



# **Standard Life Pension Funds Limited**

**Annual FSA Insurance Returns  
for the year ended 31 December 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	3
Form 3	Components of capital resources	5
Form 13	Analysis of admissible assets	8
Form 14	Long term insurance business liabilities and margins	14
Form 15	Liabilities (other than long term insurance business)	15
Form 16	Profit and loss account (non-technical account)	16
Form 17	Analysis of derivative contracts	17

### Appendix 9.3 Long Term Insurance Business

Form 40	Revenue account	18
Form 41	Analysis of premiums	19
Form 42	Analysis of claims	20
Form 43	Analysis of expenses	21
Form 46	Summary of new business	22
Form 47	Analysis of new business	23
Form 48	Assets not held to match linked liabilities	24
Form 50	Summary of mathematical reserves	25
Form 51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	26
Form 53	Valuation summary of property linked contracts	28
Form 58	Distribution of surplus	30
Form 60	Long-term insurance capital requirement	31
	Supplementary notes to the return	32
	Additional information on derivative contracts	39
	Additional information on controllers	40

### Appendix 9.4

	Abstract of the Valuation Report	41
	Statement of information on the with-profits actuary	46

### Appendix 9.6

	Directors' Certificate	47
	Auditor's Report	49



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

Global business

Financial year ended **31 December 2009**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	<b>R2</b>	<b>46447</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</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>		
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>	66201	67514
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	66201	67514

**Guarantee fund**

Guarantee fund requirement	<b>21</b>	3128	2518
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>	63073	64996

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>	1362	1917
Resilience capital requirement	<b>32</b>		
Base capital resources requirement	<b>33</b>	3128	2518
Individual minimum capital requirement	<b>34</b>	3128	2518
Capital requirements of regulated related undertakings	<b>35</b>		
Minimum capital requirement (34+35)	<b>36</b>	3128	2518
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>	64637	66255
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>	63855	65626

**Enhanced capital requirement**

With-profits insurance capital component	<b>39</b>		
Enhanced capital requirement	<b>40</b>	1362	1917

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>	3128	2518
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	63073	64996

**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**

**Form 2**

Name of insurer      **Standard Life Pension Funds Limited**

Global business

Financial year ended    **31 December 2009**

**Director**

.....  
**J Black**

**Director**

.....  
**J GILL**

**Company Secretary**

.....  
**G McGOVERN**

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

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day month year			Units	
	<b>R3</b>	<b>46447</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</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>	

**Core tier one capital**

Permanent share capital	<b>11</b>					
Profit and loss account and other reserves	<b>12</b>		66201	66201	67514	
Share premium account	<b>13</b>					
Positive valuation differences	<b>14</b>					
Fund for future appropriations	<b>15</b>					
Core tier one capital in related undertakings	<b>16</b>					
Core tier one capital (sum of 11 to 16)	<b>19</b>		66201	66201	67514	

**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>		66201	66201	67514	
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>		66201	66201	67514	

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

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day month year			Units
<b>R3</b>	<b>46447</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</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 Pension Funds Limited**

Global business

Financial year ended **31 December 2009**

	Company registration number	GL/ UK/ CM	day	month	year	Units
<b>R3</b>	<b>46447</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</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>		66201	66201	67514
Inadmissible assets other than intangibles and own shares	<b>73</b>				
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>		66201	66201	67514

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

Available capital resources for guarantee fund requirement	<b>81</b>		66201	66201	67514
Available capital resources for 50% MCR requirement	<b>82</b>		66201	66201	67514
Available capital resources for 75% MCR requirement	<b>83</b>		66201	66201	67514

**Financial engineering adjustments**

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

**Analysis of admissible assets**Name of insurer **Standard Life Pension Funds Limited**

Global business

Financial year ended **31 December 2009**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>46447</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</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>	64559	67487
Rights under derivative contracts	<b>44</b>	622	1668
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>	1697
	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 Pension Funds Limited**

