annuities in deferral	70.5% AMC00 ultimate	72.4% AMC00 ultimate
German endowment assurances and deferred annuities in deferment	120% IMA92 (males) 120% IFA92 (females)	120% IMA92 (males) 120% IFA92 (females)
German deferred annuities (Guaranteed Annuity Value calculation)	80% DAV 2004R select (modified)	80% DAV 2004R select (modified)
UK and RoI individual life annuities	95.8% IML00 (males) 96.1% IFL00 (females)	93.4% IML00 (males) 91.7% IFL00 (females)
UK and RoI individual pensions annuities written prior to 10 July 2006	98.4% RMC00 (males) 106.6% RFC00 (females)	96.2% RMC00 (males) 105.8% RFC00 (females)
UK and RoI group pensions annuities – written prior to 10 July 2006	113.5% RMV00 (males) 113.8% WA00 (females)	114.3% RMV00 (males) 115.6% WA00 (females)
UK and RoI individual pensions annuities written post 10 July 2006	91.0% RMC00 (males) 98.6% RFC00 (females)	91.4% RMC00 (males) 100.5% RFC00 (females)

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Product group	Mortality basis used at the valuation on 31/12/2010	Mortality basis used at the valuation on 31/12/2009
UK and RoI group pensions annuities – written post 10 July 2006	105.0% RMV00 (males) 105.3% WA00 (females)	108.6% RMV00 (males) 109.8% WA00 (females)
Canadian group annuities	70% GAM94 (males) 110% GAM94 (females)	70% GAM94 (males) 110% GAM94 (females)
Canadian individual annuities	70% IAM83 (males) 80% IAM83 (females)	70% IAM83 (males) 80% IAM83 (females)
UK Lifetime Protection Series	Smokers 72.0% TMS00 ultimate (males) Non-smokers 72.0% TMN00 ultimate (males) Smokers 72.0% TFS00 ultimate (females) Non-smokers 72.0% TFN00 ultimate (females)	Smokers 69.3% TMS00 ultimate (males) Non-smokers 69.3% TMN00 ultimate (males) Smokers 69.3% TFS00 ultimate (females) Non-smokers 69.3% TFN00 ultimate (females)

In the valuation of annuities and the in-payment period of deferred annuities issued in the UK and RoI, allowance is made for future improvements in the rates of mortality. The improvement factors assumed for male immediate annuitants are in line with the average of CMI Medium and Long Cohort projections, with a minimum improvement of 1.6% pa tapered from age 90 to zero at age 120. The improvement factors assumed for female immediate annuitants are in line with 75% of the average of CMI Medium and Long Cohort projections, with a minimum improvement of 1.3% pa tapered from age 90 to zero at 120 (and an additional underpin of 100% of the improvements included in CMIR17). For deferred annuitants, the improvements are as for immediate annuitants, but the tapering starts from age 100. Improvements are applied from the year 2000.

While year of use tables including these improvements are generally used in the valuation, for certain UK and RoI group deferred annuities and Reversionary Bonus Schemes, the basis is converted to single year tables, resulting in reserves that are as prudent overall.

No other specific allowance is made for the possible detrimental impact of any significant changes in the incidence of disease or developments in medical science on the mortality experience of the Company.

The following table gives complete expectations of life for annuities and deferred annuities:

Product group	Expectation of life for annuities in payment		Expectation of life at age 65 for deferred annuities	
	At age 65	At age 75	Current age 45	Current age 55
UK and RoI individual Life annuities	23.99 (males) 25.85 (females)	14.87 (males) 16.14 (females)	n/a	n/a
UK and RoI individual Pensions annuities & deferred annuities written prior to 10 July 2006	23.51 (males) 25.18 (females)	14.72 (males) 15.93 (females)	26.74 (males) 27.63 (females)	25.25 (males) 26.53 (females)
UK and RoI group Pensions annuities & deferred annuities written prior to 10 July 2006	22.09 (males) 23.68 (females)	13.67 (males) 15.05 (females)	25.24 (males) 26.24 (females)	23.75 (males) 25.07 (females)
UK and RoI individual Pensions annuities & deferred annuities written post 10 July 2006	24.19 (males) 25.80 (females)	15.29 (males) 16.47 (females)	27.49 (males) 28.30 (females)	25.98 (males) 27.19 (females)

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Product group	Expectation of life for annuities in payment		Expectation of life at age 65 for deferred annuities	
	At age 65	At age 75	Current age 45	Current age 55
UK and RoI group Pensions annuities & deferred annuities written post 10 July 2006	22.76 (males) 24.33 (females)	14.21 (males) 15.59 (females)	25.97 (males) 26.93 (females)	24.47 (males) 25.76 (females)
Canadian group annuities	20.85 (males) 20.51 (females)	13.58 (males) 12.96 (females)	N/A	N/A
Canadian individual annuities	21.75 (males) 23.82 (females)	14.33 (males) 15.62 (females)	N/A	N/A
German deferred annuities	N/A	N/A	31.46 (males) 35.11 (females)	28.75 (males) 33.23 (females)

#### 4. (5) Valuation morbidity bases

The following morbidity bases were used in the valuation.

Product group	Morbidity basis used at the valuation on 31/12/10	Morbidity basis used at the valuation on 31/12/09
UK Lifetime Protection Series	Rates based on those supplied by reinsurers (adjusted by 112.5%)	Rates based on those supplied by reinsurers (adjusted by 110%)
RoI PHI claims in payment	100% CMIR12	100% CMIR12
German PHI business	Verbandstafeln 1990, DAV 1997 TI and DAV 1997 RI	Verbandstafeln 1990, DAV 1997 TI and DAV 1997 RI

The following table gives critical illness morbidity rates for the UK Lifetime Protection Series.

Age	Rates used at the valuation on 31/12/10 for accelerated critical illness	Rates used at the valuation on 31/12/10 for standalone critical illness	Rates used at the valuation on 31/12/09 for accelerated critical illness	Rates used at the valuation on 31/12/09 for standalone critical illness
25	0.001342	0.000918	0.001312	0.000898
35	0.001995	0.001661	0.001950	0.001624
45	0.004839	0.004056	0.004731	0.003966
55	0.014005	0.012307	0.013694	0.012034

The morbidity rates above for UK Lifetime Protection Series business are for male, non-smoker policyholders. The valuation basis morbidity rates vary by sex and smoker status.

The decrement rates for the UK Lifetime Protection Series in the above table include a loading of 45% for accelerated critical illness and 25% for standalone critical illness (compared to the reinsurer rates).

No additional explicit allowance is made for the possible detrimental impact of significant changes in the incidence of disease or developments in medical science on the morbidity experience of the Company.

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#### 4. (6) Valuation expense bases

The following expense bases were used in the valuation.

Product group	Maintenance Expense used at the valuation on 31/12/10	Maintenance Expense used at the valuation on 31/12/09
CWP savings endowment	premium paying & paid-up: £17.15	premium paying & paid-up: £15.86
CWP target cash endowment	premium paying & paid-up: £17.15	premium paying & paid-up: £15.86
CWP pensions	premium paying & paid-up: £17.15	premium paying & paid-up: £15.86
Term assurance	£14.53	£12.98
Critical illness	£14.53	£12.98
Annuity	£7.67	£7.51
UWP bond	£25.77	£21.95
UWP savings endowment	premium paying & paid-up: £17.15	premium paying & paid-up: £15.86
UWP target cash endowment	premium paying & paid-up: £17.15	premium paying & paid-up: £15.86
UWP regular premium pension	£18.05	£18.61
UWP single premium pension	£17.01	£17.59
UWP group regular premium pension	£22.58	£22.04
UWP group single premium pension	£19.20	£18.70
UL bond	£25.77	£21.95
UL savings endowment	premium paying & paid-up: £17.15	premium paying & paid-up: £15.86
UL target cash endowment	premium paying & paid-up: £17.15	premium paying & paid-up: £15.86
UL regular premium pension	£18.05	£18.61
UL single premium pension	£17.01	£17.59
UL group regular premium pension	£22.58	£22.04
UL group single premium pension	£19.20	£18.70

Where different expense bases apply to variants within the classes shown above, the basis shown is that applicable to the largest category by number of policies.

The figures given above are attributable expenses, where applicable.

No zillmer adjustments were used (the net premium valuation method has not been used for any contracts).

The figures in the above table are gross of tax relief. Tax relief has been allowed for at a rate of 20%, where appropriate.

#### 4. (7) Unit growth and inflation rates

The unit growth rate assumption (gross of annual management charges) used for property-linked pensions business was 5.0% pa. The unit growth rate assumption (gross of annual management charges) used for property-linked life business was 4.0% pa.

The expense inflation assumption used for the UK at the valuation date was 3.95% pa. The expense inflation assumption used for RoI as the valuation date was 3.01% pa. The expense inflation assumption used for Germany at the valuation date was 2.29% pa.

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Where the only charge is the annual management charge, it is assumed that this does not change. Where there are other charges, it is assumed that these will increase in line with expense inflation to meet any increases in associated expenses.

#### 4. (8) Future bonuses

In line with INSPRU 1.2.31G, no allowance is made for future bonuses for either gross premium valuations of with profits business or for valuations of accumulating with profits business.

#### 4. (9) Valuation persistency bases

Assumptions made for lapses, surrenders or policies being made paid-up, are detailed below. For all other products, no allowance is made.

In the calculation of the non-unit reserve for UK unit-linked bonds (Capital Investment Bonds), regular withdrawals were assumed to occur at 2.15% a year for all future policy years.

In the calculation of the non-unit reserve for UK Wrap Onshore Bonds, regular withdrawals were assumed to occur at 4.40% a year for all future policy years.

In the calculation of the reserve for the German UWP individual savings and pension regular premium business, policies were assumed to be made paid-up at the following product dependent rates:

Product	PUP rates pa				
	2011	2012	2013	2014	2015+
Airbag	2.1%	2.0%	2.4%	3.1%	3.2%
Freelax pre 2005	2.2%	2.2%	2.2%	2.4%	2.4%
Freelax tax layer 2	5.4%	4.4%	2.3%	1.2%	1.6%
Freelax tax layer 3	4.2%	3.3%	2.4%	2.6%	2.6%
Tax layer 1	4.9%	3.1%	1.7%	2.8%	3.0%
Sucess	4.5%	3.2%	2.3%	3.5%	3.6%
Maxxellence	8.6%	5.1%	1.8%	3.3%	3.6%
Swing	2.0%	2.3%	2.5%	2.6%	2.6%

Lapse rates apply to Lifetime Protection Series (LPS) and Conventional Non-Profit term assurance (CNP) business and have been incorporated following the implementation of changes permitted by PS06/14. A Provision for Adverse Deviation (PAD) has been applied to the best estimate lapse assumptions of +/-40%. The PAD acts to increase the best estimate lapse rate in the early part of the policy's lifetime (when it is treated as an asset) but to reduce the best estimate lapse rate later in the policy's lifetime (when it is treated as a liability). The PAD is determined and applied on a policy by policy level and at each time period in the cash-flows. The following best estimate assumptions for Lifetime Protection Series and Conventional Non-Profit term assurance were used in the valuation:

Product (LPS and CNP)		Average lapse/surrender/paid-up rate for policy years -			
		1 – 5	6 – 10	11 – 15	16 – 20
Level term assurance (including accelerated critical illness)	Lapse	12.25%	6.45%	5.25%	5.25%
Decreasing term assurance (including accelerated critical illness)	Lapse	11.25%	9.30%	7.75%	7.75%

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Surrender and early retirement rates apply to UK non-SIPP Pensions sterling reserves calculation. The valuation surrender/early retirement assumption is 60% of the best estimate. The following best estimate surrender assumptions for the relevant pension products were used in the valuation:

Product (Sterling Reserves)		Age Band					
		<50	50-54	55-59	60-64	65-69	70-74
Individual Personal Pensions	Surrender	4.25%	4.25%	13.65%	19.70%	27.10%	28.25%
Executive Personal Pensions	Surrender	6.75%	6.75%	12.20%	21.20%	29.05%	24.55%
Group Personal Pensions	Surrender	3.00%	3.00%	11.25%	17.30%	33.25%	27.10%
Group Money Purchase Pensions	Surrender	4.75%	4.75%	14.85%	23.85%	39.10%	25.65%

#### 4. (10) Other valuation bases

The Company has made no material basis assumptions for the Regulatory valuation of the business other than those stated elsewhere in this appendix.

