

# **Scottish Provident Limited**

**Annual FSA Insurance Returns for the year ended**

**31 December 2008**

**Appendices 9.1, 9.3, 9.4, 9.4A 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 11	Calculation of general insurance capital requirement - premiums amount and brought forward amount	6
Form 12	Calculation of general insurance capital requirement - claims amount and result	7
Form 13	Analysis of admissible assets	8
Form 14	Long term insurance business liabilities and margins	23
Form 15	Liabilities (other than long term insurance business)	27
Form 16	Profit and loss account (non-technical account)	28
Form 17	Analysis of derivative contracts	29
Form 18	With-profits insurance capital component for the fund	32
Form 19	Realistic balance sheet	34

### Appendix 9.3 Long Term Insurance Business

Form 40	Revenue account	38
Form 41	Analysis of premiums	42
Form 42	Analysis of claims	46
Form 43	Analysis of expenses	50
Form 44	Linked funds balance sheet	54
Form 45	Revenue account for internal linked funds	55
Form 46	Summary of new business	56
Form 47	Analysis of new business	57
Form 48	Assets not held to match linked liabilities	60
Form 49	Fixed and variable interest assets	64
Form 50	Summary of mathematical reserves	68
Form 51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	72
Form 52	Valuation summary of accumulating with-profits contracts	87
Form 53	Valuation summary of property linked contracts	96
Form 54	Valuation summary of index linked contracts	102
Form 55	Unit prices for internal linked funds	105
Form 57	Analysis of valuation interest rate	114
Form 58	Distribution of surplus	116
Form 59	With-profits payouts on maturity (normal retirement)	120
Form 60	Long-term insurance capital requirement	122
	Supplementary notes to the return	123
	Additional information on derivative contracts	133
	Additional information on controllers	134

### Appendix 9.4

	Abstract of the Valuation Report	136
	Abstract of the Realistic Report	155
	Statement of information on the with-profits actuary	172

### Appendix 9.6

	Directors' Certificate	173
	Auditor's Report	174

**Statement of solvency - long-term insurance business**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2008	
	<b>212709</b>	<b>GL</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>	903811	1398779
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>	51376	218427
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>	955187	1617206

**Guarantee fund**

Guarantee fund requirement	<b>21</b>	53946	57473
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>	901241	1559733

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>	161839	172418
Resilience capital requirement	<b>32</b>		
Base capital resources requirement	<b>33</b>	2518	2231
Individual minimum capital requirement	<b>34</b>	161839	172418
Capital requirements of regulated related undertakings	<b>35</b>		
Minimum capital requirement (34+35)	<b>36</b>	161839	172418
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>	874268	1530997
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>	833808	1487892

**Enhanced capital requirement**

With-profits insurance capital component	<b>39</b>	638700	1117136
Enhanced capital requirement	<b>40</b>	800539	1289554

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>	800539	1289554
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>	154649	327652

**Contingent liabilities**

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

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**



**J S Moss** Chief Executive



**K Luscombe** Director



**M J Merrick** Director

30/3/09

**Components of capital resources**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day month year			Units
<b>R3</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</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>		1765000	1765000	1765000
Profit and loss account and other reserves	<b>12</b>		(349142)	(349142)	(396488)
Share premium account	<b>13</b>				
Positive valuation differences	<b>14</b>		762763	762763	1176837
Fund for future appropriations	<b>15</b>		42122	42122	93013
Core tier one capital in related undertakings	<b>16</b>				
Core tier one capital (sum of 11 to 16)	<b>19</b>		2220743	2220743	2638362

**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>		2220743	2220743	2638362
Investments in own shares	<b>32</b>				
Intangible assets	<b>33</b>		271591	271591	266325
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>		271591	271591	266325
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>		1949152	1949152	2372037

**Components of capital resources**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day month year			Units
<b>R3</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</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 **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day month year			Units
<b>R3</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</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>	

## 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>		1949152	1949152	2372037
Inadmissible assets other than intangibles and own shares	<b>73</b>		13634	13634	11889
Assets in excess of market risk and counterparty limits	<b>74</b>		980331	980331	742942
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>		955187	955187	1617206

## Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	<b>81</b>		955187	955187	1617206
Available capital resources for 50% MCR requirement	<b>82</b>		955187	955187	1617206
Available capital resources for 75% MCR requirement	<b>83</b>		955187	955187	1617206

## Financial engineering adjustments

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

## Calculation of general insurance capital requirement - premiums amount and brought forward amount

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**

Long term insurance business

	Company registration number	GL/UK/CM	day month year			Units
	R11	212709	GL	31	12	2008
			This financial year 1			Previous year 2
Gross premiums written		11	2557			21655
Premiums taxes and levies (included in line 11)		12				
Premiums written net of taxes and levies (11-12)		13	2557			21655
Premiums for classes 11, 12 or 13 (included in line 13)		14				
Premiums for "actuarial health insurance" (included in line 13)		15	2557			21655
<b>Sub-total A (13 + 1/2 14 - 2/3 15)</b>		16	852			7218
Gross premiums earned		21	2557			21655
Premium taxes and levies (included in line 21)		22				
Premiums earned net of taxes and levies (21-22)		23	2557			21655
Premiums for classes 11, 12 or 13 (included in line 23)		24				
Premiums for "actuarial health insurance" (included in line 23)		25	2557			21655
<b>Sub-total H (23 + 1/2 24 - 2/3 25)</b>		26	852			7218
<b>Sub-total I (higher of sub-total A and sub-total H)</b>		30	852			7218
<b>Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure</b>		31				
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18	32	153			1299
	Excess (if any) over 53.1M EURO x 0.02	33				
<b>Sub-total J (32-33)</b>		34	153			1299
Claims paid in period of 3 financial years		41	49512			86772
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42				
	For insurance business accounted for on an accident year basis	43	29557			20105
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44				
	For insurance business accounted for on an accident year basis	45	16180			13518
<b>Sub-total C (41+42+43-44-45)</b>		46	62889			93359
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47	47804			68816
<b>Sub-total D (46-47)</b>		48	15086			24543
<b>Reinsurance Ratio (Sub-total D /sub-total C or, if more, 0.50 or, if less, 1.00)</b>		49	0.50			0.50
<b>Premiums amount (Sub-total J x reinsurance ratio)</b>		50	77			650
Provision for claims outstanding (before discounting and net of reinsurance)		51	5696			3761
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero		52				
<b>Brought forward amount (See instruction 4)</b>		53	2976			2976
Greater of lines 50 and 53		54	2976			2976



