



# **The Standard Life Assurance Company 2006**

**Annual FSA Insurance Returns  
for the financial year ended 30 September 2009**

Prepared in accordance with the Accounts and Statements Rules

(Appendices 9.1, 9.3, 9.4 and 9.6)



## Contents

### Appendix 9.1

Form 2	Statement of solvency - long-term insurance business	1
Form 3	Components of capital resources	3
Form 13	Analysis of admissible assets	6
Form 14	Long term insurance business liabilities and margins	9

### Appendix 9.3 Long Term Insurance Business

Form 40	Revenue account	10
Form 48	Assets not held to match linked liabilities	11
Form 49	Fixed and variable interest assets	12
Form 51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	13
Form 60	Long-term insurance capital requirement	14
	Supplementary notes to the return	15
	Additional information on derivative contracts	19
	Additional information on controllers	20

### Appendix 9.4

	Abstract of the Valuation Report	21
	Statement of information on the with-profits actuary	23

### Appendix 9.6

	Directors' Certificate	24
	Auditor's Report	26



**Statement of solvency - long-term insurance business**Name of insurer **The Standard Life Assurance Company 2006**

Global business

Financial year ended **30 September 2009**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day month year			Units
	R2	Z4	GL	30	9	2009
			As at end of this financial year			As at end of the previous year
			1			2

**Capital resources**

Capital resources arising within the long-term insurance fund	11	41598	41943
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	41598	41943

**Guarantee fund**

Guarantee fund requirement	21	1889	1674
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	39709	40269

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	31		
Resilience capital requirement	32		
Base capital resources requirement	33	1889	1674
Individual minimum capital requirement	34	1889	1674
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	1889	1674
Excess (deficiency) of available capital resources to cover 50% of MCR	37	40654	41106
Excess (deficiency) of available capital resources to cover 75% of MCR	38	40181	40688

**Enhanced capital requirement**

With-profits insurance capital component	39		
Enhanced capital requirement	40		

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	41	1889	1674
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	39709	40269

**Contingent liabilities**

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

**Form 2**

Name of insurer        **The Standard Life Assurance Company 2006**

Global business

Financial year ended    **30 September 2009**

**Chief Executive**

.....  
**A M CROMBIE**

**Director**

.....  
**D NISH**

**Company Secretary**

.....  
**M WOOD**

**Components of capital resources**Name of insurer **The Standard Life Assurance Company 2006**

Global business

Financial year ended **30 September 2009**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	Z4	GL	30	9	2009	£000
			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>	

**Core tier one capital**

Permanent share capital	<b>11</b>						
Profit and loss account and other reserves	<b>12</b>						
Share premium account	<b>13</b>						
Positive valuation differences	<b>14</b>						
Fund for future appropriations	<b>15</b>			41598	41598		41943
Core tier one capital in related undertakings	<b>16</b>						
Core tier one capital (sum of 11 to 16)	<b>19</b>			41598	41598		41943

**Tier one waivers**

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

**Other tier one capital**

Perpetual non-cumulative preference shares as restricted	<b>25</b>						
Perpetual non-cumulative preference shares in related undertakings	<b>26</b>						
Innovative tier one capital as restricted	<b>27</b>						
Innovative tier one capital in related undertakings	<b>28</b>						

<b>Total tier one capital before deductions (19+24+25+26+27+28)</b>	<b>31</b>			41598	41598		41943
Investments in own shares	<b>32</b>						
Intangible assets	<b>33</b>						
Amounts deducted from technical provisions for discounting	<b>34</b>						
Other negative valuation differences	<b>35</b>						
Deductions in related undertakings	<b>36</b>						
Deductions from tier one (32 to 36)	<b>37</b>						
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>			41598	41598		41943

**Components of capital resources**Name of insurer **The Standard Life Assurance Company 2006**

Global business

Financial year ended **30 September 2009**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	Z4	GL	30	9	2009	£000
			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
			1	2		3	4

**Tier two capital**

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

Fixed term preference shares	51						
Other tier two instruments	52						
Lower tier two capital in related undertakings	53						
<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	62						
Further excess lower tier two capital	63						
<b>Total tier two capital after restrictions, before deductions (61-62-63)</b>	<b>69</b>						

**Components of capital resources**Name of insurer **The Standard Life Assurance Company 2006**

Global business

Financial year ended **30 September 2009**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	Z4	GL	30	9	2009	£000
			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	
			1	2	3	4	