#### 4. (11) Derivative contracts

For property-linked contracts allowance is made for the market values of derivative contracts in the calculation of the unit price. In the calculation of the amount of other long-term liabilities, allowance is made for the market value and economic exposure of derivatives (including any out-of-the-money derivatives) when determining the valuation yield.

#### 4. (12) Changes in valuation methodology

No changes were made during 2010 to valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2006.

## 5. Options and guarantees

The following information relates to products with options or guarantees where the basic reserve exceeds the lesser of £10m and 1% of the total gross mathematical reserves.

#### 5. (1) Guaranteed annuity rate options

Some UK and RoI pure endowment and deferred annuity contracts contain an option providing for the payment of an annuity at a guaranteed rate in lieu of a cash sum. Under some of these contracts, the guarantee applies only at the maturity date. Under other contracts the option also applies for a specified period preceding the maturity date in which case the sum assured and bonuses are reduced by specified factors and different guaranteed annuity rates apply.

Provision is made for the prospective cost of these options assuming that they will all be exercised in full at the retirement date. The difference between the annuity available for a certain fund under the relevant guaranteed annuity rate and that under current annuity rates is calculated for males and females separately at 5-year retirement age groups. A weighted average uplift factor is then determined from these differences, with the weights being the numbers of contracts of each gender and age group. The total reserve (basic plus that for guaranteed annuity rates) is calculated at the valuation interest rate. The reserve for guaranteed annuity rates is then calculated as this total less the actual reserve. The provision made is compared to an amount calculated by a stochastic approach and increased where appropriate.

For RoI contracts, it is assumed that the same uplift factors apply as for UK contracts.

Some German deferred annuity contracts have the option of cash at retirement or a Guaranteed Annuity Value. The Guaranteed Annuity Value is a guaranteed annuity rather than a guaranteed rate

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at which to convert the cash amount into an annuity. The Guaranteed Annuity Value is allowed for in the prospective reserve calculation.

Product name	Basic reserve (excluding guarantee reserve)	Outstanding durations	Guarantee reserve	Guaranteed annuity pa (as a % of the cash sum for a male aged 65)	Are increments to the policy possible?	Form of annuity	Retirement ages
UK Executive Pension Plan	£45.8m	0 – 25 years	£29m	8.8% for a single life annuity with no guaranteed period or escalation.	No	The GAO basis is that decided at inception.	The GAO applies on the selected retirement date only.
UK & RoI Section 226	£127.0m	0 – 25 years	£90m	9.7% for a single life annuity with no guaranteed period or escalation.	No	Can vary but mainly level, single life, monthly in arrears with no guarantee.	For some contracts, the GAO applies only on the selected retirement date. For others, it applies on any retirement age.

#### 5. (2) Guaranteed surrender values and guaranteed unit-linked maturity values

Any guaranteed surrender values and unit-linked maturity values are valued explicitly as part of the basic reserve, which is described in Section 4 (1) above. Further details are given below.

Some UK and RoI conventional endowment assurance contracts contain an Early Maturity Option to surrender after a specified period for a minimum of the sum assured and reversionary bonus then attaching, reduced in the proportion of premiums paid to total premiums originally payable. This option is reserved for within the calculation of the basic reserve. The calculated reserves have been compared with the discounted guaranteed surrender values in each future year and the greater of the two values is used. The implicit assumption is of a 100% take-up rate. For some policies, the guaranteed minimum surrender value may be taken in the second half of the term, for others in the final third of the term, but in both cases, the policy must have been in force for at least 10 years. It is not possible to make increments to policies with this option.

#### 5. (3) Guaranteed insurability options

Some UK and RoI endowment assurance contracts effected in connection with house purchase contain the option to increase the term of the assurance and/or to effect a new contract without further evidence of health on rearrangement of the mortgage. The total sum assured for RoI endowment assurance contracts is less than £1bn. No additional reserve is held to cover this option, as it may only be exercised on rearrangement of the mortgage.

Some UK term assurance contracts contain the option to convert to a whole life or endowment assurance contract without further evidence of health. This option is allowed for within the calculation of the basic reserve.

Some UK whole life and endowment assurance contracts include the option to convert, at specified dates, into an endowment assurance contract for the same sum assured as the original contract at

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guaranteed premium rates. This option is provided as a convertible term assurance rider to the main contract and is valued as part of the basic reserve for the term assurance.

Some UK and RoI endowment assurance contracts (those with an Early Maturity Option) contain a Continuation Option that, on exercising the Early Maturity Option, allows the policyholder to effect a new savings contract without further evidence of health. The total sum assured for RoI endowment assurance contracts is less than £1bn. No additional reserve is held to cover this option.

The UK Lifetime Protection Series is a range of term assurance contracts with various guaranteed insurability options available. To cover the cost of policyholders exercising these options, a reserve is held equal to the sum of the additional premiums paid for the benefits.

Some UK Executive Pension Plans and some RoI Executive Pension Plans and Retirement Account Plans contain a Future Insurability Option under which any additional death benefits may be increased on a policy anniversary in line with increases in the member's salary without further evidence of health and provided that any such increase is made within 3 years of a previous increase. This option is no longer available to new schemes. The option is reserved for by holding the sum of the additional premiums paid for the benefits.

Some UK Variable Protection Plan and Versatile Investment Plan contracts issued prior to 1988 contained a Guaranteed Insurability Benefit option. The option is reserved for by holding the sum of the additional premiums paid for the benefits.

Some UK Versatile Investment Plan contracts contain a Term Extension Option. No additional reserve is held to cover this option.

Some UK Homeplan contracts contain a future insurability option, under which a new contract can be effected, in connection with a further loan, up to the level of life and basic critical illness cover available on the original contract, without further evidence of health. No additional reserve is held to cover this option, as it may only be exercised on rearrangement of the mortgage.

Some UK Homeplan contracts contain a term extension option under which the term of the contract may be extended by an integral number of years if the lender agrees. No additional reserve is held to cover this option, as it may only be exercised on rearrangement of the mortgage.

Some German endowment assurance and deferred annuity contracts contain an option to increase the sum assured within limits without further evidence of health by an amount agreed on entry on occurrence prior to the 10th policy anniversary on any one of a list of specified events. If the option has not been exercised by the 10th policy anniversary, the sum assured is automatically increased. No additional reserve is held for this option on the basis that the premiums in each year are sufficient to cover the risk and there are sufficient margins in the basis for these contracts.

Some German endowment assurance and deferred annuity contracts contain an option to increase the initial amount of permanent health insurance benefit within limits without further evidence of health on occurrence prior to the policyholders 40th birthday on any one of a list of specified events provided the remaining term of the insurance cover is at least 8 years. No additional reserve is held for this option on the basis that the premiums in each year are sufficient to cover the risk and there are sufficient margins in the basis for these contracts.

The following details apply for conversion and renewal options where the total current death benefit exceeds £1bn:

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Product name	Annual office premiums (for all business)	Current death benefit (for all business)	Description of option	Guarantee reserve (gross of reinsurance)
UK endowment assurances	£178m	£6,336m	Some contracts effected in connection with house purchase contain the option to increase the term of the assurance and/or to effect a new contract without further evidence of health on rearrangement of the mortgage.	None
UK endowment assurances	£178m	£6,336m	Some contracts (those with an Early Maturity Option) contain a Continuation Option that, on exercising the Early Maturity Option, allows the policyholder to effect a new savings contract without further evidence of health. The new contract must be for the same premium, for a term of at least ten years, and be completed by age 65.	None
UK Lifetime Protection Series	£57m	£15,923m	Some contracts are written with a fixed term of 5 years, at the end of which the policyholder has the option to renew the contract for a maximum sum assured of 125% of the original without evidence of insurability, at the rates then applicable, provided the life assured is then under age 60.	£3.7m
UK Lifetime Protection Series	£57m	£15,923m	Some contracts have the option to convert the policy to an endowment assurance, Homeplan, Versatile Investment Plan or Variable Protection Plan, either in whole or in part, without evidence of insurability, provided the life assured is then under age 60.	£1.1m
UK Lifetime Protection Series	£57m	£15,923m	Some contracts have the option to extend the term of the contract on each 5th policy anniversary, provided the life assured is under age 55. Some contracts have the option to extend the term of the contract in line with an increase in an associated mortgage, provided the life assured is under age 55. After any extension in the term, the total term of the policy must be less than 35 years (25 years for contracts offering critical illness or total permanent disability cover), and the policy should expire before the 85th birthday of the life assured (65th birthday for contracts offering critical illness or total permanent disability cover).	£0.3m
UK Variable Protection Plan & Versatile Investment Plan	£39m	£1,486m	Some contracts issued prior to 1988 contained a Guaranteed Insurability Benefit option under which a new Variable Protection Plan (or a new Versatile Investment Plan under the VIP) can be effected on the life assured before the age of 60 without further evidence of health, subject to limits on the sum assured.	£0.06m
UK Homeplan	£128m	£5,785m	Some contracts contain a future insurability option, under which a new contract can be effected, in connection with a further loan, up to the level of life and basic critical illness cover available on the original contract, without further evidence of health. The option must be exercised before the 55 <sup>th</sup> birthday of the life assured.	None

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Product name	Annual office premiums (for all business)	Current death benefit (for all business)	Description of option	Guarantee reserve (gross of reinsurance)
UK Homeplan	£128m	£5,785m	Some contracts contain a term extension option under which the term of the contract may be extended by an integral number of years if the lender agrees. The option must be exercised before the 55 <sup>th</sup> birthday of the life assured.	None

#### 5. (4) Other guarantees and options

##### Subsidiary companies

The Company has entered into an agreement with Standard Life Pension Funds Limited under which the Company guarantees, in return for the expense deductions incorporated in the relevant contracts of that company, to meet all the expenses of that company other than those related to the Trustee Investment Plan business that that company writes. The Company has entered into an agreement with Standard Life Investment Funds Limited under which the Company guarantees, in return for the expense deductions incorporated in the relevant contracts of that company, to meet all the expenses, other than investment expenses, of that company associated with certain business written prior to the demutualisation of Standard Life. No additional reserve is held for this guarantee, although policy-related expenses are reserved for as if the relevant contracts had not been reinsured with those companies.

##### Transfer Plan GMP liability

For some UK Transfer Plans, where the Company has accepted Guaranteed Minimum Pension (GMP) liability under an investment from a contracted-out Occupational Pension Scheme, the Company guarantees to pay the GMP amount from a certain date. To meet these guarantees, the Company issued two types of policy (the type depending on the size of the total investment relative to the size of the GMP liability). The two types were either a non-profit deferred annuity contract or a unitised contract where the policyholder was required to hold a certain number of units in the United Kingdom Pension With Profits Fund. For the latter, where the payout is not sufficient to pay the GMP amount when required, the Company will enhance the benefits so that GMP is paid. For those unitised Transfer Plan contracts where the payout may not be sufficient to cover the Guarantee Minimum Pension (GMP) liability, the Company values, on a prudent basis, both the GMP liability and the relevant unit value. Should the GMP liability be higher, an additional reserve is held. The reserve for the relevant contracts at the valuation date was £260m. The additional reserve was £72m.

##### With Profits Pension Annuity

For the UK With Profits Pension Annuity, the Company guarantees that the lowest Declared Rate of Return it can declare each year for a policy is minus 10%. No additional reserve is held to cover this guarantee as the basic reserve assumes future Declared Rates of Return are higher than minus 10%. The reserve for the UK With Profits Pension Annuity was £306m at the valuation date.

##### Deferred annuity cash sums

Some UK and RoI deferred annuity contracts contain guaranteed cash options providing for the payment of a cash sum in lieu of an annuity. These are allowed for within the calculation of the basic reserve. Both the cash sum and the annuity have been valued and the greater result taken when calculating the published reserve.