Global business

Financial year ended **31 December 2009**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>46447</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</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>	1747
	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>	561	560
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	8
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>	67490	71420
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**Analysis of admissible assets**Name of insurer **Standard Life Pension Funds Limited**

Global business

Financial year ended **31 December 2009**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	46447	GL	31	12	2009	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

**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)	91	67490	71420
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		(7)
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)	102	67490	71413
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

**Analysis of admissible assets**Name of insurer **Standard Life Pension Funds Limited**

Global business

Financial year ended **31 December 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>46447</b>	<b>GL</b>	<b>31</b>	<b>12</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>		6678
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>	14036
	More than one month withdrawal	<b>55</b>	6570
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 Pension Funds Limited**

Global business

Financial year ended **31 December 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>46447</b>	<b>GL</b>	<b>31</b>	<b>12</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>	

**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>	5698	4737
	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>	116	7
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>		21
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>	19850	18013
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**Analysis of admissible assets**Name of insurer **Standard Life Pension Funds Limited**

Global business

Financial year ended **31 December 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>46447</b>	<b>GL</b>	<b>31</b>	<b>12</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>	19850	18013
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>	1010460	822468
Other asset adjustments (may be negative)	<b>101</b>	(5)	(5)
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>	1030305	840476
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 Pension Funds Limited**

Global business

Financial year ended **31 December 2009**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
---------------------------------------------	-------------------------------------------

Mathematical reserves, after distribution of surplus	<b>11</b>	14373	13284
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>	14373	13284
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>	5477 4729
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>	5477	4729
Excess of the value of net admissible assets	<b>51</b>		
Total liabilities and margins	<b>59</b>	19850	18013

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	5477	4729
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>	19850	18013
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>	1010460	822468
Other adjustments to liabilities (may be negative)	<b>74</b>	(5)	(5)
Capital and reserves and fund for future appropriations	<b>75</b>		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	<b>76</b>	1030305	840476

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

Global business

Financial year ended **31 December 2009**

R15	Company registration number 46447	GL/ UK/ CM	day month year			Units £000
			31	12	2009	
			As at end of this financial year		As at end of the previous year	
			1		2	

**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>	558	536
Creditors	Taxation	<b>47</b>		1610
	Foreseeable dividend	<b>48</b>		
	Other	<b>49</b>	681	1710
Accruals and deferred income		<b>51</b>		
Total (19 to 51)		<b>59</b>	1239	3856
Provision for "reasonably foreseeable adverse variations"		<b>61</b>		
Cumulative preference share capital		<b>62</b>		
Subordinated loan capital		<b>63</b>	50	50
Total (59 to 63)		<b>69</b>	1289	3906

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	<b>71</b>	37	37
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Amounts deducted from technical provisions for discounting	<b>82</b>		
Other adjustments (may be negative)	<b>83</b>	(50)	(57)
Capital and reserves	<b>84</b>	66251	67564
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>	67490	71413

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

Global business

Financial year ended **31 December 2009**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	46447	GL	31	12	2009	£000
				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			2786		2734
	Value re-adjustments on investments		15					6093
	Gains on the realisation of investments		16			76		256
Investment charges	Investment management charges, including interest		17					190
	Value re-adjustments on investments		18			3975		
	Loss on the realisation of investments		19					82
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					(23)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			(1113)		8788
Tax on profit or loss on ordinary activities			31			200		2143
Profit or loss on ordinary activities after tax (29-31)			39			(1313)		6645
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			(1313)		6645
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59			(1313)		6645