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	71					
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>			41598	41598	41943
Inadmissible assets other than intangibles and own shares	73					
Assets in excess of market risk and counterparty limits	74					
Deductions for related ancillary services undertakings	75					
Deductions for regulated non-insurance related undertakings	76					
Deductions of ineligible surplus capital	77					
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>			41598	41598	41943

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

Available capital resources for guarantee fund requirement	81			41598	41598	41943
Available capital resources for 50% MCR requirement	82			41598	41598	41943
Available capital resources for 75% MCR requirement	83			41598	41598	41943

**Financial engineering adjustments**

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

**Analysis of admissible assets**Name of insurer **The Standard Life Assurance Company 2006**

Global business

Financial year ended **30 September 2009**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>Z4</b>	<b>GL</b>	<b>30</b>	<b>9</b>	<b>2009</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>		
Other shares and other variable yield participations	<b>42</b>		
Holdings in collective investment schemes	<b>43</b>	30147	41013
Rights under derivative contracts	<b>44</b>		
Fixed interest securities	Approved	<b>45</b>	656
	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>	9930
	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 **The Standard Life Assurance Company 2006**

Global business

Financial year ended **30 September 2009**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	Z4	GL	30	9	2009	£000	10
					<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>	778	247
	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>	86	55
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	47
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>	41598	41943
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**Analysis of admissible assets**Name of insurer **The Standard Life Assurance Company 2006**

Global business

Financial year ended **30 September 2009**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>Z4</b>	<b>GL</b>	<b>30</b>	<b>9</b>	<b>2009</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>	41598	41943
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>	41598	41943
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 **The Standard Life Assurance Company 2006**

Global business

Financial year ended **30 September 2009**Total business/Sub fund **10 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>		
Cash bonuses which had not been paid to policyholders prior to end of the financial year		<b>12</b>		
Balance of surplus/(valuation deficit)		<b>13</b>		
Long term insurance business fund carried forward (11 to 13)		<b>14</b>		
Claims outstanding	Gross	<b>15</b>		
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>		
Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>23</b>		
Creditors	Direct insurance business	<b>31</b>		
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>		
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions		<b>36</b>		
Creditors	Taxation	<b>37</b>		
	Other	<b>38</b>		
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>		
Excess of the value of net admissible assets		<b>51</b>	41598	41943
Total liabilities and margins		<b>59</b>	41598	41943

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

Total liabilities (11+12+49)		<b>71</b>		
Increase to liabilities - DAC related		<b>72</b>		
Reinsurers' share of technical provisions		<b>73</b>		
Other adjustments to liabilities (may be negative)		<b>74</b>		
Capital and reserves and fund for future appropriations		<b>75</b>	41598	41943
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		<b>76</b>	41598	41943

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

Name of insurer **The Standard Life Assurance Company 2006**  
 Total business / subfund **10 Ordinary Long Term**  
 Financial year ended **30 September 2009**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11		
Investment income receivable before deduction of tax	12	223	577
Increase (decrease) in the value of non-linked assets brought into account	13	(375)	(118)
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>	<b>(152)</b>	<b>459</b>

**Expenditure**

Claims incurred	21		
Expenses payable	22		
Interest payable before the deduction of tax	23		
Taxation	24	(152)	459
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>(152)</b>	<b>459</b>

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

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

Name of insurer **The Standard Life Assurance Company 2006**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **30 September 2009**  
 Units **£000**

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

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

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

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

Land and buildings	21					
Approved fixed interest securities	22	656	656	22	0.75	12.90
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	40942	40942	204	0.50	1.60
<b>Total</b>	<b>29</b>	<b>41598</b>	<b>41598</b>	<b>226</b>	<b>0.50</b>	<b>1.78</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 **The Standard Life Assurance Company 2006**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **30 September 2009**  
 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>				

<b>Other approved fixed interest securities</b>	<b>21</b>	656	0.95	0.75	0.63
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**Other fixed interest securities**

AAA/Aaa	31				
AA/Aa	32				
A/A	33				
BBB/Baa	34				
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
<b>Total other fixed interest securities</b>	<b>39</b>				

<b>Approved variable interest securities</b>	<b>41</b>				
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<b>Other variable interest securities</b>	<b>51</b>				
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<b>Total (11+21+39+41+51)</b>	<b>61</b>	656	0.95	0.75	0.63
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**Long-term insurance capital requirement**Name of insurer **The Standard Life Assurance Company 2006**

