



# **Standard Life Investment Funds 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 and 9.6)



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

Global business

Financial year ended **31 December 2010**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	<b>R2</b>	<b>68442</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>		264242	235918
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>		68039	67745
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>		332281	303663

**Guarantee fund**

Guarantee fund requirement	<b>21</b>		45139	35978
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>		287142	267685

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>		135416	107935
Resilience capital requirement	<b>32</b>		20075	34201
Base capital resources requirement	<b>33</b>		3040	3128
Individual minimum capital requirement	<b>34</b>		155491	142136
Capital requirements of regulated related undertakings	<b>35</b>			
Minimum capital requirement (34+35)	<b>36</b>		155491	142136
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>		254535	232595
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>		215663	197061

**Enhanced capital requirement**

With-profits insurance capital component	<b>39</b>			
Enhanced capital requirement	<b>40</b>		155491	142136

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>		155491	142136
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>		176790	161527

**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 Investment Funds Limited**

Global business

Financial year ended **31 December 2010**

**Director**

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**J GILL**

**Director**

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**P S MATTHEWS**

**Company Secretary**

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**G McGOVERN**

**Components of capital resources**Name of insurer **Standard Life Investment Funds Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	68442	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		52500	52500	52500
Profit and loss account and other reserves	12		(5879)	(5879)	(90537)
Share premium account	13		459000	459000	459000
Positive valuation differences	14		283834	283834	358853
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		789455	789455	779816

**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				
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>		789455	789455	779816
Investments in own shares	32				
Intangible assets	33		445196	445196	416157
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		445196	445196	416157
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>		344259	344259	363659

**Components of capital resources**Name of insurer **Standard Life Investment Funds Limited**

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day month year			Units
<b>R3</b>	<b>68442</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>				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	<b>44</b>				
Perpetual cumulative preference shares	<b>45</b>				
Perpetual subordinated debt and securities	<b>46</b>				
Upper tier two capital in related undertakings	<b>47</b>				
<b>Upper tier two capital (44 to 47)</b>	<b>49</b>				

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

<b>Total tier two capital before restrictions (49+59)</b>	<b>61</b>				
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>				

**Components of capital resources**Name of insurer **Standard Life Investment Funds Limited**

Global business

Financial year ended **31 December 2010**

Company registration number	GL/UK/CM	day	month	year	Units	
<b>R3</b>	<b>68442</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>		344259	344259	363659
Inadmissible assets other than intangibles and own shares	<b>73</b>		11978	11978	59996
Assets in excess of market risk and counterparty limits	<b>74</b>				
Deductions for related ancillary services undertakings	<b>75</b>				
Deductions for regulated non-insurance related undertakings	<b>76</b>				
Deductions of ineligible surplus capital	<b>77</b>				
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>		332281	332281	303663

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

Available capital resources for guarantee fund requirement	<b>81</b>		332281	332281	303663
Available capital resources for 50% MCR requirement	<b>82</b>		332281	332281	303663
Available capital resources for 75% MCR requirement	<b>83</b>		332281	332281	303663

**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>		88938	88938	166537
Any other charges on future profits	<b>95</b>				
<b>Sum of financial engineering adjustments (91+92-93+94+95)</b>	<b>96</b>		88938	88938	166537

**Analysis of admissible assets**Name of insurer **Standard Life Investment Funds 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>68442</b>	<b>GL</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>				

**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>	68293	
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>		67964
	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 Investment Funds 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>68442</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>	
	due in more than 12 months	<b>77</b>	
Other	due in 12 months or less	<b>78</b>	82
	due in more than 12 months	<b>79</b>	82

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>	4	21
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>	68379	68068
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**Analysis of admissible assets**Name of insurer **Standard Life Investment Funds 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>68442</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>	68379	68068
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>	68379	68068
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 Investment Funds 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>68442</b>	<b>GL</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>				

**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>			<b>1</b>
Other shares and other variable yield participations		<b>42</b>			
Holdings in collective investment schemes		<b>43</b>		166844	105334
Rights under derivative contracts		<b>44</b>		1726	19965
Fixed interest securities	Approved	<b>45</b>		380124	442018
	Other	<b>46</b>		1820064	1229779
Variable interest securities	Approved	<b>47</b>		31469	
	Other	<b>48</b>		10982	
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>		28004	199985
	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>		281521	274600
	Property linked	<b>59</b>		58515276	50320085

**Analysis of admissible assets**Name of insurer **Standard Life Investment Funds 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>68442</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>		
	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>	144283	108243
	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>	634	1095
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>	54314	37855
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>	61435241	52738960
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**Analysis of admissible assets**Name of insurer **Standard Life Investment Funds 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>68442</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>	61435241	52738960
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	44447	75240
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>	423727	400913
Reinsurers' share of technical provisions excluded from line 89	<b>100</b>	3162585	2227827
Other asset adjustments (may be negative)	<b>101</b>	297011	388481
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>	65363011	55831421
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 Investment Funds Limited**

Global business

Financial year ended **31 December 2010**Total business/Sub fund **Ordinary Long Term**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>	61010712	52414972
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>	264242	235918
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	61274954	52650890
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>	81000
Amounts owed to credit institutions	<b>36</b>	1160	4438
Creditors	Taxation	<b>37</b>	
	Other	<b>38</b>	78127
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>	160287	88070
Excess of the value of net admissible assets	<b>51</b>		
Total liabilities and margins	<b>59</b>	61435241	52738960

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	48941	23499
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	58515276	50320085

Total liabilities (11+12+49)	<b>71</b>	61170999	52503042
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>	3162585	2227827
Other adjustments to liabilities (may be negative)	<b>74</b>	591845	747335
Capital and reserves and fund for future appropriations	<b>75</b>	437582	353217
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>	65363011	55831421

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

Global business

Financial year ended **31 December 2010**

	Company registration number	GL/ UK/ CM	day	month	year	Units
<b>R15</b>	<b>68442</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>

**Technical provisions (gross amount)**

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

**Provisions and creditors**

Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>31</b>		
Creditors	Direct insurance business	<b>41</b>		
	Reinsurance accepted	<b>42</b>		
	Reinsurance ceded	<b>43</b>		
Debenture loans	Secured	<b>44</b>		
	Unsecured	<b>45</b>		
Amounts owed to credit institutions		<b>46</b>		
Creditors	Taxation	<b>47</b>		114
	Foreseeable dividend	<b>48</b>		
	Other	<b>49</b>		226
Accruals and deferred income		<b>51</b>		
Total (19 to 51)		<b>59</b>		340
Provision for "reasonably foreseeable adverse variations"		<b>61</b>		
Cumulative preference share capital		<b>62</b>		
Subordinated loan capital		<b>63</b>		
Total (59 to 63)		<b>69</b>		340

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	<b>71</b>			
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Amounts deducted from technical provisions for discounting	<b>82</b>			
Other adjustments (may be negative)	<b>83</b>			
Capital and reserves	<b>84</b>		68039	67745
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)	<b>85</b>		68379	68068

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

Global business

Financial year ended **31 December 2010**

		Company registration number	GL/ UK/ CM	day	month	year	Units
		R16	68442	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					
Investment income	Income	14				15	353
	Value re-adjustments on investments	15				393	
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17					
	Value re-adjustments on investments	18					
	Loss on the realisation of investments	19					
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					(6)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29				408	347
Tax on profit or loss on ordinary activities		31				114	97
Profit or loss on ordinary activities after tax (29-31)		39				294	250
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				294	250
Dividends (paid or foreseeable)		51					
Profit or loss retained for the financial year (49-51)		59				294	250