**Analysis of derivative contracts**Name of insurer **Standard Life Pension Funds Limited**

Global business

Financial year ended **31 December 2009**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>R17</b>	<b>46447</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2009</b>	<b>£000</b>	<b>1</b>
<b>Derivative contracts</b>		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets		Liabilities		Bought / Long		Sold / Short	
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>				
Futures and contracts for differences	Fixed-interest securities	<b>11</b>							
	Interest rates	<b>12</b>	622			6837			
	Inflation	<b>13</b>							
	Credit index / basket	<b>14</b>							
	Credit single name	<b>15</b>							
	Equity index	<b>16</b>							
	Equity stock	<b>17</b>							
	Land	<b>18</b>							
	Currencies	<b>19</b>							
	Mortality	<b>20</b>							
	Other	<b>21</b>							
In the money options	Swaptions	<b>31</b>							
	Equity index calls	<b>32</b>							
	Equity stock calls	<b>33</b>							
	Equity index puts	<b>34</b>							
	Equity stock puts	<b>35</b>							
	Other	<b>36</b>							
Out of the money options	Swaptions	<b>41</b>							
	Equity index calls	<b>42</b>							
	Equity stock calls	<b>43</b>							
	Equity index puts	<b>44</b>							
	Equity stock puts	<b>45</b>							
	Other	<b>46</b>							
Total (11 to 46)		<b>51</b>	622			6837			
Adjustment for variation margin		<b>52</b>							
Total (51 + 52)		<b>53</b>	622						

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

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

Name of insurer **Standard Life Pension Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 Financial year ended **31 December 2009**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11	2555	3992
Investment income receivable before deduction of tax	12	80	627
Increase (decrease) in the value of non-linked assets brought into account	13		
Increase (decrease) in the value of linked assets	14		
Other income	15	18761	19850
<b>Total income</b>	<b>19</b>	<b>21396</b>	<b>24469</b>

**Expenditure**

Claims incurred	21	1419	2405
Expenses payable	22	18888	20050
Interest payable before the deduction of tax	23		
Taxation	24		
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>20307</b>	<b>22455</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1089	2014
Fund brought forward	49	13284	11270
Fund carried forward (39+49)	59	14373	13284

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

Name of insurer **Standard Life Pension Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 Financial year ended **31 December 2009**  
 Units **£000**

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

**Gross**

Regular premiums	11		2555		2555	3992
Single premiums	12		85649		85649	97522

**Reinsurance - external**

Regular premiums	13					
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16		85649		85649	97522

**Net of reinsurance**

Regular premiums	17		2555		2555	3992
Single premiums	18					

**Total**

Gross	19		88204		88204	101514
Reinsurance	20		85649		85649	97522
Net	21		2555		2555	3992

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

Name of insurer **Standard Life Pension Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 Financial year ended **31 December 2009**  
 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		1419	1419	2405
Disability periodic payments	12				
Surrender or partial surrender	13		62416	62416	54094
Annuity payments	14		690	690	689
Lump sums on maturity	15				
<b>Total</b>	<b>16</b>		<b>64525</b>	<b>64525</b>	<b>57188</b>

**Reinsurance - external**

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

**Reinsurance - intra-group**

Death or disability lump sums	31				
Disability periodic payments	32				
Surrender or partial surrender	33		62416	62416	54094
Annuity payments	34		690	690	689
Lump sums on maturity	35				
<b>Total</b>	<b>36</b>		<b>63106</b>	<b>63106</b>	<b>54783</b>

**Net of reinsurance**

Death or disability lump sums	41		1419	1419	2405
Disability periodic payments	42				
Surrender or partial surrender	43				
Annuity payments	44				
Lump sums on maturity	45				
<b>Total</b>	<b>46</b>		<b>1419</b>	<b>1419</b>	<b>2405</b>

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

Name of insurer **Standard Life Pension Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 Financial year ended **31 December 2009**  
 Units **£000**

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

**Gross**

Commission - acquisition	11				
Commission - other	12		47	47	81
Management - acquisition	13				
Management - maintenance	14		18841	18841	19969
Management - other	15				
<b>Total</b>	<b>16</b>		<b>18888</b>	<b>18888</b>	<b>20050</b>

**Reinsurance - external**

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

**Reinsurance - intra-group**

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

**Net of reinsurance**

Commission - acquisition	41				
Commission - other	42		47	47	81
Management - acquisition	43				
Management - maintenance	44		18841	18841	19969
Management - other	45				
<b>Total</b>	<b>46</b>		<b>18888</b>	<b>18888</b>	<b>20050</b>