Global business

Financial year ended **30 September 2009**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%	1	1		
Classes III, VII and VIII	15	0.3%				
<b>Total</b>	<b>16</b>		1	1		

**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%				
Classes III, VII and VIII (investment risk)	33	1%				
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%				
Class IV (other)	36	1%				
Class V	37	1%				
Class VI	38	1%				
<b>Total</b>	<b>39</b>					

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%				
Classes III, VII and VIII (investment risk)	43	3%				
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%				
Class IV (other)	46	3%				
Class V	47	0%				
Class VI	48	3%				
<b>Total</b>	<b>49</b>					

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

### Supplementary notes

Global business

Name of company **THE STANDARD LIFE ASSURANCE COMPANY 2006**

Financial year ended **30 September 2009**

#### **\*0201\* Modification of the return**

An Order has been issued under Section 68 of the Insurance Companies Act 1982 directing that Capital Redemption Contracts shall not require to be distinguished in these returns and shall be amalgamated with Life Assurance Contracts. From 1 December 2001 this Order has the effect of providing a waiver under Section 148 of the Financial Services and Markets Act 2000.

The FSA, on application of the Standard Life Assurance Company 2006 (the "firm"), made a direction in October 2008 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to avoid reporting on a Realistic basis. The firm had With Profit liabilities less than £500m throughout the year although they were in excess of this amount preceding demutualisation.

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

	<b>30 September 2009 £'000</b>	<b>30 September 2008 £'000</b>
Total admissible assets (long term) F13:89	41,598	41,943
Less:		
Mathematical reserves, after distribution of surplus (long term) F14:11	-	-
<u>Total other insurance and non-insurance liabilities (long term) F14:49</u>	<u>-</u>	<u>-</u>
Net admissible assets	41,598	41,943
Less:		
<u>Capital requirements of regulated related undertakings F2:35</u>	<u>-</u>	<u>-</u>
<u>Total capital resources after deductions F3:79</u>	<u>41,598</u>	<u>41,943</u>

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

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

#### **\*1312\* Large counterparty exposure**

As at 30 September 2009 the Company had the following 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):

<b>Counterparty</b>	<b>Nature of Assets</b>	<b>Exposure £'000</b>
Bank of Montreal	Deposits	3,403
ING Bank N.V.	Deposits	3,003
Rabobank International	Deposits	3,523

## Returns under the Accounts and Statements Rules

### Supplementary notes

Global business

Name of company **THE STANDARD LIFE ASSURANCE COMPANY 2006**

Financial year ended **30 September 2009**

#### **\*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 £8,320,000. This limit was not exceeded during the year.

The maximum extent to which, in accordance with the above investment guidelines, the Company was permitted to be exposed to any one counterparty, other than by way of exposure to an approved counterparty, during the year was £2,080,000. This limit was not exceeded during the year.

#### **\*1401\* 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 any positions that are valued using third-party valuations or by marking-to-model.

#### **\*1402\* Contingent liabilities and guarantees**

There were no charges over assets.

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

Contingent liabilities could arise from legal proceedings the Company is subjected to, like other insurers, 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.

There were no guarantees, indemnities or contractual commitments effected by the Company other than in the ordinary course of its insurance business.

#### **\*1406\* Increase or decrease in the value of non-linked assets**

The decrease in the value of non-linked assets brought into account was £375,000 (2008: £118,000).

## Returns under the Accounts and Statements Rules

### Supplementary notes

Global business

Name of company       **THE STANDARD LIFE ASSURANCE COMPANY 2006**

Financial year ended   **30 September 2009**

#### **\*1500\* Liabilities (other than long term insurance business)**

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

#### **\*1600\* Profit and loss account (non-technical account)**

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

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

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

#### **\*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 financial 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.

#### **\*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 Assurance Limited

Standard Life Employee Services Limited

#### **\*4100\* Analysis of premiums**

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

#### **\*4200\* Analysis of claims**

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

#### **\*4300\* Analysis of expenses**

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

#### **\*4400\* Linked funds balance sheet**

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

## Returns under the Accounts and Statements Rules

### Supplementary notes

Global business

Name of company      **THE STANDARD LIFE ASSURANCE COMPANY 2006**

Financial year ended    **30 September 2009**

#### **\*4500\* Revenue for internal linked funds**

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

#### **\*4600\* Summary of new business**

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

#### **\*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**

As at the valuation date the Company held no fixed-interest securities with optional redemption dates.