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 Financial year ended **31 December 2010**  
 Units **£000**

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

**Income**

Earned premiums	11	8539903	7224643
Investment income receivable before deduction of tax	12	1710173	1629663
Increase (decrease) in the value of non-linked assets brought into account	13	91007	69344
Increase (decrease) in the value of linked assets	14	4912193	5973291
Other income	15	261627	167102
<b>Total income</b>	<b>19</b>	<b>15514903</b>	<b>15064043</b>

**Expenditure**

Claims incurred	21	5862369	5566376
Expenses payable	22	805327	680410
Interest payable before the deduction of tax	23	730	6371
Taxation	24	67510	136378
Other expenditure	25	81000	
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>6816936</b>	<b>6389535</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	8697967	8674508
Fund brought forward	49	52576987	43976382
Fund carried forward (39+49)	59	61274954	52650890

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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	60630	2169142	34127	2263899	2222524
Single premiums	12	227373	6414926	604576	7246875	5863211

**Reinsurance - external**

Regular premiums	13					
Single premiums	14		970871		970871	861092

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17	60630	2169142	34127	2263899	2222524
Single premiums	18	227373	5444055	604576	6276004	5002119

**Total**

Gross	19	288003	8584068	638703	9510774	8085735
Reinsurance	20		970871		970871	861092
Net	21	288003	7613197	638703	8539903	7224643

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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	95865	59537	8852	164254	158851
Disability periodic payments	12	953			953	728
Surrender or partial surrender	13	788869	4122347	167160	5078376	4520146
Annuity payments	14	40417	343827	26438	410682	399367
Lump sums on maturity	15	42940	560129	60095	663164	749198
<b>Total</b>	<b>16</b>	<b>969044</b>	<b>5085840</b>	<b>262545</b>	<b>6317429</b>	<b>5828290</b>

**Reinsurance - external**

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23		455060		455060	261914
Annuity payments	24					
Lump sums on maturity	25					
<b>Total</b>	<b>26</b>		<b>455060</b>		<b>455060</b>	<b>261914</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	95865	59537	8852	164254	158851
Disability periodic payments	42	953			953	728
Surrender or partial surrender	43	788869	3667287	167160	4623316	4258232
Annuity payments	44	40417	343827	26438	410682	399367
Lump sums on maturity	45	42940	560129	60095	663164	749198
<b>Total</b>	<b>46</b>	<b>969044</b>	<b>4630780</b>	<b>262545</b>	<b>5862369</b>	<b>5566376</b>

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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	4778	54432	16653	75863	77933
Commission - other	12	10670	97769	2515	110954	91519
Management - acquisition	13	10505	190644	14055	215204	166623
Management - maintenance	14	61125	311545	26375	399045	329163
Management - other	15	487	3658	116	4261	15172
<b>Total</b>	<b>16</b>	<b>87565</b>	<b>658048</b>	<b>59714</b>	<b>805327</b>	<b>680410</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	4778	54432	16653	75863	77933
Commission - other	42	10670	97769	2515	110954	91519
Management - acquisition	43	10505	190644	14055	215204	166623
Management - maintenance	44	61125	311545	26375	399045	329163
Management - other	45	487	3658	116	4261	15172
<b>Total</b>	<b>46</b>	<b>87565</b>	<b>658048</b>	<b>59714</b>	<b>805327</b>	<b>680410</b>

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

Name of insurer **Standard Life Investment Funds 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	45841336	41817141
Directly held assets in collective investment schemes of connected companies	12	12025780	8368689
Directly held assets in other collective investment schemes	13	987803	473301
<b>Total assets (excluding cross investment) (11+12+13)</b>	<b>14</b>	<b>58854919</b>	<b>50659131</b>
Provision for tax on unrealised capital gains	15	(30169)	(78044)
Secured and unsecured loans	16	23202	25702
Other liabilities	17	346610	391388
<b>Total net assets (14-15-16-17)</b>	<b>18</b>	<b>58515276</b>	<b>50320085</b>

**Directly held linked assets**

Value of directly held linked assets	21		
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**Total**

Value of directly held linked assets and units held (18+21)	31	58515276	50320085
Surplus units	32		
Deficit units	33		
<b>Net unit liability (31-32+33)</b>	<b>34</b>	<b>58515276</b>	<b>50320085</b>

**Long-term insurance business : Revenue account for internal linked funds**Name of insurer **Standard Life Investment Funds 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>	7770198	6323059
Investment income attributable to the funds before deduction of tax	<b>12</b>	1582022	1549224
Increase (decrease) in the value of investments in the financial year	<b>13</b>	4914198	5973427
Other income	<b>14</b>	5140	14922
<b>Total income</b>	<b>19</b>	14271558	13860632

**Expenditure**

Value of total cancellation of units	<b>21</b>	5454453	5217718
Charges for management	<b>22</b>	386254	338808
Charges in respect of tax on investment income	<b>23</b>	85321	109555
Taxation on realised capital gains	<b>24</b>	5986	37
Increase (decrease) in amount set aside for tax on capital gains not yet realised	<b>25</b>	47843	72148
Other expenditure	<b>26</b>	23511	23260
<b>Total expenditure</b>	<b>29</b>	6003368	5761526

Increase (decrease) in funds in financial year (19-29)	<b>39</b>	8268190	8099106
Internal linked fund brought forward	<b>49</b>	50247086	42220979
Internal linked funds carried forward (39+49)	<b>59</b>	58515276	50320085

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

Name of insurer **Standard Life Investment Funds 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	<b>11</b>					
Single premium business	<b>12</b>					
<b>Total</b>	<b>13</b>					

**Amount of new regular premiums**

Direct insurance business	<b>21</b>					
External reinsurance	<b>22</b>					
Intra-group reinsurance	<b>23</b>	24	542791	8949	551764	489274
<b>Total</b>	<b>24</b>	24	542791	8949	551764	489274

**Amount of new single premiums**

Direct insurance business	<b>25</b>					
External reinsurance	<b>26</b>		200293		200293	62107
Intra-group reinsurance	<b>27</b>	205920	5748434	559070	6513424	5082988
<b>Total</b>	<b>28</b>	205920	5948727	559070	6713717	5145095

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

Name of insurer

**Standard Life Investment Funds Limited**

Total business

Financial year ended

**31 December 2010**

Units

**£000**

UK Life / Reinsurance accepted intra-group

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
395	Annuity non-profit (PLA)				5355
400	Annuity non-profit (CPA)				14
700	Life property linked single premium - Capital Investment Bond				80361
700	Life property linked single premium - Special Investment Bond				10473
700	Life property linked single premium - Tailored Investment Bond				51878
700	Life property linked single premium - Wrap Onshore Bond				57839
710	Life property linked whole life regular premium - Variable Protection Plan		19		
715	Life property linked endowment regular premium - savings - Versatile Investment Plan		5		

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

Name of insurer

**Standard Life Investment Funds 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				200293

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

Name of insurer

Standard Life Investment Funds Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Reinsurance accepted intra-group