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#### Early retiral values

Some UK and RoI deferred annuity contracts contain the option to have the annuity commence earlier or later than the date shown in the contract, on guaranteed terms. These options are allowed for within the calculation of the basic reserve. The calculated reserves have been compared with the discounted value of the guaranteed benefits and the greater of the two values is used.

#### Canadian non-profit group deposit administration policies

On some of the Canadian non-profit group deposit administration policies, a guaranteed bonus is paid on each policy anniversary. The bonus takes the form of either an addition to the interest rate that depends on the average assets per member, or as a reduction in management fees if the plan assets exceed a level defined in the contract. The bonus rate ranges from 0% to 0.5% of the investment account balance. These are allowed for within the calculation of the basic reserve. The reserve for the Canadian non-profit group deposit administration policies was £13.5m at the valuation date.

## 6. Expense reserves

6. (1) The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months from the valuation date from explicit reserves made at the valuation date is £190m. There are no implicit expense allowances.

The following table shows a breakdown of the amounts arising from implicit allowances, explicit allowances for investment expenses, explicit allowances for other maintenance expenses and non-attributable expenses by homogeneous risk group where some expenses are treated as non-attributable and total expense loadings for products where all expenses are treated as attributable.

Homogeneous Risk Group	Implicit allowances	Explicit allowances (investment)	Explicit allowances (other)	Non-attributable expenses	Total
	£m	£m	£m	£m	£m
UK Unit & UWP Linked Individual Pensions (excluding SIPP)	0.0	26.8	17.4	4.1	48.3
UK Unit & UWP Linked Group Pensions (excluding SIPP)	0.0	34.5	17.5	4.4	56.4
SIPP	0.0	1.7	2.4	0.6	4.7
Group SIPP	0.0	0.2	0.1	0.0	0.3
UK Unit & UWP Linked Onshore Bonds	0.0	7.4	3.9	2.2	13.5
All expenses attributable	0.0	24.8	41.8	N/A	66.6
Total	0.0	95.4	83.1	11.3	189.8

There are loadings for renewal commission in the valuation basis, but these have been excluded from the figures above for consistency with the figures in Form 43.

6. (2) Not applicable.

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6. (3) The amount of maintenance expenses shown in 6. (1) is different from that in line 14 of Form 43. This difference is largely due to the treatment of various accounting adjustments and the margin for prudence in the valuation assumptions.

6. (4) In calculating the reserve required in respect of the expenses of continuing to transact new business during the 12 months following the valuation date it is assumed that new business volumes and product mix would be in line with company projections. Internal estimates of costs were used.

No additional reserve is required.

6. (5) In calculating the reserve required for maintenance expense overruns if the company were to cease to transact new business 12 months after the valuation date, the following were the main items considered:

- the salary costs during restructuring and redundancy costs for surplus staff,
- the termination of management agreements on leased properties that would no longer be required,
- appropriate changes in commission structure,
- margins expected to emerge from in-force business, and
- the agreement to cover any maintenance expenses overrun within Standard Life Investment Funds Limited.

No additional reserve is required.

6. (6) For each homogeneous risk group, charges were shown to be greater than attributable and non-attributable expenses in each of the next 20 years.

On this basis, no reserve for non-attributable expenses was held for any homogeneous risk group.

### 7. Mismatching reserve

7. (1)

Currency of liability	Sum of reserves (excluding property-linked) and deposits received from reinsurers (£000)	Currency of assets	Value of matching assets (£000)
Sterling	33,064,849	Sterling	33,064,849
Euros	6,591,113	Euros	6,591,113
Other currencies	0		0
TOTAL	39,655,962		39,655,962

7. (2) Not applicable.

7. (3) No reserve is held to cover currency mismatching because there is no material currency mismatch, as demonstrated by the table in 7. (1).

7. (4) – (6) The Company has no Resilience Capital Requirement as it is not a regulatory basis only life firm.

7. (7) No further reserve is required as a result of the test on assets in INSPRU 1.1.34R (2). For the majority of the Company's business, the marketability of the backing assets and the income from premiums are sufficient to ensure cash outflows of the Company can be met. For other business (for example, annuities) the Company compares cash outflows with the expected proceeds from backing

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assets to ensure that cash outflows can be met. There is a further implicit margin due to the prudence in the valuation basis.

## 8. Other special reserves

### Mortgage Endowment Promise

The Standard Life Assurance Company announced in September 2000 that, subject to certain conditions being satisfied, it would top up the payouts at maturity on certain policies where there is a shortfall between the claim value and the mortgage amount originally targeted. Rules determining the Company's liability for this Mortgage Endowment Promise are set out in the Scheme of demutualisation. A stochastic model is used to determine a reserve for the Promise – this model projects the expected future Promise payments using a set of investment return assumptions and assuming no lapses. The present value of these liabilities is then determined using an appropriate valuation interest rate, which was 2.70% at the valuation date. A provision of £524m is held.

## 9. Reinsurance

### 9. (1) Facultative reinsurance

No business was ceded on a facultative basis to reinsurers who were not authorised to carry on insurance business in the United Kingdom.

### 9. (2) Reinsurance treaties

The Company is the cedant in respect of the following reinsurance treaties under which business was in force at the valuation date and where:

- [a] premiums payable by the Company exceed the lesser of £10m and 1% of gross premiums; or
- [b] the amount of mathematical reserves ceded exceeds the lesser of £10m and 1% of total mathematical reserves; or
- [c] the treaty is a financing arrangement.

Name of reinsurer	Nature and extent of cover	Premiums payable during the report period	Is the treaty closed to new business?	Amount of mathematical reserves ceded	Retention for new policies being reinsured.
Standard Life Investment Funds Ltd	Reinsurer automatically accepts reinsurance of the unit liability and some of the mortality risk under some property-linked Life contracts issued in the UK and RoI prior to 10 July 2006.	£194m	Yes	£5,184m	N/A
Standard Life Investment Funds Ltd	Reinsurer automatically accepts reinsurance of the unit liability under some property-linked Pensions contracts issued in the UK and RoI prior to 10 July 2006.	£1,950m	Yes	£30,692m	N/A
Standard Life Investment Funds Ltd	Reinsurer automatically accepts reinsurance of the unit liability under SIPP contracts issued in the UK prior to 10 July 2006.	£58m	Yes	£1,267m	N/A
Standard Life Investment Funds Ltd	Reinsurer accepts annuity longevity risk under some non-profit annuity contracts issued in the UK and RoI prior to 10 July 2006.	£276m	Yes	£195m	N/A

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Name of reinsurer	Nature and extent of cover	Premiums payable during the report period	Is the treaty closed to new business?	Amount of mathematical reserves ceded	Retention for new policies being reinsured.
Standard Life Investment Funds Ltd	Reinsurer automatically accepts reinsurance, generally on an original terms basis, of the majority of business issued in the UK and RoI after 10 July 2006. Business not reassured under this treaty includes SIPP and protection business and the investment element of unitised with profits business.	£5,202m	No	£18,329m	None
Standard Life Investment Funds Ltd	Reinsurer automatically accepts reinsurance on an original terms basis of SIPP contracts issued in the UK after 10 July 2006.	£1,664m	No	£7,139m	None
Cologne Reinsurance Company UK Branch & Kölnische Rückversicherungs-Gesellschaft AG	Certain benefits under individual term assurance contracts issued in the UK and RoI are ceded and accepted automatically within limits. The former company takes 5% of the ceded business and the latter takes the remaining 95%.	£22m	Yes	£82m	N/A
Swiss Re Frankona Reinsurance Ltd	Certain benefits under term assurance contracts issued in the UK and Republic of Ireland are ceded and accepted automatically within limits.	£11m	Yes	£43m	N/A
Kölnische Rückversicherungs-Gesellschaft AG	50% of the sum at risk on death and of disability benefits in respect of certain German policies issued since 1 January 1996 are ceded and automatically accepted within limits. 100% of the sum at risk on death and of disability benefits in excess of these limits are ceded and accepted automatically. For policies issued since 1 July 2001, 50% of the sum at risk on death and of disability benefits are ceded and automatically accepted. There is no limit on the amount that is covered.	£12m	No	£22m	None
PartnerReinsurance Europe Ltd	25% of sum at risk on death and of disability benefits in respect of certain German policies issued since 1 January 1996 are ceded and automatically accepted. In case of policies issued before 1 July 2001 the risk proportions may deviate slightly from 25% and are calculated as 25% of quota share of the initial reinsured sum over total initial insured sum. For all others there is no limit on the amount that is covered.	£6m	No	£11m	25% of amounts ceded

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

Name of reinsurer	Nature and extent of cover	Premiums payable during the report period	Is the treaty closed to new business?	Amount of mathematical reserves ceded	Retention for new policies being reinsured.
RGA Reinsurance UK Ltd & RGA Reinsurance Company (Barbados) Ltd	90% of certain benefits under individual term assurance contracts issued in the UK are ceded and accepted automatically within limits.	£4m	Yes	£10m	N/A
The Standard Life Assurance Company of Canada	Reinsurance of all liabilities arising from certain annuity business	£29m	No	£1,066m	None
The Standard Life Assurance Company of Canada	Reinsurance of all liabilities arising from certain annuity and deposit admin business	£3m	No	£93m	None
Canada Life International Re	Reinsurer accepts reinsurance risk for some UK single life immediate annuities	£0	Yes	£6,379m	None

There is an amount of £6,021m deposited back at the valuation date under the reinsurance treaty with Canada Life International Re. There are no undischarged obligations under any of the above treaties.

All the reinsurers listed above are authorised to carry on insurance business in the United Kingdom with the exception of The Standard Life Assurance Company of Canada. Canada Life International Re is EEA authorised, therefore entitled to carry on insurance business in other parts of Europe, including the UK.

None of the reinsurers listed above is connected to the Company with the exception of Standard Life Investment Funds Ltd and Standard Life Pension Funds Ltd, which are subsidiaries of the Company. The Standard Life Assurance Company of Canada is a wholly owned subsidiary of Standard Life Financial Inc, which is a wholly owned subsidiary of Standard Life Overseas Holdings Limited which is a wholly owned subsidiary of Standard Life plc of which the Company is also a subsidiary.

None of the above treaties is subject to any material contingencies. None of the above treaties has any liability to refund amounts of reinsurance commission in the event of lapses or surrender of the contracts concerned. The Company has ceded no business under financing arrangements.

### 10. Reversionary (or annual) bonus

10. (1) The following information relates to bonus series where the mathematical reserves exceed the lesser of £10m and 1% of the total mathematical reserves.

#### Conventional with profits business

Bonus series	Country of issue	Amount of mathematical reserves (net of reinsurance ceded)	Reversionary bonus for year ending in 2010 (on sum assured and on attaching bonuses)	Reversionary bonus for year ending in 2009 (on sum assured and on attaching bonuses)
Ordinary Series	United Kingdom	£5,356m	0.25% on SA 0.35% on bonuses	0.25% on SA 0.35% on bonuses
Reversionary Bonus Series	United Kingdom	£250m	0.25% on SA 0.25% on bonuses	0.25% on SA 0.25% on bonuses

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

Bonus series	Country of issue	Amount of mathematical reserves (net of reinsurance ceded)	Reversionary bonus for year ending in 2010 (on sum assured and on attaching bonuses)	Reversionary bonus for year ending in 2009 (on sum assured and on attaching bonuses)
Reversionary Bonus Schemes	United Kingdom	£74m	0.00% on SA 0.00% on bonuses	0.00% on SA 0.00% on bonuses
Ordinary Series	Republic of Ireland	£82m	0.25% on SA 0.35% on bonuses	0.25% on SA 0.35% on bonuses
Reversionary Bonus Series	Republic of Ireland	£49m	0.25% on SA 0.25% on bonuses	0.25% on SA 0.25% on bonuses

The table does not include a total guaranteed bonus rate as this is the same as the reversionary bonus rate declared for the relevant year. No reversionary bonus is guaranteed before it is declared.