#### **\*4806\* Assets used to calculate the investment returns**

The return shown against each asset class is the aggregate return on the portfolio since the previous valuation.

#### **\*5000\* Summary of mathematical reserves**

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

#### **\*5800\* Distribution of surplus**

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

## Returns under the Accounts and Statements Rules

### Additional information on derivative contracts

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

Name of company                      **THE STANDARD LIFE ASSURANCE COMPANY 2006**  
Year ended                              **30 September 2009**

- 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 company       **THE STANDARD LIFE ASSURANCE COMPANY 2006**  
Global business  
Financial year ended   **30 September 2009**

The persons who, to the knowledge of the Company, were controllers at any time during the period from 1 October 2008 to 30 September 2009 were Standard Life Assurance Limited and Standard Life plc, which remained controllers at 30 September 2009.

As at 30 September 2009, Standard Life Assurance Limited was the sole member of the Company and was able to exercise 100% of the voting power at any general meeting.

As at 30 September 2009, 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 company           **THE STANDARD LIFE ASSURANCE COMPANY 2006**  
Global business  
Financial year ended      **30 September 2009**

#### 1. Introduction

1. (1) The valuation date (the date to which the investigation relates) is 30 September 2009.
1. (2) The previous investigation related to 30 September 2008.
1. (3) There have been no interim valuations (for the purposes of rule 9.4) carried out since 30 September 2008.

#### 2. Product range

##### Demutualisation

The Company demutualised on 10 July 2006. All the existing business from the mutual, The Standard Life Assurance Company (SLAC), was transferred to Standard Life Assurance Limited (SLAL) with the exception of some small amounts of Canadian business. Approval to transfer this business was subsequently granted and this residual business was transferred out of the Company during the 12 months ending 30 September 2007.

No further changes have occurred during this reporting period.

##### New products

There were no new products launched during the report period.

##### Products closed to new business

There were no existing products closed to new business during the report period.

##### Products altered

There were no alterations to existing products made during the report period.

##### Change to options or guarantees

There were no changes made to options or guarantees under existing products in the report period.

##### Change to charging methods

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

##### New bonus series

There were no changes made to bonus series during the report period.

#### 3. Discretionary charges and benefits

The Company held no contracts during the report period where discretionary charges and benefits would apply and therefore no further information is required.

#### 4. Valuation basis (other than for special reserves)

Only information relating to groups of products where either the gross mathematical reserves (before any reinsurance) or the gross annual premiums exceed the lesser of £10m and 1% of the total gross mathematical reserves is required.

The Company held only one Capital Redemption Policy as at the date of valuation. This policy has a negligible reserve (less than £500) and therefore no basis information is required.

## Returns under the Accounts and Statements Rules

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

Name of company           **THE STANDARD LIFE ASSURANCE COMPANY 2006**  
Global business  
Financial year ended      **30 September 2009**

#### **5. Options and guarantees**

Only information relating to products with options or guarantees where the basic reserve exceeds the lesser of £10m and 1% of the total gross mathematical reserves is required. The Capital Redemption Policy has a negligible reserve and no options or guarantees information is required.

#### **6. Expense reserves**

6. (1) The aggregate amount of expense loadings at the date of valuation is zero.

#### **7. Mismatching reserve**

7. (1) The sums of reserves and deposits received from reinsurers are all zero.

7. (2) There are no liabilities grouped together under “other currencies”.

7. (3) No reserve is held to cover currency mismatching because there is no material currency mismatch.

7. (4) For the purposes of calculating the Resilience Capital Requirement under INSPRU 3.1.10R, the liabilities were considered under a wide range of interest rates, from 0.1% to 5%. In all cases, the liabilities were nil (rounded to the nearest thousand).

7. (5) For the purposes of calculating the resilience capital requirement, there are no assets invested outside the UK.

7. (6)

(a) There is no Resilience Capital Requirement.

(b) The change in the value of long-term insurance liabilities was negligible.

(c) The change in the value of assets was negligible, reflecting the assets hypothecated to the liabilities.

7. (7) No further reserve is required as a result of the test on assets in INSPRU 1.1.34R.

#### **8. Other special reserves**

There are no special reserves.