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
400	Annuity non-profit (CPA)				323148
400	Annuity non-profit (CPA) - Group Annuity in Payment				2668
725	Individual pensions property linked - Active Money Personal Pension		9289		93467
725	Individual pensions property linked - Personal Pension Plan & Castle Pension Series		2082		5733
725	Individual pensions property linked - Stakeholder		5837		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		42622		157243
735	Group money purchase pensions property linked - Personal Pension Plan & Castle Pension Series		73976		1995
735	Group money purchase pensions property linked - Stakeholder		59424		1052
735	Group money purchase pensions property linked - Trust Based Pension		19686		238732
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				130623

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

Name of insurer

Standard Life Investment Funds Limited

Total business

Financial year ended

31 December 2010

Units

£000

UK Pension / Reinsurance accepted intra-group

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
750	Income drawdown property linked - Active Money SIPP		41		2898
750	Income drawdown property linked - Flexible Pension Plan		4		334
750	Income drawdown property linked - Group Flexible Retirement Plan		224918		494385
750	Income drawdown property linked - Group Self Invested Personal Pension		3330		27607
750	Income drawdown property linked - Pension Fund Withdrawal Product				938
750	Income drawdown property linked - Self Invested Personal Pension		15640		579992
750	Income drawdown property linked - Wrap Self Invested Personal Pension		1519		54364
755	Trustee investment plan				3291750
760	Small self administered schemes		405		1618
905	Index linked annuity				4753
905	Index linked annuity - Group Annuity in Payment				4612

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

Name of insurer

Standard Life Investment Funds Limited

Total business

Financial year ended

31 December 2010

Units

£000

Overseas (Irish Republic) / Reinsurance accepted intra-group

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)				12034
400	Annuity non-profit (CPA) - Group Annuity in Payment				148
700	Life property linked single premium - Money Works Bond				8
700	Life property linked single premium - Synergy Investment Bond				53634
700	Life property linked single premium - Synergy Portfolio Bond				29934
710	Life property linked whole life regular premium - Money Works Plan		11		
725	Individual pensions property linked - Personal & executive pension plans		502		47
725	Individual pensions property linked - Synergy Buy Out Bond				39263
725	Individual pensions property linked - Synergy Executive Pension Plan		4578		12734
725	Individual pensions property linked - Synergy Personal Pension Plan		585		15367
725	Individual pensions property linked - Synergy PRSA		195		18327
730	Individual pensions property linked - increments - Personal & Executive Pension Plan		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

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

Name of insurer

Standard Life Investment Funds Limited

Total business

Financial year ended

31 December 2010

Units

£000

Overseas (Irish Republic) / Reinsurance accepted intra-group

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
735	Group money purchase pensions property linked		81		68
740	Group money purchase pensions property linked - increments		81		289
750	Income drawdown property linked - Synergy Approved Retirement Funds				141888
765	Group managed fund				182238

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

Name of insurer **Standard Life Investment Funds 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					
Approved fixed interest securities	12	389710	430267	20192	4.46	
Other fixed interest securities	13	1864043	1909710	112802	5.65	
Variable interest securities	14	42595	42693	581	1.09	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	342097	255775	1113	0.43	
<b>Total</b>	<b>19</b>	<b>2638445</b>	<b>2638445</b>	<b>134687</b>	<b>4.88</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 : Fixed and variable interest assets**

Name of insurer **Standard Life Investment Funds 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>	117746	14.49	3.82	3.82
<b>Other approved fixed interest securities</b>	<b>21</b>	312521	15.26	4.71	4.49
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	90777	9.36	4.77	4.30
AA/Aa	<b>32</b>	392290	11.85	5.24	4.84
A/A	<b>33</b>	1144151	11.94	5.53	4.88
BBB/Baa	<b>34</b>	192026	8.43	6.47	5.18
BB/Ba	<b>35</b>	28709	7.78	10.04	3.85
B/B	<b>36</b>	458	9.40	7.64	0.64
CCC/Caa	<b>37</b>	1131	2.48	3.27	3.27
Other (including unrated)	<b>38</b>	60169	10.14	7.17	6.08
<b>Total other fixed interest securities</b>	<b>39</b>	1909710	11.32	5.65	4.89
<b>Approved variable interest securities</b>	<b>41</b>	31678	16.95	0.65	0.66
<b>Other variable interest securities</b>	<b>51</b>	11015	14.43	2.34	1.48
<b>Total (11+21+39+41+51)</b>	<b>61</b>	2382670	12.08	5.35	4.71

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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	50408	2111122	46496	2208026	1834799
Form 52	13					
Form 53 - linked	14	7904701	51237135	2536024	61677860	52547911
Form 53 - non-linked	15	8586	1947	(22177)	(11644)	(25164)
Form 54 - linked	16	74	281447		281521	274600
Form 54 - non-linked	17		733		733	652
<b>Total</b>	<b>18</b>	<b>7963768</b>	<b>53632385</b>	<b>2560343</b>	<b>64156496</b>	<b>54632799</b>

**Reinsurance - external**

Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24		3162585		3162585	2227827
Form 53 - non-linked	25		(16800)		(16800)	(10000)
Form 54 - linked	26					
Form 54 - non-linked	27					
<b>Total</b>	<b>28</b>		<b>3145785</b>		<b>3145785</b>	<b>2217827</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	50408	2111122	46496	2208026	1834799
Form 52	43					
Form 53 - linked	44	7904701	48074551	2536024	58515276	50320084
Form 53 - non-linked	45	8586	18747	(22177)	5156	(15164)
Form 54 - linked	46	74	281447		281521	274600
Form 54 - non-linked	47		733		733	652
<b>Total</b>	<b>48</b>	<b>7963768</b>	<b>50486600</b>	<b>2560343</b>	<b>61010712</b>	<b>52414972</b>

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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
395	Annuity non-profit (PLA) - Annuity in Payment		38383	29814				45047
400	Annuity non-profit (CPA) - Group Annuity in Payment		125					994
400	Annuity non-profit (CPA) - Annuity in Payment		414					4366

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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) - Annuity in Payment		148875	29654				1800261
400	Annuity non-profit (CPA) - Group Annuity in Payment		151275	134064				310343
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 Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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
395	Annuity non-profit (PLA) - Annuity in Payment		174					1194
400	Annuity non-profit (CPA) - Annuity in Payment		20440	18126				42452
400	Annuity non-profit (CPA) - Group Annuity in Payment		6062	6070				2817
440	Additional reserves non-profit OB - Unitised with profits business							32

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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		2895738		6504171	6448882	8496	6457379
700	Life property linked single premium - Special Investment Bond		219	5	219267	219267		219267
700	Life property linked single premium - Tailored Investment Bond		71249		71178	71178	(830)	70348
700	Life property linked single premium - Wrap Onshore Bond		131827		131863	131863	(480)	131383
710	Life property linked whole life regular premium - Variable Protection Plan		5457	5103	60747	60747		60747
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		438	14819	248561	248561		248561
720	Life property linked endowment regular premium - target cash - Homeplan		796	41928	713238	713238		713238
800	Additional reserves property linked - Additional Reserves						1400	1400