These bonuses have been declared for the years ended 15 November 2010 and 15 November 2009 in respect of relevant United Kingdom and Republic of Ireland with profits contracts in force at 1 February 2011.

In respect of Reversionary Bonus Scheme contracts issued in the United Kingdom, bonuses have been declared for the years ending on the contract anniversary immediately following 1 March 2010 and 1 March 2009

For paid-up contracts the rate of bonus on attaching reversionary bonus is normally the same as the corresponding rate of bonus on sum assured.

### Accumulating with profits business

Fund	Amount of mathematical reserves (net of reinsurance ceded)	% change in unit price over year ending 31/12/10	% change in unit price over previous year	Total guaranteed unit growth rate over year ending 31/12/10
UK With Profits Fund	£272m	3.00%	3.00%	3%
UK Life With Profits Fund (Homeplan)	£1,353m	1.50%	1.55%	0%
UK Life With Profits Fund (With Profits Bond)	£1,136m	2.50%	2.50%	0%
UK S2 Life With Profits Fund	£44m	1.50%	1.55%	0%
UK Pension With Profits Fund	£7,148m	4.00%	4.00%	4%
UK Pension 2 With Profits 2 Fund	£33m	2.00%	2.05%	0%
UK Pension With Profits One Fund	£1,261m	2.00%	2.05%	0%
UK Pension With Profits One 2006 Fund	£18m	2.00%	2.05%	0%
UK Pension Millennium With Profits Fund	£3,208m	2.00%	2.05%	0%
UK Pension Millennium With Profits 2006 Fund	£15m	2.00%	2.05%	0%
RoI Life With Profits Fund	£59m	1.50%	1.55%	0%
RoI Life With Profits Fund (MoneyWorks)	£45m	2.00%	2.05%	0%
RoI Life With Profits Fund (With Profits Bond)	£183m	3.00%	3.00%	0%

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU (INS) Appendix 9.4

Fund	Amount of mathematical reserves (net of reinsurance ceded)	% change in unit price over year ending 31/12/10	% change in unit price over previous year	Total guaranteed unit growth rate over year ending 31/12/10
RoI Pension With Profits Fund [using UK systems]	£334m	4.00%	4.00%	4%
RoI Pension With Profits Fund [using RoI systems]	£327m	4.00%	4.00%	4%
RoI Pension With Profits Fund [0% guarantee]	£77m	2.00%	2.05%	0%
RoI Retirement With Profits Fund	£41m	2.00%	2.05%	0%
German With Profits Fund I	£131m	1.50%	1.54%	0%
German With Profits Fund II	£1,949m	1.50%	1.54%	0%
German High Equity With Profits Fund	£2,346m	1.50%	1.54%	0%
German High Equity With Profits Fund 2006	£424m	1.50%	1.54%	0%

The total guaranteed unit growth rates shown above are the guaranteed minimum unit growth rates for each fund.

The UK Stakeholder With Profits Fund has a net mathematical reserve of £1,373m at the valuation date. For investments in this fund, the Company may declare a rebate to the fund management charge. The rebate effective for the year to 31 January 2011 was 0.0%pa. For the previous year, it was 0.0%pa.

The UK Pooled With Profits Fund has a net mathematical reserve of £71m at the valuation date. For investments in this fund, the Company may declare a rebate to the fund management charge. The rebate effective for the year to 31 January 2011 was 0.0%pa. For the previous year, it was 0.0%pa.

The UK With Profits Pension Annuity has a net mathematical reserve of £305m at the valuation date. For this product, a Declared Rate of Return is declared each month, although the level of income under each contract is usually reviewed on a yearly basis. The level of income depends on the relevant Declared Rate of Return at the time of review and the bonus rate that the policyholder has anticipated.

German products invested in smoothed managed funds, either within the Heritage With Profits Fund for business written prior to 10 July 2006 or in the German Smoothed Managed Fund for business written post 10 July 2006, have net mathematical reserves of £52m at the valuation date. These investments do not receive bonuses.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

#### 1. Introduction

- (1) The date to which the investigation relates is 31 December 2010.
- (2) The previous investigation related to 31 December 2009.
- (3) An interim valuation was carried out at 30 June 2010.

#### 2. Assets

- (1) The following economic assumptions were used to determine the value of future profits on material non-profit insurance contract classes written in the Heritage With Profits Fund.

	UK		Ireland	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
<b>Risk discount rate</b>				
Annuity business	3.81%	4.37%	3.75%	3.84%
Unit-Linked business	4.59%	5.31%	3.96%	4.49%
Protection business	4.81%	5.47%		
<b>Investment returns</b>				
UK Equities	3.59%	4.21%	2.96%	3.39%
Overseas Equities	3.59%	4.21%	2.96%	3.39%
Property	3.59%	4.21%	2.96%	3.39%
F. I. – annuity business	3.81%	4.37%	3.75%	3.84%
F. I. – protection business	3.81%	4.37%		
F. I. – other business	3.59%	4.21%	2.96%	3.39%
Expense Inflation	3.95%	3.97%	3.01%	3.34%
RPI	2.97%	2.99%	1.90%	2.23%

For less material contract classes the assumptions have been derived in a consistent manner.

There is no non-profit business in any of the other with profits funds (German With Profits Fund, German Smoothed Managed Fund and UK Smoothed Managed Fund).

- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer **STANDARD LIFE ASSURANCE LIMITED**  
 Global business  
 Financial year ended **31 December 2010**

### 3. With-Profits Benefits Reserve Liabilities

(1) The following table illustrates the valuation method used to calculate the realistic value of liabilities for the Heritage With Profits Fund.

Contract class	Valuation Method	With-Profits Benefits Reserve (£000)	Future Policy-Related Liabilities (£000)
<b>UK Conventional Business with Guarantees Modelled</b>			
Endowment Assurances & Whole of Life	B	6,512,282	412,962
Individual Pensions Pure Endowments	B	195,784	106,440
	Sub-Total	<b>6,708,066</b>	<b>519,403</b>
<b>UK 0% Fund Unitised Business with Guarantees Modelled</b>			
Homeplan	A	1,628,370	204,648
With Profits Bond	A	1,284,967	6,442
Individual and Group Pensions	B	5,289,782	134,085
	Sub-Total	<b>8,203,119</b>	<b>345,175</b>
<b>UK 3% &amp; 4% Fund Unitised Business with Guarantees Modelled</b>			
Versatile Investment Plan	B	241,389	7,154
Individual and Group Pensions	B	7,354,558	610,315
	Sub-Total	<b>7,595,947</b>	<b>617,468</b>
<b>Germany Unitised Business with Guarantees Modelled</b>			
1.2% guaranteed growth rate	A	2,412,551	7,517
2.375% to 4.875% guaranteed growth rate	A	1,889,756	176,582
	Sub-Total	<b>4,302,307</b>	<b>184,098</b>
<b>Business with Guarantees Not Explicitly Modelled</b>			
<b>Other Conventional &amp; Unitised UK Business</b>			
Stakeholder and new Trustee Investment Plan	C	1,419,913	32,809
Variable Protection Plan	B	60,445	189
<b>Overseas conventional business</b>			
Irish Endowment Assurances & Whole of Life	B	111,424	3,182
Irish Pensions Pure Endowments	B	32,522	23,720
<b>Overseas unitised business</b>			
Irish Variable Protection Plan	A	48,825	106
Irish Personal Pension Plan & Executive Pension Plan	B	328,190	27,404
Irish other	A	633,476	28,229
Policies valued on a prospective basis		488,054	-10,810
	Sub-Total	<b>3,122,849</b>	<b>104,829</b>
	<b>Grand-Total</b>	<b>29,932,287</b>	<b>1,770,973</b>

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

The following table illustrates the valuation method used to calculate the realistic liabilities of the other with profits funds:

Contract class	Valuation Method	With-Profits Benefits Reserve (£000)	Future Policy-Related Liabilities (£000)
German With Profits Fund	C	448,333	8,881
German Smoothed Managed Fund	C	37,142	0
UK Smoothed Managed Fund	C	20,198	0

Retrospective valuation methods used were:

- (A) Shadow-Funding
  - (B) Aggregated Individual Policy Asset Shares
  - (C) Value of ring-fenced assets.
- (2) The total With-Profits Benefits Reserve shown in table 3(1) equals the amount shown in line 31 of Form 19 for each of the with profits funds. The total Future Policy-Related Liabilities shown in table 3(1) for the Heritage With Profits Fund exclude the provision for future shareholder transfers on non profits business of £932m.
- (3) The aggregate amount of the realistic liabilities on business where the with-profits benefits reserve has been calculated on a prospective basis is less than 5% of the total realistic liabilities.
- (4) The extent of disclosure in this section is sufficient to permit an identification of material groupings of contracts that offer significant variance in terms of the nature of benefits provided to policyholders.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

#### 4. With-profits benefits reserve – Retrospective method

- (1) The following table illustrates the methods used to calculate the with-profits benefits reserve for the Heritage With Profits Fund for those products valued using a retrospective method. The remaining 1.6% of with-profits benefits reserve is calculated on a prospective basis. The with-profits benefits reserve is calculated on a retrospective basis for the other with profits funds.

(a) (b)

	Proportion of With-Profits Benefits Reserve		
	Individual Basis	Grouped Basis	Total
Shadow-Funding	26.4%	N/A	26.4%
Aggregated Asset Shares	67.2%	0.0%	67.2%
Ring-fenced assets	4.7%	N/A	4.7%
	98.4%	0.0%	98.4%

(c) Not applicable.

(2)

(a) Not applicable

(b) Not applicable.

(3) **Expenses-Based Asset Shares**

(a) For policies where the with-profits benefits reserve was calculated using an expenses-based asset share, expenses for the year to 31 December 2010 were allocated on the basis of the expense analyses relating to the 12 month period to 30 September 2010.

(b) Expense investigations are carried out quarterly.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

- (c) No significant new business of this type has been written since 10 July 2006. Therefore there is no material amount of initial expense. The following table illustrates the maintenance expenses, including renewal commission, allocated to the with-profits benefits reserve for the period between 31 December 2009 and 31 December 2010.

Product	Maintenance Expenses	
	Nature	Amount £m
UK Conventional Life Endowments & Whole-of-Life	Fixed uniform amount per policy plus investment expense as % of asset share per annum plus commission as % of premium.	15.1
UK Versatile Investment Plan & Variable Protection Plan	Fixed uniform amount per policy (in the proportion of the face-value of unitised with profits funds to total unitised with profits plus investment-linked funds) plus investment expense as % of asset share per annum plus commission as % of premium.	0.5
UK Conventional Pensions	Fixed uniform amount per policy varying by premium-paying status plus investment expense as % of asset share per annum plus commission as % of premium.	0.4
Overseas business	Fixed uniform amount per policy plus investment expense as % of asset share per annum plus commission as % of premium.	1.5
Total		17.5

The basis of charging expenses to the Heritage With Profits Fund is in line with the Scheme of Demutualisation and the Company's Principles and Practices of Financial Management. Expenses not charged to the with-profits benefit reserve include:

- expenses related to non-profit business,
- investment management expenses on assets not backing asset shares,
- additional expenses/charges on certain German policies as set out in the Scheme of Demutualisation, and
- certain other expenses, such as the expenses associated with the mortgage mis-selling review.

For shadow-funded policies, or where the with-profits benefits reserve was calculated using a charges-based asset share, no explicit expense deductions were made. Instead, charges based upon equivalent unit-linked products were deducted from asset shares. See sub paragraph (4).

#### (4) Capital Contributions from Expenses-Based Asset Shares

For conventional with profits business, a contribution is made to capital of 0.5% of asset share each year.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

#### **Deductions from Charges-Based Asset Shares**

For most unitised with profits business, charges based upon equivalent unit-linked products were deducted from asset shares. These charges have 3 purposes: to cover maintenance expenses for the period; to partly reclaim un-recovered past initial costs; and, to provide a contribution to capital.