#### **9. Reinsurance**

##### **9. (1) Facultative reinsurance**

Following the transfer of the Canadian annuities in respect of Structured Settlements during a previous reporting period no business was ceded to reinsurers on a facultative basis who were not authorised to carry on business in the United Kingdom (or who were not EEA authorised) at any time during the report period.

##### **9. (2) Reinsurance treaties**

The Company had no inforce reinsurance treaties at the valuation date, and in particular, the Company has ceded no business under financing arrangements.

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

The only with profits policy is a Capital Redemption policy. It was inforce throughout the report period and has zero reversionary bonus.

## Returns under the Accounts and Statements Rules

### Statement of information on the actuary who has been appointed to perform the with-profits actuary function required by IPRU (INS) 9.36.

Name of company           **THE STANDARD LIFE ASSURANCE COMPANY 2006**  
Global business  
Financial year ended   **30 September 2009**

The Company has requested the actuary to furnish the following particulars in respect of the financial year to 30 September 2009.

- (a) At 30 September 2009, Mr Morrison and his spouse had a direct interest in 7,432 shares in Standard Life PLC, the ultimate parent company of SLAC 2006.
- (b) Mr Morrison and his spouse had five joint contracts in force with the Company, for a sum assured of £190,303 and a guaranteed minimum death benefit of £192,510, reversionary bonus of £7,034 and a total annual premium of £1,046. In addition, Mr Morrison's spouse had two contracts which had a total fund value of £69,310 as at 30 September 2009.
- (c) Mr Morrison and his spouse received a total remuneration during the financial year ended 30 September 2009 of £256,684 including benefits in kind.
- (d) Mr Morrison and his spouse were members of The Standard Life Staff Pension Scheme which entitled them to specified benefits in common with other eligible employees.

Mr Morrison had no other pecuniary interest in the Company.



## Returns under the Accounts and Statements Rules

### Certificate by the directors required by IPRU (INS) 9.34(1) and IPRU (INS) Appendix 9.6

Name of company           **THE STANDARD LIFE ASSURANCE COMPANY 2006**  
Global business  
Financial year ended      **30 September 2009**

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;<sup>1</sup>
  - (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; and
    - (ii) advice from the actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.

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<sup>1</sup> The insurer has been granted a waiver under FSA reference 955577 from Section 20.3 of the COBS Rules. Accordingly the statement regarding compliance with the Principles and Practices of Financial Management has been omitted.



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

### **Report of the auditors to the directors pursuant to rule 9.35**

Name of company       **THE STANDARD LIFE ASSURANCE COMPANY 2006**  
Global Business  
Financial year ended   **30 September 2009**

We have examined the following documents prepared by the company 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 Insurance Prudential Sourcebook ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13, 14, 40, 48, 49 and 60, (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 ("the Statement"); and
- the statements, analysis and reports required by IPRU(INS) rule 9.31 (a) ("the valuation report").

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

- Form 51 (including the supplementary notes) ;
- the statements required IPRU(INS) by rules 9.30 and 9.36; and
- the certificate required by IPRU(INS) rule 9.34 ("the certificate").

### **Respective responsibilities of the company and its auditors**

The company is responsible for the preparation of an annual return including the Forms, the Statement, the valuation report, the forms and statements not examined by us and the certificate under the provisions of the Rules. The requirements of the Rules have been modified by waivers issued under section 148 of the Financial Services and Markets Act 2000 on 15 October 2008 and an Order granted under Section 68 of the Insurance Companies Act 1982 on 4 November 1996 and carried forward at commencement of FSMA 2000 under transitional provisions set out in the Supervision Manual. Under IPRU(INS) rule 9.11 the Forms, the Statement, valuation report, the forms and statements not examined by us and the certificate 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 company and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with IPRU(INS) rule 9.31 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 opinions to you. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information we require for our examination. This report has been prepared for the directors of The Standard Life Assurance Company 2006 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.

### **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 company for the financial year. It also included an assessment of the

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

### **Report of the auditors to the directors pursuant to rule 9.35**

Name of company       **THE STANDARD LIFE ASSURANCE COMPANY 2006**  
Global Business  
Financial year ended   **30 September 2009**

significant estimates and judgements made by the company 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, 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 prepared in accordance with IPRU(INS) rule 9.31 appropriately reflect the requirements of INSPRU 1.2.

PricewaterhouseCoopers LLP

Chartered Accountants

Date