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

Name of insurer **Standard Life Pension Funds Limited**  
 Total business  
 Financial year ended **31 December 2009**  
 Units **£000**

UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
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**Number of new policyholders/  
scheme members for direct  
insurance business**

Regular premium business	11				
Single premium business	12				
<b>Total</b>	<b>13</b>				

**Amount of new regular  
premiums**

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

**Amount of new single  
premiums**

Direct insurance business	25		85649		85649	97450
External reinsurance	26					
Intra-group reinsurance	27					
<b>Total</b>	<b>28</b>		85649		85649	97450



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

Name of insurer **Standard Life Pension Funds Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 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					
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	19850	19850	99	0.50	
<b>Total</b>	<b>29</b>	<b>19850</b>	<b>19850</b>	<b>99</b>	<b>0.50</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 : Summary of mathematical reserves

Name of insurer **Standard Life Pension Funds Limited**Total business / subfund **Ordinary Long Term**Financial year ended **31 December 2009**

Units

**£000**

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

**Gross**

Form 51 - with-profits	11		5373		5373	13284
Form 51 - non-profit	12		7195		7195	6661
Form 52	13					
Form 53 - linked	14		1003264		1003264	815807
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
<b>Total</b>	<b>18</b>		<b>1015833</b>		<b>1015833</b>	<b>835753</b>

**Reinsurance - external**

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

**Reinsurance - intra-group**

Form 51 - with-profits	31					
Form 51 - non-profit	32		7195		7195	6661
Form 52	33					
Form 53 - linked	34		1003264		1003264	815807
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
<b>Total</b>	<b>38</b>		<b>1010460</b>		<b>1010460</b>	<b>822468</b>

**Net of reinsurance**

Form 51 - with-profits	41		5373		5373	13284
Form 51 - non-profit	42					
Form 52	43					
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
<b>Total</b>	<b>48</b>		<b>5373</b>		<b>5373</b>	<b>13284</b>









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

Name of insurer **Standard Life Pension Funds Limited**  
 Total business / subfund **Ordinary Long Term**  
 Financial year ended **31 December 2009**  
 Units **£000**

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

Fund carried forward	11	14373	13284
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	14373	13284
Mathematical reserves	21	5373	13284
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	9000	

**Composition of surplus**

Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	9000	
Total	39	9000	

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44	9000	
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	9000	
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48	9000	
Surplus carried forward	49		
Total (48+49)	59	9000	

**Percentage of distributed surplus allocated to policyholders**

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

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

Global business

Financial year ended **31 December 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%	643105	643105	1.00	643	1271
Classes I (other), II and IX	13	0.15%					
Classes I (other), II and IX	14	0.3%					
Classes III, VII and VIII	15	0.3%					
<b>Total</b>	<b>16</b>		643105	643105		643	1271

**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%	19868	12672	0.85	169	137
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>					169	137

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	21569	14373	0.85	550	509
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%	1003264				
Class IV (other)	46	3%					
Class V	47	0%					
Class VI	48	3%					
<b>Total</b>	<b>49</b>		1024833	14373		550	509

<b>Long term insurance capital requirement</b>	<b>51</b>					1362	1917
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## Returns under the Accounts and Statements Rules

### Supplementary notes

Name of company **STANDARD LIFE PENSION FUNDS LIMITED**

Financial year ended **31 December 2009**

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

	<b>2009</b>	<b>2008</b>
	£'000	£'000
Total admissible assets (long term) F13:89	19,850	18,013
Total admissible assets (other than long term) F13:89	67,490	71,420
Less:		
Mathematical reserves, after distribution of surplus (long term) F14:11	(14,373)	(13,284)
Total other insurance and non-insurance liabilities (long term) F14:49	(5,477)	(4,729)
Total liabilities (other than long term) F15:69	(1,289)	(3,906)
Net admissible assets	66,201	67,514
<u>Total capital resources after deductions F3:79</u>	<u>66,201</u>	<u>67,514</u>