#### **Deductions for the Cost of Guarantees**

Deductions in respect of the assessed cost of guarantees provided by with profits policies vary by policy, broadly reflecting the types of guarantee provided. During the period, the deductions were at rates of up to 0.75% of asset share pa for material classes of business with slightly higher levels for business written since 10 July 2006. This compares with deductions at rates of up to 0.95% of asset shares pa in the preceding financial year. This includes an additional 0.2% pa which will be refunded.

- (5) See sub paragraph (4).
- (6) For the Heritage With Profits Fund, the average ratio of with profits claims paid over the period 31 December 2009 to 31 December 2010 to the with-profits benefits reserve held in respect of those claims is estimated as 98%. The average ratio of with profits claims paid over the period 31 December 2008 to 31 December 2009 was estimated as 104%. The average ratio of with profits claims paid over the period 31 December 2007 to 31 December 2008 was estimated as 108%. The total claim amount used to derive this ratio is adjusted to remove the part of the claim relating to distribution of working capital. There is no past miscellaneous surplus/deficit attributed to with-profits benefits reserve in respect of the claims.



## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer **STANDARD LIFE ASSURANCE LIMITED**  
 Global business  
 Financial year ended **31 December 2010**

#### 6. Costs of guarantees, options and smoothing

(1) Not applicable.

(2) (a) (b)

The following table illustrates the principal valuation methods used to calculate the costs of guarantees, options and formulaic long-term smoothing for the Heritage With Profits Fund:

Contract class	Valuation Method	Number of model points	Number of policies		
<b>UK Conventional Business with Guarantees Modelled</b>					
Endowment Assurances & Whole of Life	Stochastic	359	431,007		
Individual Pensions Pure Endowments	Stochastic	132	7,889		
	Sub-Total	<b>491</b>	<b>438,896</b>		
<b>UK Unitised Business with Guarantees Modelled</b>					
Homeplan	Stochastic	489	158,438		
With Profit Bond	Stochastic	46	47,713		
Personal Pension Plan, Castle & Group Money Purchase	Stochastic	3,029	2,429,066		
Versatile Investment Plan	Stochastic	239	29,285		
	Sub-Total	<b>3,803</b>	<b>2,664,502</b>		
<b>Germany with Guarantees Modelled</b>					
	Stochastic	<b>2,038</b>	<b>392,446</b>		
<b>Business with Guarantees Not Explicitly Modelled</b>					
<b>Other Conventional &amp; Unitised UK Business</b>					
With Profit Pension Annuities	See 6(2)(c)	N/A	N/A		
Stakeholder	n/a				
Trustee Investment Plan	See 6(2)(c)				
Variable Protection Plan	See 6(2)(c)				
Other	See 6(2)(c)				
<b>Overseas conventional business</b>					
Irish Endowment Assurances & Whole of Life	See 6(2)(c)				
Irish Pensions Pure Endowments	See 6(2)(c)				
Irish PHI and other	See 6(2)(c)				
Germany other	See 6(2)(c)				
<b>Overseas unitised business</b>					
Irish Variable Protection Plan	See 6(2)(c)				
Irish Personal Pension Plan & Executive Pension Plan	See 6(2)(c)				
Irish other	See 6(2)(c)				

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

The cost of guarantees for the German With Profits Fund is calculated stochastically using 313 model points to represent 98,914 policies. There are no guarantees, options or smoothing costs in the UK Smoothed Managed Fund and the German Smoothed Managed Fund.

(i) (ii) All stochastic valuations use grouped model-points.

(iii) The main criteria used for forming model points for UK business are:

- Product type.
- Premium type (regular, single and/or paid up).
- Outstanding term – For conventional contracts and unitised life contracts, group sizes range from 3 months for maturities near the start of the projection to 5 years at long outstanding terms.
- Duration in force - Group sizes range from 6 months to a year for recent inceptions to 5 years for older contracts. For UK unitised pensions business, group sizes of 12 months are used.
- Age of policyholder - 2.5 year bands are used where the calculations are most sensitive to age, with wider bands where age is less important.
- Further measure of ‘Moneyiness’ for Conventional Endowments: grouped according to the relative value of With-Profits Benefits Reserve and guaranteed benefits.

The main criteria used for forming model points for the German business in both the Heritage With Profits Fund and the German With Profits Fund are:

- Product Type.
- Low Start Flag.
- Original Premium Term - group sizes are 50 months for the majority of business.
- Disability and Waiver Benefits included.
- Outstanding term - group sizes are either 25 months for terms less than 25 years and 50 months for terms over 25 years.
- Premium indexation level.
- Premium frequency (single, annual or monthly).
- Country (Germany or Austria).

In addition, model point groups that contain a small number of policies may be combined with similar model points.

The validity of the groupings is checked by ungrouping a sample of the model points and recalculating the guarantee costs.

- (c) Guarantee costs for products not modelled explicitly were calculated using the ratio of guarantee costs to with-profits benefits reserve for a modelled product similar in nature adjusted where appropriate to take into account different economic conditions, e.g. to reflect a Eurozone asset model calibration for Irish business. Where no such product exists, a prudent approach was taken.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

- (3) The previous deterministic valuation of the expected costs of smoothing arising from future claims on UK business has been incorporated into the stochastic calculation.

Guarantee costs arising from pensions policies with Guaranteed Minimum Pensions are now incorporated into the stochastic calculation.

The criteria used to group model point data for stochastic purposes have been revised. Criteria have been amended in order to reflect the current nature of the business being modelled in the most efficient manner, without any material loss of accuracy, providing an improved alignment between the number of model points for a product and the associated cost of guarantees.

- (4) (a)(i) A stochastic approach is used to value the costs of guarantees and options for UK and German with profits business and the expected costs of smoothing arising on UK with profit business.

Policies in all territories benefit from smoothing of investment returns within payouts. The established practice is to re-cycle smoothing profits and losses on UK business and the intention is to introduce this for German business. The smoothing provision reflects the expected cost of not being able to recycle these smoothing profits and losses when guarantees bite.

The asset liability model values the cost of the guarantees applying on death, maturity and withdrawals (where applicable).

#### **UK Unitised With Profits Contracts**

For unitised with profits contracts the guarantees attaching to nominal amounts apply on death and maturity. In addition, for certain unitised with profits pensions contracts a 'no unit price adjustment' guarantee applies to early retirements no earlier than 5 years prior to the original retirement date.

For unitised with profits life contracts the guarantee cost includes any excess of the sum assured over the nominal guarantees for death claims.

The extent to which guarantees are in the money varies by contract term and duration, and the nature of the guarantee.

A measure of the amount a contract is in the money is its intrinsic value. The intrinsic value is the cost of guarantees calculated by projecting forward the contract deterministically using a risk free rate. The time value is the total value of the cost of guarantees less the intrinsic value.

The majority of the modelled unitised with profits pensions business has a 4% guaranteed growth rate and the cost of guarantees is dominated by the intrinsic value. For the remaining modelled pensions business, the intrinsic value is negligible, reflecting the 0% guaranteed growth rate.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

Similarly, for modelled unitised with profits life business with a 3% guaranteed growth, just over half of the guarantee cost is intrinsic value. For the remaining modelled life business, the intrinsic value is slightly lower, reflecting the 0% guaranteed growth rate.

The guaranteed death benefits on regular premium unitised with profits life contracts are generally in the money.

#### **UK Conventional Contracts**

For conventional contracts the guaranteed sum assured plus attaching regular and interim bonuses apply on death and maturity alone, with the exception of guaranteed surrender value provisions for certain endowment assurances and certain pure endowments.

Conventional pure endowment pension contracts attract a guaranteed annuity rate option.

The extent to which guarantees are in the money varies by contract term and duration, and the nature of the guarantee.

For modelled conventional life business, there is very little intrinsic value (this represents c.4% of the guarantee cost). Modelled conventional pensions, which include guaranteed annuity rate options, are generally significantly in the money.

#### **German Contracts**

For German unitised with profits contracts the guarantees largely attach to nominal amounts payable on death, maturity and in some cases surrender. There is also a guaranteed annuity amount, applying at maturity.

The extent to which guarantees are in the money varies by contract term and duration, and the nature of the guarantee.

For modelled German business with a guaranteed growth rate between 2.375% and 4.875%, c15% of the total cost of guarantees is intrinsic value. The measure of intrinsic value is very similar for modelled German business in the Heritage With Profits Fund with a guaranteed growth rate of 1.2%.

For modelled German business in the German With Profits Fund with a guaranteed growth rate of 1.2%, the intrinsic value is close to zero.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

#### (a)(ii) Nature of the Asset Model

The asset model simulates economic timeseries in both the UK and European economies using a monthly time-step over 40 years. The timeseries produced include:

- Cash account index
- Gross redemption yield term structure
- Equity total return index
- Property total return index
- Gilt total return index
- Corporate bond total return index
- Equity dividend yields
- Property rental yields
- Price inflation
- Earnings inflation

The asset model is a risk-neutral model which enables option-pricing techniques to be used to value the guarantees embedded within with profits policies. The cash account is the risk-free asset (numeraire) and all other asset classes return the risk-free rate on average.

Separate, but correlated, economic timeseries are produced for the UK and European economies. The economies are also linked via a stochastic Sterling-Euro exchange rate process.

Central to the construction of the cash account, equity and property indices and the term structure of interest rates within each economy is the stochastic short-rate process applying in the respective economy.

#### **Short-Rate Process**

A Libor Market Model process models the forward rates, from which the yield curve is then derived and nominal interest rates cannot become negative, due to the underlying log-normal process. It is a two-factor model that enables a richer set of term structures to be modelled than would be the case with a one-factor model.

#### **Real Short-Rate Process**

A Vasicek process models the real short-rate, hence real interest rates can become negative. It is a two-factor model that enables a richer set of term structures to be modelled than would be the case with a one-factor model.

#### **Inflation**

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Price inflation is modelled as the difference between the nominal and real short-rate processes.

#### **Equity/Property Process**

Equity total return is modelled as the short-rate rate plus a random innovation which is defined by the market's equity implied volatility surface. The construction of the property process is identical but uses a property specific volatility that remains constant over time and moneyness.

The equity dividend yield process for both the UK and Europe is modelled using a one-factor log Ornstein-Uhlenbeck process with a long-term dividend yield of approximately 3.5%. The property rental yield is modelled in the same manner with a long-term yield of approximately 4.3%. These long-term income yields will vary slightly with market volatility. Note that the European asset shares do not comprise any property assets and consequently the property rental yield is of relevance only to the UK asset model.

The random innovation in the dividend/rental yield process is strongly anti-correlated with the random innovation in the equity/property total return process.

#### **Foreign Exchange Rate Process**

The Sterling-Euro exchange rate is modelled as a stochastic process. This is a function of the short-rate process in each economy, the assumed exchange rate volatility and the spot exchange rate at the valuation date.

#### **Correlations**

The correlations between asset class returns within a particular economy are targeted by specifying the correlations between the random innovations driving the various stochastic processes particular to that economy within the asset model. Likewise, the cross-economy correlations are targeted by specifying the correlations in the asset model between the random innovations which govern the relevant stochastic processes e.g. UK equities and EU equities.

#### **Choice of Parameters and Justification**

##### **Nominal Short-Rate**

The parameters required to specify the UK process are determined by optimisation to achieve a satisfactory fit to the following calibration instruments:

- Annualised repo rates and semi-annualised UK Government strip rates from Bloomberg (providing a 45 year term structure with cubic splines used to specify intermediate values at tenors not issued by Bloomberg). This is adjusted to allow for the “convenience premium” associated with Gilt prices. Extrapolation using an unconditional forward rate assumption is used to derive spot rates beyond 45 years.

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- Implied volatility of 10yr swap tenor swaptions with option terms ranging from 1 to 30 years.

The parameters required to specify the European process are determined by optimisation to achieve a satisfactory fit to the following calibration instruments:

- Annualised repo rates and German Government strip rates from Bloomberg (providing a 31 year term structure with cubic splines used to specify intermediate values at tenors not issued by Bloomberg). Extrapolation using an unconditional forward rate assumption is used to derive spot rates beyond 31 years.
- Implied volatility of 20yr swap tenor swaptions with option terms ranging from 1 to 30 years.