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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 - Active Money Personal Pension		108204	9362	108204	108204	(675)	107530
725	Individual pensions property linked - Personal Pension Plan & Castle Pension Series		275774	239251	10842853	10808106	1061	10809168
725	Individual pensions property linked - Stakeholder		343368	88845	2395255	2395255	1507	2396762
735	Group money purchase pensions property linked - Group Money Purchase Plan		812951	220740	3037115	3033038	9504	3042542
735	Group money purchase pensions property linked - Personal Pension Plan & Castle Pension Series		1200832	581273	8501495	8499048	8902	8507950
735	Group money purchase pensions property linked - Stakeholder		684001	316634	1870648	1870648	1753	1872400
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	6	125857	125857		125857
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		410187	410187	(1542)	408645
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 Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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	15908628	15908628	(721)	15907906
760	Small self administered schemes - Group Money Purchase Plan			58	3268	3234		3234
760	Small self administered schemes - Personal Pension Plan & Castle Pension Series		2461	4336	86346	86183	9	86192
800	Additional reserves property linked - Sterling reserve						2701	2701

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 Financial year ended **31 December 2010**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

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 - Active Money Personal Pension			219	2059	2059		2059
725	Individual pensions property linked - Personal Pension Plan & Castle Pension Series			5163	48796	48777		48777
725	Individual pensions property linked - Stakeholder			3444	32407	32407		32407
735	Group money purchase pensions property linked - Group Money Purchase Plan			34027	338147	338140		338140
735	Group money purchase pensions property linked - Personal Pension Plan & Castle Pension Series			8688	81761	81759		81759
735	Group money purchase pensions property linked - Stakeholder			25835	243117	243117		243117
735	Group money purchase pensions property linked - Trust Based Pension			17046	160408	160408		160408
750	Income drawdown property linked - Flexible Retirement Plan			6558	61710	61710		61710
750	Income drawdown property linked - Group Flexible Retirement Plan			77817	732301	732301		732301
750	Income drawdown property linked - Group Self Invested Personal Pension			637	5990	5990		5990
750	Income drawdown property linked - Pension Fund Withdrawal Plan			1315	12375	12375		12375
750	Income drawdown property linked - Self Invested Personal Pension			15011	158060	158060		158060
755	Trustee investment plan				1284548	1284548		1284548
760	Small self administered schemes - Personal Pension Plan & Castle Pension Series			99	935	934		934
800	Additional reserves property linked - Sterling Reserve						(16800)	(16800)

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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		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		192210		254975	254975	(5020)	249955
700	Life property linked single premium - Synergy Portfolio Bond		52804		61236	61236	5	61240
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		1467	8748	291117	287488	47	287535
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 Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 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		87587		87631	87631	(2407)	85223
725	Individual pensions property linked - Synergy Executive Pension Plan		167942	21829	172255	172255	(3928)	168326
725	Individual pensions property linked - Synergy Personal Pension		162806	9718	163878	163878	(2937)	160941
725	Individual pensions property linked - Synergy PRSA		14518	255	14518	14518		14518
735	Group money purchase pensions property linked - Executive Pension Plan		2953	1651	20332	19606	40	19646
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		556051		560314	560314	(8275)	552039
765	Group managed fund				573551	573551		573551
800	Additional reserves property linked - Additional Reserves						300	300





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

Name of insurer **Standard Life Investment Funds 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
Managed Managed	12 - individual pension - balanced managed fund	17554799	4	1.01	1.3206	1.4955	13.25
Global Absolute Return Strategies	24 - group managed fund - other managed fund	3781028	2	0.70	1.3233	1.4627	10.53
General Corporate	24 - group managed fund - other managed fund	2562637	4	1.00	1.4418	1.5482	7.38
Managed Equity	16 - individual pension - overseas equity	2414873	4	1.01	1.2280	1.3978	13.83
Cautious Managed	13 - individual pension - defensive managed fund	1726873	4	1.00	1.4060	1.5621	11.10
Institutional UK Equity Select	25 - group managed fund - UK equity	1119936	2	0.71	1.6911	1.9229	13.70
Managed Stock Exchange	12 - individual pension - stock market managed fund	1109555	4	1.01	1.3911	1.5934	14.55
Managed Property	17 - individual pension - property	1056630	4	1.00	1.4568	1.6364	12.33
Pooled Property	27 - group managed pension - property	883598	2	0.50	44.3044	49.7991	12.40
Managed Long Lease Property	27 - group managed pension - property	831937	2	0.50	1.4271	1.6756	17.41
Sterling	14 - individual pension - other managed fund	811203	4	1.00	1.3659	1.4031	2.73
Corporate Bond	24 - group managed fund - other managed fund	795208	4	0.99	1.0212	1.1066	8.36
Managed Cash	14 - individual pension - other managed fund	791448	4	1.00	1.0041	0.9992	(0.48)
European	16 - individual pension - overseas equity	650399	4	1.01	1.2214	1.3533	10.80
Global Equity 50:50	14 - individual pension - other managed fund	621989	4	1.01	1.6263	1.9124	17.59
Managed International	16 - individual pension - overseas equity	597891	4	1.01	1.1522	1.3331	15.70
Protection Asset	14 - individual pension - other managed fund	556918	4	0.99	1.4743	1.6001	8.53
Managed Fixed Interest	14 - individual pension - other managed fund	524148	4	0.99	1.5899	1.7030	7.11

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

Name of insurer **Standard Life Investment Funds 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
North American	16 - individual pension - overseas equity	423766	4	1.01	0.8196	0.9743	18.87
Liability Managed Credit	24 - group managed fund - other managed fund	384217	2		1.1601	1.2913	11.31
UK Ethical	15 - individual pension - UK equity	379773	4	1.00	1.4672	1.7224	17.40
Core Managed Fund	14 - individual pension - other managed fund	362728	5		3.3529	3.7504	11.85
Gross Select Property	17 - individual pension - property	330036	4	1.50	0.7432	0.8143	9.56
UK Equity Unconstrained	25 - group managed fund - UK equity	252833	2	0.80	1.0718	1.4999	39.94
Pacific	16 - individual pension - overseas equity	218475	4	1.01	2.0609	2.4750	20.09
Managed Far East	14 - individual pension - other managed fund	179075	4	1.01	1.2330	1.4764	19.74
SL Individual Property Pension Fund	17 - individual pension - property	144675	4	1.50	0.6765	0.7597	12.30
UK Long Bond	24 - group managed fund - other managed fund	134827	2	0.30	1.5577	1.6956	8.85
UK Fixed Interest	24 - group managed fund - other managed fund	118663	8	0.60	1.4946	1.6126	7.90
Overseas	14 - individual pension - other managed fund	104250	3	1.00		1.2266	
Managed Managed	02 - life - balanced managed fund	2488043	2	1.50	1.3904	1.5301	10.05
Managed Distribution bond	04 - life - other managed fund	1422514	2	1.50	0.9412	0.9690	2.96
Property	07 - life - property	372995	2	1.50	0.9093	0.9812	7.90
Sterling	04 - life - other managed fund	203727	2	1.51	1.1321	1.1197	(1.10)
UK Equity	05 - life - UK equity	298190	2	1.52	1.4307	1.5868	10.91
Managed Structured/Cautious Managed	03 - life - defensive managed fund	295118	2	1.50	1.3074	1.4146	8.20