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

	<b>2009</b>	<b>2008</b>
	£'000	£'000
Profit and loss account and other reserves brought forward F3:12 column 4	67,514	60,869
Profit/(loss) retained for the year F16:59	(1,313)	6,645
<u>Profit and loss account and other reserves carried forward F3:12 column 3</u>	<u>66,201</u>	<u>67,514</u>

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

The aggregate value of unlisted investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with the rules in GENPRU 1.3 was £nil (2008: £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 (2008: £nil).

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

The aggregate value of hybrid securities included at lines 46 or 48 was £nil (2008: £nil).

#### **\*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.

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*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 £17,458,000. 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 £4,364,500. This limit was not exceeded during the year.

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

As at 31 December 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>
Rabobank	Deposits	3,806
BNP Paribas	Deposits	3,470
Abbey National	Deposits	3,344
Commonwealth Bank of Australia	Deposits	3,416

#### **\*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 £660,000 (2008: £1,660,000).

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

The following adjustments were included at line 101 of the Shareholder Fund:

	<b>2009 £'000</b>	<b>2008 £'000</b>
<u>Grossing up of debtors and creditors</u>	-	(7)

## Returns under the Accounts and Statements Rules

### Supplementary notes

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

	<b>2009</b> £'000	<b>2008</b> £'000
Grossing up of debtors and creditors	(5)	(5)

#### **\*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**

There were no charges over assets.

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

The Company, like other insurers is subject to legal proceedings and complaints in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on the results and financial position of the Company.

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>2009</b> £'000	<b>2008</b> £'000
Grossing up of debtors and creditors	(5)	(5)

## Returns under the Accounts and Statements Rules

### Supplementary notes

#### **\*1507\* Other adjustments to liabilities**

The following adjustments were included at line 83:

	<b>2009</b>	<b>2008</b>
	£'000	£'000
Loan capital	(50)	(50)
Grossing up of debtors and creditors	-	(7)
	<u>(50)</u>	<u>(57)</u>

The loan capital of £50,000 provided by the Company's parent undertaking forms part of equity in the Company's statutory accounts prepared under international accounting standards. The loan capital does not, however, meet the definition of capital and reserves for the purposes of the FSA return and has therefore been included at line 63 (subordinated loan capital). The loan capital is non-interest bearing, repayable only on liquidation and ranks after all other creditors.

#### **\*1601 and 4005\* Basis of conversion of foreign currency**

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 long term insurance business assets' as all entries would be blank.

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

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

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

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

#### **\*4002\* Other income**

Other income reported at line 15 represents fund management income from third party funds under management.

#### **\*4008\* Provision of management services**

During the year arrangements have been in place for the Company to be provided with management services by the following companies:

## Returns under the Accounts and Statements Rules

### Supplementary notes

Standard Life Assurance Limited

Standard Life Investments Limited

During the financial year arrangements have been in place for the Company to provide management services to the following companies:

Standard Life Assurance Limited

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

The Company transacts United Kingdom pension fund business and provides management services for pension funds based in the United Kingdom and the Republic of Ireland. Group life assurance contracts in respect of United Kingdom pension business undertaken by Standard Life Assurance Limited (the Company's parent undertaking) are reinsured with the Company. Net premiums less claims on reinsurance accepted during the year amounted to income of £1,136,000 for the Company.

The Company also reinsures unitised pensions business to Standard Life Investment Funds Limited (a fellow subsidiary of Standard Life Assurance Limited) on an original terms basis. Net premiums less claims and charges on reinsurance ceded during the year amounted to income of £22,950,000 for the Company.

Standard Life Investments Limited, a fellow Group subsidiary, provides the Company with management services in respect of these pension funds. Total investment management fees paid by the Company during the year amounted to £18,589,000.