#### Real Short-Rate

For the UK, market data is derived by subtracting UK inflation swap rates from the nominal short-rates mentioned above.

- The UK inflation swaps are taken from Bloomberg and provide a 50 year term structure with cubic splines used to specify intermediate values at terms not issued by Bloomberg. These are then extrapolated using an unconditional forward rate assumption to derive inflation swap rates beyond 50 years.
- The inflation swap rates are subtracted from the nominal spot-rates to produce a real spot-rate yield curve
- Model parameters are then determined by optimising the model fit to this spot-rate yield curve.

For Europe, market data is again derived by subtracting Euro inflation swap rates from nominal short-rates. The method is similar to the UK with the following difference:

- The Euro inflation swap rates (from Bloomberg) provide a 30 year term structure rather than a 50 year term structure as for the UK.

The interpolation and extrapolation of this data follows the same method as for the UK. Model parameters are then determined by optimising the model fit to this spot-rate yield curve.

The volatility of the process is controlled with best-estimate parameters due to lack of data on market traded instruments.

#### Equity Volatility

An equity volatility surface is explicitly modelled as a function of both term and moneyness. The calibration implied volatilities are supplied by investment banks

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based on price return options on the FTSE 100 for the UK and the Dow Jones Euro Stoxx 50 for Europe. The supplied data covers the moneyness range 0.8 to 1.2 and terms from 1 to 20 years.

#### Property Volatility

As there is no property option market it is not possible to determine market property implied volatility so a constant best estimate value of 15% is used.

The property volatility is determined using IPD UK data and de-smoothing it to determine an estimate for true underlying property return volatility. There is no calibration for property volatility for the European asset model due to property not being an asset class in European asset shares.

#### Income Yields

Long-term estimates for income yields on property and equity cannot be derived from market instruments. However, these parameters are not of first order significance as the guarantees being valued are based on total returns rather than capital returns on the assets comprising asset shares.

#### Foreign Exchange Rate Process

The foreign exchange rate volatility for the process is a constant function of term and is calibrated to the market using the implied volatility on 10 year at-the-money foreign exchange rate options. Data provided by Bloomberg indicated this to be 14.03%.

The spot rate, also taken from Bloomberg, is 1.167 Euros per pound Sterling.

#### Correlations

Most correlations cannot be implied from market traded instruments and so best estimates are required. The exception to this is the correlation of different points on the yield curve that are implicitly determined via the calibration to swaptions with a range of option terms.

The average simulated internal-economy correlations between the major asset classes are:

- Equity/Property = 0.10
- Equity/Bonds = 0.14
- Property/Bonds = 0.10

The average simulated cross-economy correlations between the major asset classes are:

- UK Equity/EU Equity = 0.80
- UK Equities/EU Bonds = 0.12
- UK Bonds/EU Equities = 0.16

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See Section 4(a)(vi) for details of market data used in the calibration of the asset model.

#### (a)(iii) **UK Option Price Table**

The table below shows the annualised compound equivalent of the risk free rate assumed for each duration (n) and values derived from the asset model. It should be noted that the allowance made for corporate bonds being a fraction of the overall fixed interest portfolio in the UK asset model results in a marginally more volatile risk-free rate than would be the case if the fixed interest portfolio was assumed to be 100% Gilts.

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### Option Price Table for UK Business

		Asset type (all UK assets)	K = 0.75				K = 1				K = 1.5			
	n		5	15	25	35	5	15	25	35	5	15	25	35
	r	Annualised compound equivalent of the risk-free rate assumed for the period (to two decimal places)	2.48%	4.34%	4.58%	4.45%	2.48%	4.34%	4.58%	4.45%	2.48%	4.34%	4.58%	4.45%
1		Risk-free zero coupon bond	884608	528675	326458	218061	884608	528675	326458	218061	884608	528675	326458	218061
2		FTSE All Share Index (p=1)	89568	245927	345917	433103	192939	395936	521672	626153	539216	759485	917920	1042780
3		FTSE All Share Index (p=0.8)	83526	199218	252414	292574	181258	322064	381169	426623	508648	622892	677415	716346
4		Property (p=1)	30067	102757	172685	239777	131033	236650	324964	410239	521342	610653	707223	808306
5		Property (p=0.8)	25976	67862	99867	128912	117746	167319	201804	234322	488747	465978	470827	494158
6		15-year risk-free zero coupon bonds (p=1)	11532	25122	18714	26852	77589	92125	94306	138943	498030	498174	507086	546855
7		15-year risk-free zero coupon bonds (p=0.8)	9754	14904	7040	4448	66990	51630	26464	24856	462097	325185	236475	216301
8		15-year corporate bonds (p=1)	13920	28935	23617	34706	85228	105745	105063	147081	496011	497200	508646	549314
9		15-year corporate bonds (p=0.8)	11857	16841	8364	5855	74265	60475	33512	32493	460380	330108	242611	222700
10		Portfolio of 65% FTSE All Share and 35% property (p=1)	47792	155447	239865	316739	141877	290319	398256	492389	513583	648317	777691	890028
11		Portfolio of 65% FTSE All Share and 35% property (p=0.8)	43097	117077	160379	197199	130300	222295	271042	311020	480571	510776	544360	576911
12		Portfolio of 65% equity and 35% 15-year risk-free zero coupon bonds (p=1)	44506	145759	219662	290524	135406	272421	367209	459294	506687	622349	735473	844129
13		Portfolio of 65% equity and 35% 15-year risk-free zero coupon bonds (p=0.8)	40069	108584	145880	177482	124237	208984	248377	285092	472964	485754	507153	540915
14		Portfolio of 40% equity, 15% property, 22.5% 15-year risk-free zero coupon bonds and 22.5% 15-year corporate bonds (p=1)	20149	76502	127027	183260	99843	186496	256891	333096	498905	547284	622922	711222
15		Portfolio of 40% equity, 15% property, 22.5% 15-year risk-free zero coupon bonds and 22.5% 15-year corporate bonds (p=0.8)	17112	49734	70322	94352	88725	128443	151099	178757	463594	402152	391682	410186
			L = 15				L = 20				L = 25			
16		Receiver swaptions	5.21%	6.70%	6.31%	4.99%	6.49%	8.49%	7.77%	6.00%	7.82%	10.05%	8.96%	6.76%

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(a)(iv) The initial equity yield assumed in the asset model for the UK is 3.00%. The initial property rental yield assumed in the UK is 6.26%.

The initial equity yield assumed in the asset model for Europe is 4.40%. The initial property rental yield for the European asset model is of no relevance as property is not an asset class in European asset share.

(a)(v) **EU Option Price Table**

The table below shows the annualised compound equivalent of the risk free rate assumed for each duration (n) and values derived from the asset model.

		<b>Asset type (all European assets)</b>	<b>K = 1</b>			
	n		5	15	25	35
	r	Annualised compound equivalent of the risk-free rate assumed for the period (to two decimal places)	1.98%	3.62%	3.64%	3.45%
1		Risk-free zero coupon bond	906653	586652	409203	305388
2		DJ EuroStoxx 50 Index (p=1)	213076	411095	540775	638808

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(a)(vi) The outstanding durations of significant guarantees are shown in the following table:

Class of With Profits Insurance Contracts	Cumulative distribution of guarantee costs emerging in future years						
	< 5 years	< 10 years	< 15 years	< 20 years	< 25 years	< 35 years	35+ years
<b>Heritage With Profits Fund</b>							
UK Conventional With Profits	66%	93%	98%	100%	100%	100%	100%
UK 3% & 4% Fund Unitised Business with Guarantees Modelled	28%	58%	79%	92%	98%	100%	100%
UK 0% Fund Unitised Business with Guarantees Modelled	38%	77%	91%	97%	99%	100%	100%
German unitised with profits 2.375% to 4.875% guaranteed growth rate	15%	30%	47%	65%	83%	99%	100%
German unitised with profits 1.2% guaranteed growth rate	13%	25%	34%	47%	63%	89%	100%
<b>German With Profits Fund business</b>	5%	16%	28%	46%	61%	85%	100%

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The calibration of the asset model has been performed to reflect the long-term nature of the liabilities.

The table below shows the extent of reproduction of the adjusted nominal yield curve by the asset model for the UK:

Term	Market yield (pre-RCM)	Simulation yield (pre-RCM)	Market yield (post-RCM)	Simulation yield (post-RCM)
5	2.45%	2.45%	3.13%	3.13%
10	3.75%	3.75%	4.42%	4.42%
15	4.24%	4.24%	4.92%	4.92%
20	4.43%	4.43%	5.10%	5.10%
25	4.48%	4.48%	5.15%	5.15%
30	4.44%	4.44%	5.10%	5.10%
35	4.36%	4.36%	5.03%	5.03%

The table below shows the extent of reproduction of the nominal yield curve by the asset model for European business written in the Heritage With Profits Fund:

Term	Market yield (pre-RCM)	Simulation yield (pre-RCM)	Market yield (post-RCM)	Simulation yield (post-RCM)
5	1.96%	1.96%	2.52%	2.52%
10	3.10%	3.10%	3.65%	3.65%
15	3.56%	3.56%	4.10%	4.10%
20	3.66%	3.66%	4.21%	4.21%
25	3.58%	3.58%	4.13%	4.13%
30	3.46%	3.46%	4.02%	4.02%
35	3.38%	3.38%	3.94%	3.94%

Note that the yields quoted are continuously compounded spot rates.

The table below shows the extent of reproduction of the nominal yield curve by the asset model for business written in the German With Profits Fund:

Term	Market yield (pre-RCM)	Simulation yield (pre-RCM)	Market yield (post-RCM)	Simulation yield (post-RCM)
5	1.96%	1.96%	1.40%	1.40%
10	3.10%	3.10%	2.55%	2.55%
15	3.56%	3.56%	3.00%	3.00%
20	3.66%	3.66%	3.11%	3.11%
25	3.58%	3.58%	3.02%	3.02%
30	3.46%	3.46%	2.90%	2.90%
35	3.38%	3.38%	2.82%	2.82%

Note that the yields quoted are continuously compounded spot rates.

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The tables below show the extent of reproduction of 10-year swap tenor swaption implied volatilities for the UK:

Pre-RCM		
Option Term	Market IV	Simulated IV
5	15.50%	14.20%
10	13.30%	14.43%
15	13.60%	14.50%
20	14.00%	14.15%

Post-RCM		
Option Term	Market IV	Simulated IV
5	15.50%	14.21%
10	13.30%	14.43%
15	13.60%	14.50%
20	14.00%	14.15%

The tables below show the extent of reproduction of 20-year swap tenor swaption implied volatilities for European business written in the Heritage With Profits Fund:

Pre-RCM		
Option Term	Market IV	Simulated IV
5	15.76%	14.75%
10	14.95%	15.10%
15	14.15%	14.35%
20	13.57%	12.84%

Post-RCM		
Option Term	Market IV	Simulated IV
5	15.76%	14.57%
10	14.95%	14.98%
15	14.15%	14.30%
20	13.57%	12.86%

The tables below show the extent of reproduction of 20-year swap tenor swaption implied volatilities for business written in the German With Profits Fund:

Pre-RCM		
Option Term	Market IV	Simulated IV
5	15.76%	14.75%
10	14.95%	15.10%
15	14.15%	14.35%
20	13.57%	12.84%

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Post-RCM		
Option Term	Market IV	Simulated IV
5	15.76%	14.59%
10	14.95%	15.05%
15	14.15%	14.41%
20	13.57%	12.96%

The table below shows the extent of reproduction of equity implied volatility for the UK:

	Option Term	Moneyness				
		80%	90%	100%	110%	120%
Market	5	26.77%	24.91%	23.25%	21.75%	20.45%
	10	28.33%	27.09%	25.97%	24.97%	24.06%
	15	28.88%	27.75%	26.76%	25.88%	25.09%
	20	28.60%	27.59%	26.70%	25.91%	25.23%
Simulated (Pre RCM)	5	24.16%	22.99%	21.84%	20.73%	19.75%
	10	26.80%	26.07%	25.40%	24.81%	24.30%
	15	27.61%	27.14%	26.75%	26.42%	26.10%
	20	28.12%	27.76%	27.45%	27.17%	26.98%
Simulated (Post RCM)	5	23.95%	22.79%	21.63%	20.53%	19.58%
	10	26.55%	25.85%	25.20%	24.64%	24.14%
	15	27.41%	26.96%	26.59%	26.28%	25.98%
	20	28.04%	27.70%	27.41%	27.19%	27.03%

The table below shows the extent of reproduction of equity implied volatility for European business written in the Heritage With Profits Fund.