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

Name of insurer **Standard Life Investment Funds 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	04 - life - other managed fund	201004	2	1.49	1.1741	1.2372	5.37
Standard Life Invesco Perpetual High Income Life 1 Fund	05 - life - UK equity	147707	2	2.24	1.5568	1.7047	9.50
Managed Fund	15 - individual pension - UK equity	582236	9	1.00	1.0630	1.2294	15.65
GARS Irish	24 - group managed fund - other managed fund	828458	9	1.35	1.1375	1.2484	9.75
Managed	02 - life - balanced managed fund	228277	1	0.75	11.7400	13.1253	11.80
Balanced Man MOM	22 - group managed fund - balanced managed fund	200038	9	1.36	1.0289	1.1487	11.65

**Long-term insurance business : Index linked business**

Name of insurer **Standard Life Investment Funds 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	206836	16.95
Other variable interest securities	12	71919	7.19
Approved fixed interest securities	13		
Other fixed interest securities	14		
Cash and deposits	15	2767	
Equity index derivatives	16		
Inflation swaps	17		
Other assets	18		
Variation margin	19		
<b>Total (11 to 19)</b>	<b>20</b>	<b>281521</b>	

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

AAA/Aaa	31	9420	9.92
AA/Aa	32	6857	5.74
A/A	33	30400	8.78
BBB/Baa	34	6860	10.92
BB/Ba	35		
B/B	36		
CCC/Caa	37		
Other (including unrated)	38	18381	2.30
<b>Total other fixed interest and other variable interest securities</b>	<b>39</b>	<b>71919</b>	<b>7.19</b>

**Long-term insurance business: Analysis of valuation interest rate**Name of insurer **Standard Life Investment Funds Limited**Total business **Ordinary Long Term**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	50408	4.55	4.55	4.88
UK Pens Form 51 NP Annuities	2103628	4.55	4.55	4.88
Ireland L&GA Form 51 NP Annuities	46464	4.25	4.25	4.62
Miscellaneous	13416			3.84
<b>Total</b>	2213915			

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

Name of insurer **Standard Life Investment Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 Financial year ended **31 December 2010**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	61274954	52650890
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	61274954	52650890
Mathematical reserves	21	61010712	52414972
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	264242	235918

**Composition of surplus**

Balance brought forward	31	235918	215655
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	28324	20263
Total	39	264242	235918

**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	264242	235918
Total (48+49)	59	264242	235918

**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 capital requirement**Name of insurer **Standard Life Investment Funds 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%			1.00		
Classes I (other), II and IX	13	0.15%					
Classes I (other), II and IX	14	0.3%	13721	13721		41	45
Classes III, VII and VIII	15	0.3%	162659	162659	1.00	488	506
<b>Total</b>	<b>16</b>		176381	176381		529	551

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

Class IV supplementary classes 1 and 2 and life protection reinsurance	21						
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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%	2186574	2186574	1.00	21866	18024
Classes III, VII and VIII (investment risk)	33	1%	132793	149593	1.13	1496	1091
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	1050748	1050748	1.00	10507	7154
Classes III, VII and VIII (other)	35	25%				23345	18268
Class IV (other)	36	1%					
Class V	37	1%					
Class VI	38	1%					
<b>Total</b>	<b>39</b>					57214	44538

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	2207822	2207822	1.00	66235	55039
Classes III, VII and VIII (investment risk)	43	3%	364471	381271	1.05	11438	7808
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	4269083	3993559			
Classes III, VII and VIII (other)	45	0%	57410706	54523645			
Class IV (other)	46	3%					
Class V	47	0%					
Class VI	48	3%					
<b>Total</b>	<b>49</b>		64252082	61106297		77673	62847

<b>Long term insurance capital requirement</b>	<b>51</b>					135416	107935
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## Returns under the Accounts and Statements Rules

### Supplementary notes

Name of insurer **STANDARD LIFE INVESTMENT FUNDS 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	61,435,241	52,738,960
Total admissible assets (other than long term) F13:89	68,379	68,068
Less:		
Mathematical reserves, after distribution of surplus (long term) F14:11	(61,010,712)	(52,414,972)
Total other insurance and non-insurance liabilities (long term) F14:49	(160,287)	(88,070)
Total liabilities (other than long term) F15:69	(340)	(323)
Net admissible assets	332,281	303,663
<b>Total capital resources after deductions F3:79</b>	<b>332,281</b>	<b>303,663</b>

#### **\*0302 and 0308\* Outstanding contingent loan**

On 12 December 2007 the Company's long term business fund entered into a contingent loan arrangement with its parent undertaking, Standard Life Assurance Limited, for a principal amount of £150 million. 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 the Company's long term business fund (excluding the impact of the contingent loan itself). As at 31 December 2010, Standard Life Assurance Limited requested that the Company repay £81,000,000 leaving the outstanding loan balance as £88,938,000. No liability for this latter amount has been recognised in Form 14 as at 31 December 2010. Accordingly, the outstanding amount forms part of the Company's core tier one capital, reported at line 14 of Form 3 (positive valuation differences).

#### **\*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
Deferred income	196,523	173,144
Mathematical reserves	(1,627)	19,172
Outstanding contingent loan	88,938	166,537
	<b>283,834</b>	<b>358,853</b>

## Returns under the Accounts and Statements Rules

### Supplementary notes

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

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Profit and loss account and other reserves brought forward F3:12 column 4	(90,537)	(91,257)
Profit/(loss) retained for the year F16:59	294	250
IFRS profit/(loss) for the year arising in long term business fund	85,316	5,342
Transfer from long term business fund out of declared surplus	-	-
Exchange differences on translating foreign operations	(950)	(4,871)
Other	(2)	(1)
<b>Profit and loss account and other carried forward F3:12 column 3</b>	<b>(5,879)</b>	<b>(90,537)</b>

#### **\*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 £8 million (2009: £nil).

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 £nil (2009: £nil).

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

The aggregate value of hybrid securities included at lines 46 or 48 was £81 million (2009: £98 million).

#### **\*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 £598 million (2009: £497 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

## Returns under the Accounts and Statements Rules

### Supplementary notes

counterparty, during the year was £149 million (2009: £124 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 £13 million (2009: £8 million).

#### **\*1318\* Other asset adjustments**

The following adjustments were included at line 101 of the Company's Long Term Business Fund:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Current liabilities of property linked business	297,839	388,481
Grossing up of debtors and creditors	(828)	-
	<u>297,011</u>	<u>388,481</u>

#### **\*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**

The Company has granted a floating charge over its total property linked assets in respect of various property linked reinsurance contracts accepted. The assets subject to this floating charge, reported at line 59 of Form 13, amounted to £59 billion as at 31 December 2010.

The Company has also granted a second floating charge over the non-linked assets of its long term business fund in respect of its remaining liabilities to its parent undertaking, Standard Life Assurance Limited. The assets subject to this floating charge, being the total Form 13 assets reported at line 89 less the property linked assets at line 59, amounted to £3 billion as at 31 December 2010.

Full provision has been made in respect of the Company's potential liability to capital gains tax.

## Returns under the Accounts and Statements Rules

### Supplementary notes

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.

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.

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:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Current liabilities of property linked business	297,839	388,481
Deferred income	196,523	173,144
Mathematical reserves	(1,627)	19,173
Outstanding contingent loan	88,938	166,537
Deferred Tax	11,000	-
Grossing up debtors and creditors	(828)	-
	<u>591,845</u>	<u>747,335</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.