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

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

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

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

#### **\*4701\* Group schemes**

There are 6 new Pensions Management contracts which have no records of benefits at member level.

#### **\*4802\* Treatment of expected income where interest in default**

Expected income from admissible assets not held to match linked liabilities is stated net of provision against any expected income where the payment of interest is in default. The amount of interest provided against was £ nil.

#### **\*4900\* Fixed and variable interest assets**

This form has been omitted since the fixed interest securities are approved securities.

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

### **Supplementary notes**

#### **\*5101\* Group schemes**

There are 38 Pensions Management contracts which have no records of benefits at member level.

#### **\*5103\* Miscellaneous conventional with-profits**

Product Code number 205 - Miscellaneous conventional with-profits – Life Assurance: this represents Group Life business including provision for potential triennial bonus.

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

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

#### **\*5301\* Group schemes**

Product code number 755: there are 4 Trustee Investment Plans which have no records of benefits at member level.

#### **\*5400\* Valuation summary of index linked contracts**

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

#### **\*5500\* Unit prices for internal linked funds**

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

#### **\*5600\* Index linked business**

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

#### **\*5700\* Analysis of valuation interest rate**

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

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

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

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

### **Supplementary notes**

#### **\*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. Under the Group Life business, accepted as reinsured from Standard Life Assurance Limited, the expense risk component is not reinsured to the Company. 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.



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

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

Name of company        **STANDARD LIFE PENSION FUNDS LIMITED**  
Global business  
Financial year ended    **31 December 2009**

The controllers during the year to 31 December 2009 were Standard Life Assurance Limited and Standard Life plc, which remained controllers at 31 December 2009.

As at 31 December 2009, Standard Life Assurance Limited was the immediate controller of the Company and was able to exercise 100% of the voting power at any general meeting.

As at 31 December 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           **STANDARD LIFE PENSION FUNDS LIMITED**  
Global business  
Financial year ended       **31 December 2009**

#### 1. Introduction

1. (1) The valuation date (the date to which the investigation relates) is 31 December 2009.
1. (2) The previous investigation related to 31 December 2008.
1. (3) There have been no interim valuations (for the purposes of rule 9.4) carried out since 31 December 2008.

#### 2. Product range

The assurance contract reported on Form 51 results from an agreement into which the Company has entered with its parent company, Standard Life Assurance Limited. Under this agreement the Company will automatically accept, on the terms that have been applied in accordance with the principal contract, reinsurance of all or part of the group life assurance benefits under some contracts issued by Standard Life Assurance Limited. Rates of premium for group life assurance contracts issued by the parent company are generally guaranteed for a period of at most two years from the outset.

The reinsurance agreement provides that the parent company undertakes to meet the associated expenses of the Company in return for the premium loadings and charges provided for in the principal contracts.

The Company issues Pensions Management contracts under which investments are managed on behalf of the policyholder in return for a fee. An administration service may also be provided. The premium income from each Pensions Management contract is invested in a separate Segregated Fund, the general investment policy for which is determined individually in conjunction with the Trustees of the Pension Scheme.

The Company issues a limited number of Trustee Investment Plan contracts that are wholly reassured to Standard Life Investment Funds Limited.

The Company also writes group annuity business, which is reassured with Standard Life Assurance Limited.

The Company has only one long-term business fund. The Company is open to new with profits business under the group life assurance contracts issued by the parent company and reassured under the reinsurance agreement described above and is open to new non-profit business as described above.

#### 3. Discretionary charges and benefits

3. (1) Market Value Reductions are not applicable.
3. (2) No changes to premium rates for the group life assurance business were made during the report period.
3. (3) The Company has no products providing non-profit deposit administration benefits.

## Returns under the Accounts and Statements Rules

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

Name of company           **STANDARD LIFE PENSION FUNDS LIMITED**  
Global business  
Financial year ended      **31 December 2009**

3. (4) There are no service charges on the linked Trustee Investment Plans.

3. (5) There are no benefit charges on the linked Trustee Investment Plans.