	Option Term	Moneyness				
		80%	90%	100%	110%	120%
Market	5	28.66%	26.97%	25.43%	24.17%	23.04%
	10	28.51%	27.31%	26.23%	25.26%	24.37%
	15	29.91%	28.90%	27.98%	27.13%	26.37%
	20	29.90%	28.97%	28.13%	27.36%	26.67%
Simulated (Pre RCM)	5	26.26%	25.23%	24.18%	23.22%	22.43%
	10	27.20%	26.51%	25.85%	25.25%	24.72%
	15	28.69%	28.28%	27.90%	27.57%	27.28%
	20	29.59%	29.27%	28.96%	28.68%	28.45%
Simulated (Post RCM)	5	26.06%	25.03%	23.99%	23.04%	22.26%
	10	26.98%	26.30%	25.65%	25.07%	24.55%
	15	28.53%	28.13%	27.76%	27.43%	27.15%
	20	29.52%	29.22%	28.94%	28.68%	28.45%

The table below shows the extent of reproduction of equity implied volatility for European business written in the German With Profits Fund.

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	Option Term	Moneyness				
		80%	90%	100%	110%	120%
Market	5	28.66%	26.97%	25.43%	24.17%	23.04%
	10	28.51%	27.31%	26.23%	25.26%	24.37%
	15	29.91%	28.90%	27.98%	27.13%	26.37%
	20	29.90%	28.97%	28.13%	27.36%	26.67%
Simulated (Pre RCM)	5	26.26%	25.23%	24.18%	23.22%	22.43%
	10	27.20%	26.51%	25.85%	25.25%	24.72%
	15	28.69%	28.28%	27.90%	27.57%	27.28%
	20	29.59%	29.27%	28.96%	28.68%	28.45%
Simulated (Post RCM)	5	26.31%	25.28%	24.22%	23.24%	22.44%
	10	27.28%	26.58%	25.90%	25.29%	24.74%
	15	28.69%	28.24%	27.87%	27.53%	27.23%
	20	29.47%	29.11%	28.79%	28.52%	28.30%

The table below shows the extent of reproduction of property implied volatility for the UK at 100% moneyness:

Option Term	Estimated Property Volatility	Simulated Property Volatility(pre-RCM)	Simulated Property Volatility(post-RCM)
5	15.0%	14.75%	14.74%
10	15.0%	14.68%	14.76%
15	15.0%	15.52%	15.79%
20	15.0%	16.05%	16.50%

There is no property implied volatility comparison for the European asset model due to property not being an asset class in European asset share.

(a)(vii) A number of checks are performed on the asset model output. These checks comprise two distinct components – 1) Checks that are conducted on the model output for each of the two economies in isolation; and 2) Checks that are conducted across the economies.

1) Internal economy checks:

- The Martingale nature of the equity, property and bond total return processes.
- The Martingale nature of the asset share process.
- Consistency of simulated swaption implied volatilities with the market.
- Consistency of the simulated equity option implied volatility surface with the market surface.
- That equity and property rental yields asymptotically approach their long-term levels from the input initial values.
- That simulated asset class correlations are close to the targets.
- The risk-free path of cash account returns reflects the market risk-free yields.

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#### 2) Cross-economy checks:

- The Martingale nature of the European cash, equity and Government bond total return processes when converted into Sterling denominated returns.
- The Martingale nature of European asset share processes when converted into Sterling denominated returns.
- Consistency of the simulated foreign exchange rate option implied volatility with the market.
- That simulated cross-economy asset correlations are close to the targets.

(a)(viii) 2000 simulations are produced by the asset model and subsequently used in the liability model. Antithetic variables are used in the asset model to help reduce standard errors in the final results to an acceptable level. This applies to both the UK and European asset models.

(b) Not applicable

(c) (i), (ii), (iii)

For overseas business, where claims are currently greater than asset share, a single simulation deterministic approach is used to value the expected costs of smoothing arising from future claims on with profits business. For each territory, the cost is derived as the present value of the difference between projected claims and the projected with-profits benefit reserve. The projection and discount rates are set equal to a risk free rate of 2.89% for the Eurozone.

The calculated cost will increase as the assumed risk free rate falls and decrease as the risk free rate increases. In adverse scenarios, the gap between payout and asset share increases but, in these conditions, there would be more frequent bonus declarations to manage the gap. Consequently, a single deterministic simulation is considered to produce an appropriate provision.

In addition, an allowance is also made for adverse scenarios giving rise to future smoothing costs.

(iv) See section 6(4)(a)(vi).

(5)

(a) Management discretion is modelled in the following manner consistent with our Principles and Practices of Financial Management (PPFM):

#### **Regular Bonuses**

Dynamic regular bonuses are modelled for UK business. The decision algorithm allows for the projected affordability of the bonuses in the portfolio and takes into account policyholders' reasonable expectations with respect to movements in the regular bonus rates over time.

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#### Investment Mixes

Investment mixes are controlled dynamically within the model, floating in line with movements in projected asset values and allowing for target asset splits. In addition, exposure to equity assets is gradually reduced to zero as more adverse scenarios unfold. Fixed interest assets are assumed to be held broadly reflecting the nature of the underlying liabilities.

#### Regular Deductions for the Cost of Guarantees

The level of regular deductions for the cost of guarantees is modelled dynamically for UK and German business within the Heritage With Profits Fund. The dynamic algorithm allows for the level of deductions to be reviewed and depending on the financial conditions at that time revised if certain conditions are met.

#### Smoothing

The projection of the expected smoothing costs from future claims allows for smoothing of payouts to be restricted, in a manner consistent with PPFM, so as to limit the expected impact on payouts for policyholders remaining.

- (b) The following table shows, at 31 December 2010, the projected proportion of equities and property assets that would currently be expected to back the UK & German with-profits benefits reserve under the three specified scenarios:

Class of With Profits Insurance Contracts		Scenario		
		(i)	(ii)	(iii)
Unitised with profits business with a 4% or 3% guarantee	At 31 Dec 2010	20.8%	21.7%	19.9%
	At 31 Dec 2015	20.8%	21.7%	19.9%
	At 31 Dec 2020	20.8%	21.7%	19.9%
With Profits bond (0% guarantee)	At 31 Dec 2010	69.0%	70.0%	67.9%
	At 31 Dec 2015	69.0%	70.0%	67.9%
	At 31 Dec 2020	69.0%	70.0%	67.9%
Other unitised with profits business with a 0% guarantee	At 31 Dec 2010	61.4%	62.5%	60.2%
	At 31 Dec 2015	61.4%	62.5%	60.2%
	At 31 Dec 2020	61.4%	62.5%	60.2%
Conventional with profits business	At 31 Dec 2010	48.5%	49.8%	47.2%
	At 31 Dec 2015	48.5%	49.8%	47.2%
	At 31 Dec 2020	48.5%	49.8%	47.2%
German business with guaranteed return between 2.375% and 4.875%	At 31 Dec 2010	25.9%	27.8%	23.9%
	At 31 Dec 2015	25.9%	27.8%	23.9%
	At 31 Dec 2020	25.9%	27.8%	23.9%
German business with guaranteed return of 1.2%	At 31 Dec 2010	35.4%	37.6%	33.0%
	At 31 Dec 2015	35.4%	37.6%	33.0%
	At 31 Dec 2020	35.4%	37.6%	33.0%

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer               **STANDARD LIFE ASSURANCE LIMITED**  
 Global business  
 Financial year ended       **31 December 2010**

The following table shows the modelled unit growth rates, including guaranteed growth, at 31 December 2010 for scenario (i) and re-calculated rates for other time periods and other scenarios, as projected by the asset liability model, on UK unitised with profits contracts:

Class of With Profits Insurance Contracts			Scenario		
			(i)	(ii)	(iii)
Unitised with profits pensions	At 31 Dec 2010	4% Guarantee	4.00%	4.00%	4.00%
		0% Guarantee	1.50%	1.50%	1.50%
	At 31 Dec 2015	4% Guarantee	4.00%	4.00%	4.00%
		0% Guarantee	1.50%	2.00%	0.75%
	At 31 Dec 2020	4% Guarantee	4.00%	4.00%	4.00%
		0% Guarantee	1.75%	2.50%	1.00%
Unitised with profits life	At 31 Dec 2010	3% Guarantee	3.00%	3.00%	3.00%
		0% Guarantee	1.25%	1.25%	1.25%
	At 31 Dec 2015	3% Guarantee	3.00%	3.00%	3.00%
		0% Guarantee	1.25%	1.50%	0.50%
	At 31 Dec 2020	3% Guarantee	3.00%	3.00%	3.00%
		0% Guarantee	1.25%	2.00%	0.75%

Scenario (i) assumes that the annual investment return on all assets over the periods specified is based on forward rates derived from the risk free interest rate curve as calibrated at 31 December 2010.

Scenario (ii) assumes that the annual investment return on all assets over the periods specified is based on forward rates derived from the risk free interest rate curve as calibrated at 31 December 2010 increased across the period by 17.5% of the long-term gilt yield.

Scenario (iii) assumes that the annual investment return on all assets over the periods specified is based on forward rates derived from the risk free interest rate curve calibrated at 31 December 2010 reduced across the period by 17.5% of the long-term gilt yield.

Ongoing setting of actual bonus rates follows the practices in the Principles and Practices of Financial Management.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer **STANDARD LIFE ASSURANCE LIMITED**

Global business

Financial year ended **31 December 2010**

- (6) The following table shows the lapse rates used in the asset liability model projections to determine the guarantee costs:

	Product		Average Surrender / paid-up rate for the policy years			
			1-5	6-10	11-15	16-20
HWPF UK	CWP savings endowment	surrender	5.25%	5.25%	5.25%	5.25%
	CWP target cash endowment	surrender	5.25%	5.25%	5.25%	5.25%
	UWP savings endowment	surrender	11.00%	9.40%	7.00%	4.50%
	UWP target cash endowment	surrender	14.25%	11.65%	8.20%	7.00%
	UWP bond	surrender	9.25%	9.25%	9.25%	9.25%
	UWP bond	automatic withdrawals	36% of 5%	36% of 5%	36% of 5%	36% of 5%
	CWP pension regular premium	PUP	0%	0%	0%	0%
	CWP pension regular premium	surrender	0%	0%	0%	0%
	CWP single premium	surrender	0%	0%	0%	0%
	UWP individual pension regular premium	PUP	25.52%	10.06%	6.48%	6.48%
	UWP individual pension regular premium	surrender	4.52%	4.52%	4.52%	13.50%
	UWP individual single premium	surrender	4.52%	4.52%	4.52%	13.50%
HWPF Germany	UWP savings endowment	surrender	0.92%	1.82%	1.68%	1.68%
	UWP individual pension regular premium	PUP	2.41%	2.41%	2.41%	2.41%
	UWP individual pension regular premium	surrender	1.28%	2.31%	2.20%	2.20%
GWPF	UWP individual pension regular premium	PUP	2.60%	2.60%	2.60%	2.60%
	UWP individual pension regular premium	Surrender	2.09%	2.50%	2.20%	2.20%

The asset liability model assumes that there is a 100% take up of Guaranteed Annuity Options. The uplift factor used to determine the cost of GAOs is based on 87.2% RMC00c2021mc for males and 96% RFC00c2021mc for females.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

- (7) Assumed future persistency experience is described above. These assumptions are based on Office experience with no variation assumed to take place under varying economic conditions. In the event of voluntary cessation before maturity when asset shares are depressed the modelled claim payment is increased to prevent excess credit being taken. This approach is an artificial construct, in calculating cost of guarantees, to make a prudent allowance for policyholder behaviour.