#### **\*1700\* Analysis of derivative contracts**

Form 17 has been omitted for 'total other than long term insurance business assets' as all entries would be blank.

Form 17 has been omitted for 'total long term insurance business assets' as the total notional amount does not exceed the de-minimas limit required for the form to be completed.

#### **\*1800\* With-profits insurance capital component for the fund**

This Form has been omitted since all entries would be blank.

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*1900\* Realistic balance sheet**

This Form has been omitted since all entries would be blank.

#### **\*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 reported at line 15 represents:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Fee and commission income	258,227	161,578
<u>Receipt of contingent loan and capitalised interest</u>	<u>3,400</u>	<u>5,524</u>
	<u>261,627</u>	<u>167,102</u>

Other expenditure reported at line 25 represents:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
<u>Contingent loan repayment</u>	<u>81,000</u>	<u>-</u>

#### **\*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 Assurance Limited

Standard Life Investments Limited

Standard Life Employee Services Limited

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*4009\* Material connected party transactions**

The material connected party transactions which occurred during the year were as follows:

- The Company received some £9.5 billion of premiums in respect of reinsurance accepted from its parent undertaking, Standard Life Assurance Limited;
- The Company paid some £6.3 billion of claims in respect of reinsurance accepted from its parent undertaking, Standard Life Assurance Limited;
- The Company paid some £133 million to its parent undertaking, Standard Life Assurance Limited, in respect of costs incurred on behalf of the Company and recharged expenses; and
- The Company paid some £186 million to Standard Life Employee Services Limited, a fellow subsidiary of Standard Life plc, in respect of recharged expenses, including staff and office accommodation costs.

#### **\*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.

#### **\*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 £32,326,635 (£28,780,162 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 £34,704,944 (£30,320,463 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 ratio 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 included within line 14 is as follows:

	<b>2010</b>	<b>2009</b>
	£'000	£'000
<u>Sundry income</u>	<u>5,140</u>	<u>14,922</u>

Other expenditure included within line 26 is as follows:

## Returns under the Accounts and Statements Rules

### Supplementary notes

	<b>2010</b>	<b>2009</b>
	£'000	£'000
Administrative expenses	22,166	17,017
Finance costs	1,345	6,243
	<u>23,511</u>	<u>23,260</u>

#### **\*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 value of these securities is £130.460m.

#### **\*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.

#### **\*5200\* Valuation summary of accumulating with-profits contracts**

This Form has been omitted since all entries would be blank.

#### **\*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.

## **Returns under the Accounts and Statements Rules**

### **Supplementary notes**

#### **\*5701\* Negative mathematical reserves**

Negative sterling reserves arise on various property-linked products (mainly SIPP). These are offset, where possible, against positive sterling reserves on various property-linked products with the remainder being offset against UK and Irish non-linked pension annuities written post demutualisation. The amount offset against annuities for UK and Irish business is –£17.4m.

#### **\*59A00 and 59B00\* With-profits payouts**

This Form has been omitted since all entries would be blank.

#### **\*6002\* Calculation of expense risk and market risk capital requirement**

The Company's approach to the LTICR calculation has been 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 accepted as reinsured business from Standard Life Assurance Limited but the expense risk is not reinsured. The expense risk component of the LTICR in respect of this business is therefore retained by Standard Life Assurance Limited and the reserves shown in columns 2 and 3 for the expense risk component reflect this.

Similarly for some Irish property-linked business there is an element of market risk on certain cash amounts that is retained by the Company. These cash amounts are not shown on Form 14 Line 11 but they are included in the reserves shown in Form 60 Line 43, Columns 2 and 3.

## Returns under the Accounts and Statements Rules

### Additional information on derivative contracts

#### Statement on derivatives required by IPRU (INS) 9.29

Name of insurer **STANDARD LIFE INVESTMENT FUNDS LIMITED**  
Financial year ended **31 December 2010**

- a) In respect of derivative transactions, investment managers work to written authorities approved by the Directors. Controls are applied to ensure that the authorities delegated to investment managers are not exceeded.

Use of derivatives, or any contract or asset having the effect of a derivative, is permitted for the purpose of matching contractual liabilities providing certain constraints are met. These constraints, which include constraints to limit counter-party risk, are determined and monitored according to the written authorities.

Use of derivatives, or any contract or asset having the effect of a derivative, is also allowed for the purpose of efficient portfolio management, providing the transactions underlying the contract would be permitted. In addition, major counter-parties, including clearing houses, must have appropriate credit worthiness. The total exposure to any one counter-party or group of counter-parties must be kept within a pre-determined amount.

- b) The written authorities do not prohibit entry into contracts where the right or obligation to acquire or dispose of assets is not reasonably likely to be exercised at the time of entry. This is so that investment managers are not prevented from entering into contracts that could potentially enhance efficient portfolio management or reduce investment risk.
- c) During the financial year, there were no contracts entered into by the Company that, at the time of the transaction, were not reasonably likely to be exercised.
- d) During the year the Company did not enter into any contracts which required a 'significant' provision to be made for them under INSPRU 3.2.17R or did not fall within the definition of a permitted derivative contract.
- e) During the financial year the Company did not receive any consideration in return for granting rights under derivative contracts.

## **Returns under the Accounts and Statements Rules**

### **Statement of additional information on controllers required by IPRU (INS) 9.30**

Name of insurer           **STANDARD LIFE INVESTMENT FUNDS LIMITED**  
Global business  
Financial year ended   **31 December 2010**

The shareholder controllers during the year to 31 December 2010 were Standard Life Assurance Limited and Standard Life plc, which remained shareholder controllers at 31 December 2010.

As at 31 December 2010, Standard Life Assurance Limited was the immediate shareholder controller of the Company and was able to exercise 100% of the voting power at any general meeting.

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 INVESTMENT FUNDS 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

The Company is a wholly owned subsidiary of Standard Life Assurance Limited. The Company's liabilities largely relate to benefits reassured under agreements with Standard Life Assurance Limited and with Standard Life Pension Funds Limited. Its remaining liabilities relate to external reinsurance accepted.

Certain UK and Republic of Ireland (RoI) property-linked life and pensions contracts, issued prior to the demutualisation of Standard Life on 10 July 2006, have largely the investment liability, excluding any guaranteed amounts, reassured from the parent company. The Company accepts reinsurance of the longevity risk under certain annuity contracts issued by the parent prior to Standard Life's demutualisation. The majority of new UK and RoI business written by the parent after 10 July 2006 is also wholly reassured to the Company.

The Company has no with profits sub funds.

##### New products

The following new products were launched in the UK by the parent company during the report period and are reassured to the Company:

In February 2010 the parent 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 parent 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 the Republic of Ireland (RoI) by the parent company during the report period and is reassured to the Company:

In October 2010 the parent 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 Flexible Personal Pension was closed to new business by the parent company, but remains open to increments.

No products were closed to new business in the RoI in the report period.

## **Returns under the Accounts and Statements Rules**

### **Valuation report – IPRU(INS) Appendix 9.4**

#### **Products altered**

In February 2010 the UK Retail SIPP was rebranded as the Active Money SIPP (AMSIPP).

#### **Change to options or guarantees**

Not applicable.

#### **Change to charging methods**

There were no changes made to charging methods in the report period.