#### **3. (6) Changes to unit management charges, or notional charges to accumulating with profits policies**

The Company has no accumulating with profits policies. There have been no changes to unit management charges on the linked Trustee Investment Plans.

3. (7) – 3. (10) The only internal linked funds are those available for the linked Trustee Investment Plans. These policies are reassured to Standard Life Investment Funds Limited on an original terms basis. Information on the unit pricing of the internal linked funds available to these policies may be found in the Appendix 9.4 for Standard Life Investment Funds Limited.

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

The only product groups for which the gross mathematical reserves or gross annual premiums exceed the lesser of £10m and 1% of the total gross mathematical reserves are the Trustee Investment Plans and the group life business.

4. (1) For group life assurance benefits reassured from Standard Life Assurance Limited, reserves have been held equal to one year's premium. Further reserves have also been held to provide against fluctuations in experience and the cost of future bonuses. The reserves are no less than those that would have resulted from the use of a prospective method. A prospective calculation of the present value of benefits and expenses less future premiums will typically be negative, as premiums have been set at levels such that surpluses are expected to arise, and have done so over at least the last ten years.

The Trustee Investment Plan business is wholly reassured to Standard Life Investment Funds Limited. The gross reserve is calculated as the value of units.

4. (2) No interest rates were used in the valuation of the Trustee Investment Plan or group life business.

4. (3) A deduction from the yield to allow for risk of default was not considered necessary as the only assets held by the Company in the Ordinary Long Term Pension Fund were cash. At the valuation date the Company held no investments in gilts, equity shares or property within the Ordinary Long Term Pension Fund.

4. (4) No mortality bases were used in the valuation of the Trustee Investment Plan or group life business.

4. (5) No morbidity bases were used in the valuation.

4. (6) This section is not applicable since expenses are met by the parent company, and by Standard Life Investment Funds Limited in respect of the Trustee Investment Plans.

## Returns under the Accounts and Statements Rules

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

Name of company           **STANDARD LIFE PENSION FUNDS LIMITED**  
Global business  
Financial year ended      **31 December 2009**

4. (7) Not applicable.

4. (8) Not applicable.

4. (9) No assumptions were made for lapses, surrenders or policies being made paid-up.

4. (10) 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) No specific allowance has been made for derivative contracts in the determination of the amount of the long-term liabilities.

4. (12) No changes were made to valuation methodology arising from changes in INSPRU valuation rules effective from 31 December 2006.

### 5. Options and guarantees

The Company has no liability for any options or guarantees.

### 6. Expense reserves

Under the terms of the agreements described earlier, this section is not applicable since the expenses of the Company are met by the parent company, and by Standard Life Investment Funds Limited in respect of the Trustee Investment Plans.

### 7. Mismatching reserves

7. (1) & (2) All liabilities (other than for property-linked benefits) and the corresponding matching assets are denominated in sterling.

7. (3) No reserve for currency mismatching is required.

7. (4) Both scenarios under INSPRU 3.1.16R had the same impact as all assets backing the liabilities were invested in cash.

7. (5) Not applicable.

7. (6) No Resilience Capital Requirement was required. The aggregate amount of long-term liabilities reduced by £0. The aggregate amount by which the assets allocated to match these liabilities changed in value under the scenario from that shown on Form 13 was £0.

7. (7) No further reserve has been made arising from the test on assets in INSPRU 1.1.34R(2). Additional reserves are already held to provide against fluctuations in experience.

## Returns under the Accounts and Statements Rules

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

Name of company           **STANDARD LIFE PENSION FUNDS LIMITED**  
Global business  
Financial year ended      **31 December 2009**

#### 8. Other special reserves

There are no other special reserves.

#### 9. Reinsurance

9. (1) The Company ceded no business on a facultative basis to reinsurers who were not authorised to carry on business in the United Kingdom at any time during the report period.

9. (2)

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.

The Company has ceded no business under financing arrangements.