#### 7. Financing Costs

A Support Arrangement is in place between the Standard Life shareholder fund and the German With Profits Fund. Repayment of any support finance is contingent on the Fund not being in deficit on a regulatory basis, and hence is subordinate to policyholders' interest, and a surplus having arisen in the Fund in the previous valuation period. The current level of finance is £3.59m. Interest is charged at a suitable commercial rate as determined by the Actuarial Function Holder, with advice from the With Profits Actuary. Repayments will be made following a valuation subject to defined capital tests being met.

#### 8. Other long-term insurance liabilities

The other long-term insurance liability for the Heritage With Profits Fund largely consists of a provision for future shareholder transfers of £1,379m and a provision for the potential re-dress in respect of mortgage endowment miss-selling (and associated administrative costs) of £2m.

Future shareholder transfers of £415m have been replaced by contingent loan liabilities (see section 9 below).

#### 9. Realistic current liabilities

The realistic current liabilities for the Heritage With Profits Fund include an amount of £6,021m in respect of deposit back arrangements and, among other items, contingent Capital Gains Tax on unrealised gains.

	£m
Regulatory current liabilities	6,997
Adjustment to reflect best estimate provision for Capital Gains Tax liability in line with INSPRU 1.3.190R (1)	-1
Contingent loan net of repayment	415
Realistic current liabilities	7,411

Note 4009 in the supplementary notes in the 2010 FSA Returns refers to a contingent loan agreement between the Company's Heritage With Profits Fund and its parent undertaking Standard Life plc. While no liability for this loan has been recognised in Form 14, and hence the regulatory current liabilities, it has been recognised as a realistic liability as shown in the table above.

The treatment of the contingent loan liabilities is consistent with the treatment of those future shareholder transfers that they replace.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

The realistic current liabilities for the other with profits funds, the greatest being £5.0m for the German With Profits Fund, equal the regulatory current liabilities for these funds.

#### 10. Risk capital margin

- (a) The risk capital margin (RCM) at 31 December 2010 for the Heritage With Profits Fund is zero as any surplus is to be distributed to policyholders. The RCM is zero for the other with profits funds. The UK and German Smoothed Managed Funds are not exposed to the RCM risks. For the German With Profits Fund the increase in the cost of guarantees under RCM conditions is offset by a change in the value of deductions for cost of guarantees brought into account.

- (a) (i)

The following table illustrates the percentage change in the market values of equities and real estate assumed for the purpose of the market risk scenario in the calculation of the risk capital margin:

Asset class	Market Value Change (Heritage With Profits Fund)	Market Value Change (German With Profits Fund)
UK Equities	-20.00%	Not Applicable
Weighted Overseas Equities	-21.69%	-22.45%
Property	-12.50%	Not Applicable

Under the Heritage With Profits Fund, a fall in market value of equities and property was more onerous than a rise in market value.

Under the German With Profits Fund, a fall in market value of equities was more onerous than a rise in market value.

- (a) (ii)

The following tables illustrate for the two funds which are exposed to RCM risks, the nominal change in yields assumed for the fixed-interest risk scenario together with the percentage change in and the level of the long-term gilt yield or nearest equivalent:

#### **Heritage With Profits Fund**

Territory	Nominal change in yields	Percentage change in yields	Long-term gilt yield or nearest equivalent
UK & non-significant territories	69.81 basis points	17.5%	3.99%
USA	55.62 basis points	17.5%	3.18%
Germany	55.62 basis points	17.5%	3.18%
France	64.94 basis points	17.5%	3.71%
Italy	88.83 basis points	17.5%	5.08%

An increase in yields was more onerous than a reduction in yields for this Fund.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

#### German With Profits Fund

<b>Territory</b>	<b>Nominal change in yields</b>	<b>Percentage change in yields</b>	<b>Long-term gilt yield or nearest equivalent</b>
UK, smaller significant territories & non-significant territories	-69.81 basis points	-17.5%	3.99%
USA	-55.62 basis points	-17.5%	3.18%
Germany	-55.62 basis points	-17.5%	3.18%
France	-64.94 basis points	-17.5%	3.71%
Netherlands	-56.57 basis points	-17.5%	3.23%
Italy	-88.83 basis points	-17.5%	5.08%

A reduction in yields was more onerous than an increase in yields for this Fund.

(a) (iii) The average change in spread as a result of applying the credit risk scenario was an increase of 124 basis points for non-exempt bonds in the Heritage With Profits Fund and an increase of 116 basis points for non-exempt bonds in the German With Profits Fund. The resulting percentage change in market value of the bonds affected is -10.0% for the Heritage With Profits Fund and -15.8% for the German With Profits Fund. No other assets were subject to the credit risk scenario due to materiality to the results.

(a) (iv) The value of the realistic liabilities for the Heritage With Profits Fund does not change in total after applying the persistency stress as any change is absorbed by a corresponding change in planned enhancements.

The value of the realistic liabilities for the German With Profits Fund does not change in total after applying the persistency stress as any change in the cost of guarantees is offset by a change in the value of deductions for cost of guarantees brought into account.

(a) (v) Not applicable.

(b) (i) Not applicable.

(b) (ii) Not applicable.

(b) (iii) Not applicable.

(b) (iv) Not applicable.

(c) (i) Not applicable.

(c) (ii) Not applicable.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

#### 11. Tax

For life business with-profits benefits reserve, individual asset shares have an appropriate allowance made for tax upon income and realised capital gains. Tax relief is applied directly to the acquisition, renewal and investment management expense.

Contingent capital gains tax (tax payable in future upon capital gains unrealised at the valuation date) is allowed for through a reduction to life asset shares. This reduction equals the proportion of the total fund contingent capital gains tax that is deemed to fall to life policyholders. The total contingent capital gains tax is included in the realistic current liabilities.

For life business future policy-related liabilities, projected asset shares have an appropriate allowance made for tax upon income and realised capital gains. Tax relief is applied directly to renewal, termination and investment management expense.

#### 12. Derivatives

The Heritage With Profits Fund has the following major derivative positions to provide protection under adverse market conditions:

- FTSE 100 Put Options with exposure of £2,283m
- A range of sold Equity futures with exposure of £12m
- Interest rate swaps with a fair value of £107m

The Heritage With Profits Fund has the following major derivative positions for efficient portfolio management in respect of asset shares, including:

- FTSE 100 Call Options with exposure of £1,911m
- Interest rate swaps with a fair value of £22m
- Currency forwards with a fair value of -£6m

The Heritage With Profits Fund also has a holding of interest rate floors, with a fair value of £24m, in respect of mortgage assets backing annuity business.

The German With Profits Fund holds swaptions with a fair value of £2m to hedge some of the risk within the Fund and interest rate swaps with a fair value of <£1m for efficient portfolio management in respect of Asset Shares.

## Returns under the Accounts and Statements Rules

### Valuation report for Realistic Valuation– IPRU (INS) Appendix 9.4A

Name of insurer           **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
Financial year ended   **31 December 2010**

#### 13. Analysis of change in working capital

The components of the movement in working capital of the Heritage With Profits Fund, prior to zeroisation, are as follows.

	£m
Working capital at 31 December 2009	580
Investment return on opening assets in excess of asset share	96
Modelling and methodology changes	-53
Non-economic assumption changes	35
Non-economic variance	12
Economic variance	334
Economic assumption changes	-293
Current assets / liabilities and other one-off restatements	-33
Other variances	14
Working capital at 31 December 2010	692

The above table includes an allowance for the investment return on the opening working capital (+£38m) and mismatch profits and losses on assets backing the future policy related liabilities (+£25m). There is no change to assumptions around policyholder actions and no material impact on working capital from new business.

The movement in working capital of the UK and German Smoothed Managed Funds and the German With Profits Fund is zero over the year.

#### 14. Optional disclosure

Not applicable.

## Returns under the Accounts and Statements Rules

### Statement of information on the actuary who has been appointed to perform with-profits actuary function required by IPRU (INS) 9.36

Name of insurer            **STANDARD LIFE ASSURANCE LIMITED**

Financial year ended    **31 December 2010**

The Company has requested the actuary to furnish the following particulars in respect of the financial year to 31 December 2010.

- (a) At 31 December 2010, Mr Morrison and his spouse had a direct interest in 10,130 shares in Standard Life PLC, the ultimate parent company of Standard Life Assurance Limited.
- (b) Mr Morrison and his spouse had four joint contracts in force with the Company, for a total basic sum assured of £45,529, attaching reversionary bonuses of £7,140 a guaranteed minimum death benefit of £69,009, and a total annual premium of £730. In addition, Mr Morrison and his spouse had three contracts which had a total fund value of £164,860 as at 31 December 2010.
- (c) Mr Morrison and his spouse received a total remuneration during the financial year ending 31 December 2010 of £276,474 including benefits in kind.
- (d) Mr Morrison and his spouse were members of The Standard Life Staff Pension Scheme which entitled them to specified benefits in common with other eligible employees.

Mr Morrison had no other pecuniary interest in the Company.



**Returns under the Accounts and Statements Rules**

**Certificate by the directors required by IPRU (INS) 9.34(1) and IPRU (INS) Appendix 9.6**

**Name of insurer**            **STANDARD LIFE ASSURANCE LIMITED**  
Global business  
**Financial year ended**      **31 December 2010**

We certify that -

1.
  - (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and
  - (b) we are satisfied that:
    - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
    - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
2.
  - (a) in our opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
  - (b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
  - (c) each of the with-profits funds has been managed in accordance with its Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3; and
  - (d) we have, in preparing the return, taken and paid due regard to-

**Returns under the Accounts and Statements Rules**

**Certificate by the directors required by IPRU (INS) 9.34(1) and IPRU (INS) Appendix 9.6**

- (i) advice from the actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
- (ii) advice from the actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.

..... Chief Executive  
D NISH

..... Director  
J GILL

..... Director  
P S MATTHEWS

## **Returns under the Accounts and Statements Rules**

### **Report of the auditors to the directors pursuant to IPRU(INS) rule 9.35**

Name of insurer                    **STANDARD LIFE ASSURANCE LIMITED**  
Global Business  
Financial year ended        **31 December 2010**

### **Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers**

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 19, 40 to 45, 48, 49, 56, 58 and 60, (including the supplementary notes ("the Forms"));
- the statement required by IPRU(INS) rule 9.29 ("the statement"); and
- the valuation reports required by IPRU(INS) rule 9.31 (a) ("the valuation reports");

We are not required to audit and do not express an opinion on:

- Forms 46 to 47, 50 to 55, 57, 59A and 59B (including the supplementary notes);
- the statements required by IPRU(INS) rules 9.30 and 9.36; and
- the certificate required by IPRU(INS) rule 9.34(1) ("the certificate").

### **Respective responsibilities of the insurer and its auditors**

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report), under the provisions of the Rules. The requirements of the Rules have been modified by directions issued under section 148 of the Financial Services and Markets Act 2000 in January 2008 (no. 855960) and June 2010 (no. 1185492). Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation reports, are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the Statement and the valuation reports meet these requirements, and to report our opinion to you. We also 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 Forms, the statement and the valuation reports are not in agreement with the accounting records and returns: or
- we have not received all the information we require for our audit

This report has been prepared for the directors of Standard Life Assurance Limited to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

## **Returns under the Accounts and Statements Rules**

### **Report of the auditors to the directors pursuant to IPRU(INS) rule 9.35**

#### **Basis of opinion**

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation reports. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and the valuation reports.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation reports are free from material misstatement, whether caused by fraud or other irregularity or error and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

#### **Opinion**

In our opinion:

- (i) the Forms, the statement and the valuation reports fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports appropriately reflect the requirements of INSPRU 1.2 and 1.3.

PricewaterhouseCoopers LLP

Chartered Accountants

Date