### **3. Discretionary charges and benefits**

3. (1) Market Value Reductions are not applicable.

3. (2) The Company has no reviewable premium non-linked protection policies.

3. (3) The Company has no products providing non-profit deposit administration benefits.

#### **3. (4) Changes to service charges**

There has been no change to the service charges for UK or Republic of Ireland linked products 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 has been no change to the unit management charges for UK or Republic of Ireland unit linked business during the report period.

The Company has no with profits business.

#### **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 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.

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

Units are allocated to policies at the offer price and are deallocated 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.

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.

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.

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

#### 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.

Where unit linked funds have realised or unrealised capital losses on equities or properties, a tax asset was recognised during the report period within the funds at the same rate as applicable to gains. The size of the tax assets recognised was, however capped in 2008 and it is expected that the tax assets will be reduced as future capital gains arise.

#### 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.

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)

### 4. (1) Valuation methods

[1] Property-linked business written prior to 10 July 2006

For this business, the Company accepts reinsurance of the unit reserve only for pensions business and of the unit reserve plus some mortality risk for the life business. The reserve held is a

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

combination of the value of units at the valuation date and a reserve to cover the mortality risk. The mortality reserve is calculated by applying a suitable assurance function to the sum at risk on death that the Company is liable for. 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.

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 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, RoI Personal & Executive Pension Plans, RoI Approved Retirement Fund, RoI PRSA, RoI Group Money Purchase contracts, RoI Group Managed Fund.

[2] 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 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. Where reserves are reinsured the sterling reserve includes an allowance to cover the risk of credit default by the reinsurer.

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 Pension, Active Money Personal Pension, RoI Personal & Executive Pension Plans, RoI Group Managed Fund plan, RoI Synergy products.

[3] Group non-profit Pensions annuity business written prior to 10 July 2006

The reserve held is the discounted value of all future expected annuity payments, less the discounted value of all future premiums payable by Standard Life Assurance Limited in respect of the reinsurance of this business. The expected annuity payment in each future year allows for

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

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.

#### [4] Individual non-profit Life annuity business written prior to 10 July 2006

The reserve held is the discounted value of all future expected annuity payments, less the discounted value of all future premiums payable by Standard Life Assurance Limited in respect of the reassurance of this business. 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.

#### [5] Individual index-linked Pensions annuity business written prior to 10 July 2006

The reserve held is the discounted value of all future expected annuity payments, less the discounted value of all future premiums payable by Standard Life Assurance Limited in respect of the reassurance of this business. 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.

#### [6] Group non-profit Pensions annuity business written post 10 July 2006

The 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.

#### [7] Individual non-profit Pensions annuity business written post 10 July 2006

The 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.

#### [8] Individual non-profit Life annuity business written post 10 July 2006

The 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.

#### [9] Group index-linked Pensions annuity business written post 10 July 2006

The 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.

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

[10] Individual index-linked Pensions annuity business written post 10 July 2006

The 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.

#### 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 mortality reserve)	UK: 3.55% RoI: 1.90%	UK: 1.30% RoI: 3.40%
[2] Property-linked business written post 10 July 2006 (for sterling reserve)	UK: 4.55% RoI: 4.25%	UK: 4.75% RoI: 4.00%
[3] Group non-profit Pensions annuity business written prior to 10 July 2006	4.55%	4.75%
[4] Individual non-profit Life annuity business written prior to 10 July 2006	UK: 4.55% RoI: 4.25%	UK: 4.75% RoI: 4.00%
[5] Individual index-linked Pensions annuity business written prior to 10 July 2006	0.65%	0.65%
[6] Group non-profit Pensions annuity business written post 10 July 2006	4.55%	4.75%
[7] Individual non-profit Pensions annuity business written post 10 July 2006	4.55%	4.75%
[8] Individual non-profit Life annuity business written post 10 July 2006	UK: 4.55% RoI: 4.25%	UK: 4.75% RoI: 4.00%
[9] Group index-linked Pensions annuity business written post 10 July 2006	0.65%	0.65%
[10] Individual index-linked Pensions annuity business written post 10 July 2006	0.65%	0.65%

#### 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	0.20%
AA+	N/A
AA	0.44%
AA-	0.40%
A+	0.52%
A	0.75%
A-	0.74%
BBB+	0.71%

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

BBB	1.44%
BBB-	2.01%
BB+	2.39%
BB	5.30%
BB-	7.13%
B+	6.96%
B	7.59%
B-	N/A
CCC	15.36%
CC	N/A

The Company has no equity or property holdings in its long-term business fund.

#### 4. (4) Valuation mortality bases

The following mortality bases were used in the valuation:

Product group	Mortality basis used at the valuation on 31/12/10	Mortality basis used at the valuation on 31/12/09
[1] Property-linked business written prior to 10 July 2006 (for mortality reserve)	72.3% AMC00 ultimate	74.2% AMC00 ultimate
[2] Property-linked business written post 10 July 2006 (for sterling reserve)	72.3% AMC00 ultimate - (Life) 70.5% AMC00 ultimate – (Pensions)	74.2% AMC00 ultimate - (Life) 72.4% AMC00 ultimate – (Pensions)
[3] Group non-profit Pensions annuity business written prior to 10 July 2006	113.5% RMV00 (males) 113.8% WA00 (females)	114.3% RMV00 (males) 115.6% WA00 (females)
[4] Individual non-profit Life annuity business written prior to 10 July 2006	95.8% IML00 (males) 96.1% IFL00 (females)	93.4% IML00 (males) 91.7% IFL00 (females)
[5] Individual index-linked Pensions annuity business written prior to 10 July 2006	98.4% RMC00 (males) 106.6% RFC00 (females)	96.2% RMC00 (males) 105.8% RFC00 (females)
[6] Group non-profit Pensions annuity business written post 10 July 2006	105.0% RMV00 (males) 105.3% WA00 (females)	108.6% RMV00 (males) 109.8% WA00 (females)
[7] Individual non-profit Pensions annuity business written post 10 July 2006	91.0% RMC00 (males) 98.6% RFC00 (females)	91.4% RMC00 (males) 100.5% RFC00 (females)
[8] Individual non-profit Life annuity business written post 10 July 2006	95.8% IML00 (males) 96.1% IFL00 (females)	93.4% IML00 (males) 91.7% IFL00 (females)
[9] Group index-linked Pensions annuity business written post 10 July 2006	105.0% RMV00 (males) 105.3% WA00 (females)	108.6% RMV00 (males) 109.8% WA00 (females)
[10] Individual index-linked Pensions annuity business written post 10 July 2006	91.0% RMC00 (males) 98.6% RFC00 (females)	91.4% RMC00 (males) 100.5% RFC00 (females)

The following table gives complete expectations of life for annuities:

Product group	Expectation of life for annuities in payment	
	At age 65	At age 75
[3] Group non-profit Pensions annuity business written prior to 10 July 2006	22.09 (males) 23.68 (females)	13.67 (males) 15.05 (females)
[4] Individual non-profit Life annuity business written prior to 10 July 2006	23.99 (males) 25.85 (females)	14.87 (males) 16.14 (females)
[5] Individual index-linked Pensions annuity business written prior to 10 July 2006	23.51 (males) 25.18 (females)	14.72 (males) 15.93 (females)

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

Product group	Expectation of life for annuities in payment	
	At age 65	At age 75
[6] Group non-profit Pensions annuity business written post 10 July 2006	22.76 (males) 24.33 (females)	14.21 (males) 15.59 (females)
[7] Individual non-profit Pensions annuity business written post 10 July 2006	24.19 (males) 25.80 (females)	15.29 (males) 16.47 (females)
[8] Individual non-profit Life annuity business written post 10 July 2006	23.99 (males) 25.85 (females)	14.87 (males) 16.14 (females)
[9] Group index-linked Pensions annuity business written post 10 July 2006	22.76 (males) 24.33 (females)	14.21 (males) 15.59 (females)
[10] Individual index-linked Pensions annuity business written post 10 July 2006	24.19 (males) 25.80 (females)	15.29 (males) 16.47 (females)

In the valuation of annuities issued in the United Kingdom and the Republic of Ireland, 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 the improvements included in CMIR17). Improvements are applied from the year 2000.