[i] The Company has entered into an agreement with Standard Life Assurance Limited under which the parent company automatically accepts reinsurance, on the terms that have been applied by the Company in accordance with the principal contract, of all annuities that are secured under group annuity contracts issued by the Company and guarantees to pay the associated annuities direct.

No premiums were payable by the Company under the agreement in the report period. There is no associated deposit back arrangement. The agreement is open to new business. The Company has no undischarged obligation. The amount of mathematical reserves ceded under the treaty was £7.2m. The Company has no retention.

Standard Life Assurance Limited is authorised to carry on insurance business in the United Kingdom and is the parent of the Company. There are no material contingencies to which the agreement is subject. The Company has no liability to refund reinsurance commission in the event of the lapse or surrender of the contracts reinsured.

[ii] The Company has entered into an agreement with Standard Life Investment Funds Limited under which the latter company accepts reinsurance on original terms of certain Trustee Investment Plan business written by the Company.

Premiums of £86m were payable by the Company under the agreement in the report period. There is no associated deposit back arrangement. The agreement is open to new business. The Company has no undischarged obligation. The amount of mathematical reserves ceded under the treaty was £1,003.3m. The Company has no retention.

Standard Life Investment Funds Limited is authorised to carry on insurance business in the United Kingdom and is a subsidiary of Standard Life Assurance Limited, the parent of the Company. There are no material contingencies to which the agreement is subject. The Company has no liability to refund reinsurance commission in the event of the lapse or surrender of the contracts reinsured.

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

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

Name of company           **STANDARD LIFE PENSION FUNDS LIMITED**  
Global business  
Financial year ended   **31 December 2009**

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

No annual bonuses are paid in respect of the with profits group life assurance contracts. A cash bonus has been declared which was calculated by reference to the surplus arising in the fund over the last triennium.

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

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

Name of company           **STANDARD LIFE PENSION FUNDS LIMITED**

Financial year ended      **31 December 2009**

The Company has requested the actuary to furnish the following particulars in respect of the financial year to 31 December 2009.

- (a) At 31 December 2009, Mr Morrison and his spouse had a direct interest in 7,940 shares in Standard Life PLC, the ultimate parent company of Standard Life Pension Funds Limited.
- (b) Mr Morrison and his spouse had five joint contracts in force with Standard Life Assurance Limited, the parent company of Standard Life Pension Funds Limited, for a sum assured of £190,303 and a guaranteed minimum death benefit of £192,510, reversionary bonus of, £7087 and a total annual premium of £1,046. In addition, Mr Morrison's spouse had two contracts which had a total fund value of £76,002 as at 31 December 2009.
- (c) Mr Morrison and his spouse received a total remuneration during the financial year ending 31 December 2009 of £255,784 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           **STANDARD LIFE PENSION FUNDS LIMITED**  
Global business  
Financial year ended      **31 December 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 955619 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**

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

Name of company           **STANDARD LIFE PENSION FUNDS LIMITED**  
Global business  
Financial year ended    **31 December 2009**

..... Director  
J BLACK

..... Director  
J GILL

..... 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 company           **STANDARD LIFE PENSION FUNDS LIMITED**  
Global Business  
Financial year ended   **31 December 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 to 17, 40 to 43, 48, 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 examine and do not express an opinion on:

- Forms 46 to 47 and 50 to 55 (including the supplementary notes) ;
- the statements required by IPRU(INS) rules 9.30 and 9.36; and
- the certificate required by IPRU(INS) rule 9.34(1) ("the certificate").

### **Respective responsibilities of the 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. Under IPRU(INS) rule 9.11 the Forms, the Statement, the 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 Standard Life Pension Funds Limited to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

## Returns under the Accounts and Statements Rules

### Report of the auditors to the directors pursuant to IPRU(INS) rule 9.35

Name of company           **STANDARD LIFE PENSION FUNDS LIMITED**  
Global Business  
Financial year ended   **31 December 2009**

#### **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 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 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