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.

#### 4. (5) Valuation morbidity bases

No morbidity bases were used in the valuation.

#### 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
Annuity	£7.67	£7.51
UL bond	£25.77	£21.95
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 categories 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.

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

#### 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 at the valuation date was 3.01%.

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 the expense inflation assumption to meet any increases in associated expenses.

#### 4. (8) Future bonuses

The Company has no with profits business.

#### 4. (9) Valuation persistency bases

No assumptions were made for lapses, surrenders or policies being made paid-up, other than those detailed below.

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.

Surrender rates apply to UK Non-SIPP Pensions sterling reserves calculation. The valuation surrender 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.

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

#### 5. Options and guarantees

The Company has no liability for any options or guarantees.

#### 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 £68m. 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	0.4	1.0	0.2	1.6
UK Unit & UWP Linked Group Pensions (excluding SIPP)	0.0	16.2	6.0	1.5	23.7
SIPP	0.0	6.3	8.7	2.3	17.3
Group SIPP	0.0	2.7	3.5	1.5	7.7
UK Unit & UWP Linked Onshore Bonds	0.0	3.7	1.4	0.8	5.9
All expenses attributable	0.0	9.3	2.9	N/A	12.2
Total	0.0	38.6	23.5	6.3	68.4

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.

6. (3) The amount of maintenance expenses in 6. (1) is different from that in line 14 of Form 43. The main difference is due to the treatment of various accounting adjustments. The remaining differences reflect the rapidly increasing business volumes 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) Standard Life Assurance Limited will pay any costs and expenses of SLIF arising in connection with the provision of administration, customer service and management functions if

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

and to the extent that SLIF would be required to hold a reserve for maintenance expense overruns if SLIF were to cease to transact new business 12 months after the valuation date.

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 reserves

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	2,471,117	Sterling	2,471,117
Euros	24,319	Euros	24,319
Other currencies	0		0
TOTAL	2,495,436		2,495,436

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) For the purposes of calculating the Resilience Capital Requirement under INSPRU 3.1.10R, the following scenarios were tested, in line with INSPRU 3.1.16R. Scenario 1 was the more onerous.

Asset class	Scenario 1	Scenario 2
Fixed Interest	Yield increased by 20% of the yield on 15-year Government bonds	Yield reduced by 20% of the yield on 15-year Government bonds

7. (5) For the purposes of calculating the Resilience Capital Requirement under INSPRU 3.1.10R, the same scenarios as in 7. (4) were tested, in line with INSPRU 3.1.23R. The Government bonds referred to are those appropriate for the territory in question. Scenario 1 was the more onerous.

7. (6)

(a) The Resilience Capital Requirement is £20m.

(b) The aggregate amount of long-term insurance liabilities decreased by £183m.

(c) The aggregate value of assets in Form 13 allocated to match long-term liabilities was higher than the value of assets allocated on application of the changed assumptions under the more onerous scenario by £203m.

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

## Returns under the Accounts and Statements Rules

### Valuation report – IPRU(INS) Appendix 9.4

(for example, annuities) the Company compares cash outflows with the expected proceeds from backing 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

There are no other special reserves.

## 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.

For the following treaties, the reinsurer automatically accepts reinsurance of all or part of the benefits under some property-linked contracts issued in the UK and some of the expense reserve. No amounts were deposited back at the valuation date. All the treaties are open to new business. There are no amounts of undischarged obligation. There is no retention by the Company for new funds being reinsured.

Name of reinsurer	Premiums payable by the Company during the report period	Amount of mathematical reserves ceded
Baillie Gifford Life Ltd	£31.608m	£145.411m
JP Morgan Life Ltd	£4.761m	£46.166m
Aberdeen Asset Management Life & Pensions Ltd	£15.310m	£155.448m
Barclays Global Investors Pensions Management Ltd	£724.965m	£2,189.204m
Investment Solutions Ltd	£1.093m	£26.040m
Morley Pooled Pensions Ltd	£4.650m	£53.321m
UBS Global Asset Management Life Ltd	£2.101m	£29.626m
Schroder Pension Management Ltd	£50.278m	£266.519m
L&G Assurance Pensions Management Ltd	£55.730m	£246.895m

All the reinsurers listed above are authorised to carry on insurance business in the United Kingdom. None of the reinsurers listed above is connected to the Company. 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.

## **Returns under the Accounts and Statements Rules**

### **Valuation report – IPRU(INS) Appendix 9.4**

#### **9. (3) Financing Arrangement**

The Company is the cedant in respect of a financing arrangement under which business was in force at the valuation date. The contract was entered into by the Company with Standard Life Assurance Limited on 12 December 2007. The loan repayment is contingent on the emergence of surplus in the insurer's long-term business fund and that has no fixed repayment date. Interest is payable on the loan at market rates.

A loan repayment of £81m has been made at the valuation date and the treaty remains open to new business in that further loans may be made, subject to a limit. There are no amounts of undischarged obligation. Mathematical reserves ceded under the treaty and retention by the Company for new funds being insured, are not applicable.

The reinsurer is authorised to carry on insurance business in the UK. The reinsurer is a connected company of the insurer – the insurer is a subsidiary company of the reinsurer. The treaty is not subject to any material contingencies and the Company has no liability to refund amounts of reinsurance commission in the event of lapses or surrender of the contracts concerned.

#### **10. Reversionary (or annual) bonus**

Not applicable.

**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 INVESTMENT FUNDS 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) we have, in preparing the return, taken and paid due regard to-
    - (i) advice from the actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.

.....Director  
J GILL

.....Director  
P S MATTHEWS

.....Company Secretary  
G McGOVERN



## **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 INVESTMENT FUNDS 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 17, 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 report required by IPRU(INS) rule 9.31 (a) ("the valuation report").

We are not required to audit and do not express an opinion on:

- Forms 46 to 47, 50 to 55 and 57 (including the supplementary notes);
- the statement required by IPRU(INS) rule 9.30; and
- the certificate required by IPRU(INS) rule 9.34(1)

### **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 July 2006 (nos 619210 and 624465), September 2006 (no. 638348) and April 2007 (no.725646). Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation report, 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 report are required to reflect appropriately the requirements of INSPRU 1.2.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation report 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 report 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 the insurer 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 report. 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 report.

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 report 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 report 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 report appropriately reflect the requirements of INSPRU 1.2.

PricewaterhouseCoopers LLP

Chartered Accountants

Date