**Calculation of general insurance capital requirement - claims amount and result**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	212709	GL	31	12	2008	£000
				This financial year 1			Previous year 2	
Reference period (No. of months) See INSPRU 1.1.63R				11	36			36
Claims paid in reference period				21	49512			86772
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22				
	For insurance business accounted for on an accident year basis			23	29557			20105
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24				
	For insurance business accounted for on an accident year basis			25	16180			13518
Claims incurred in reference period (21+22+23-24-25)				26	62889			93359
Claims incurred for classes 11, 12 or 13 (included in 26)				27				
Claims incurred for "actuarial health insurance" (included in 26)				28	62889			93359
<b>Sub-total E (26 +1/2 27 - 2/3 28)</b>				29	20963			31120
<b>Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)</b>				31	6988			10373
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	1817			2697
	Excess (if any) over 37.2M EURO x 0.03			33				
<b>Sub-total G (32-33)</b>				39	1817			2697
<b>Claims amount Sub-total G x reinsurance ratio (11.49)</b>				41	908			1349
Higher of premiums amount and brought forward amount (11.54)				42	2976			2976
<b>General insurance capital requirement (higher of lines 41 and 42)</b>				43	2976			2976

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**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>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</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>	21683	104275
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>	43569	59287
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	
	More than one month withdrawal	<b>55</b>	
Other financial investments	<b>56</b>		
Deposits with ceding undertakings	<b>57</b>		
Assets held to match linked liabilities	Index linked	<b>58</b>	
	Property linked	<b>59</b>	

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**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>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</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>		
	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>	66470	143500
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>	5692	1730
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>		
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>	137415	308792

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**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>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>1</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	137415	308792
Admissible assets in excess of market and counterparty limits	<b>92</b>	970527	740713
Inadmissible assets directly held	<b>93</b>	271591	335494
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>	12524	(9454)
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>	1392057	1375545
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**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>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</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>	60041	57904
	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>	3539177	4391627	
Rights under derivative contracts	<b>44</b>	(19070)	(4672)	
Fixed interest securities	Approved	<b>45</b>	120582	100157
	Other	<b>46</b>	3	
Variable interest securities	Approved	<b>47</b>		
	Other	<b>48</b>		1027
Participation in investment pools	<b>49</b>			
Loans secured by mortgages	<b>50</b>	74	57	
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>	1973	2956	
Other loans	<b>53</b>	7135		
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>		
	More than one month withdrawal	<b>55</b>		
Other financial investments	<b>56</b>			
Deposits with ceding undertakings	<b>57</b>			
Assets held to match linked liabilities	Index linked	<b>58</b>		
	Property linked	<b>59</b>	719209	1029149

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**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>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</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>	1434	4314
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>	4226	46522
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>	2842	15269
	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>	114571	10548
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>	6156	35348
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>		
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>	4558353	5690206

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**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>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</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>	4558353	5690206
Admissible assets in excess of market and counterparty limits	<b>92</b>	9803	2229
Inadmissible assets directly held	<b>93</b>	13634	11889
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>	1186023	967018
Other asset adjustments (may be negative)	<b>101</b>	(3117)	(25468)
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>	5764697	6645874
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **SPI Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
<b>R13</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>11</b>
						<b>As at end of this financial year</b>	<b>As at end of the previous year</b>
						<b>1</b>	<b>2</b>
Land and buildings			<b>11</b>				

**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>	60041	57904
	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>	3321794	4028882	
Rights under derivative contracts	<b>44</b>	(19070)	(4672)	
Fixed interest securities	Approved	<b>45</b>	78957	54359
	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>	74	57	
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>	1973	2956	
Other loans	<b>53</b>			
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>		
	More than one month withdrawal	<b>55</b>		
Other financial investments	<b>56</b>			
Deposits with ceding undertakings	<b>57</b>			
Assets held to match linked liabilities	Index linked	<b>58</b>		
	Property linked	<b>59</b>		



**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **SPI Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>11</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

**Reinsurers' share of technical provisions**

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

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		
	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>	186	12074
	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>	40021	
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>	4534	18241
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>		
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>	3488509	4169801

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **SPI Fund**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
<b>R13</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>11</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	3488509	4169801
Admissible assets in excess of market and counterparty limits	<b>92</b>		
Inadmissible assets directly held	<b>93</b>	948	316
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>	30070	(30552)
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>	3519527	4139565
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Special Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	212709	GL	31	12	2008	£000	12
						<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>	16456	14100
Rights under derivative contracts	<b>44</b>		
Fixed interest securities	Approved	<b>45</b>	
	Other	<b>46</b>	
Variable interest securities	Approved	<b>47</b>	
	Other	<b>48</b>	
Participation in investment pools	<b>49</b>		
Loans secured by mortgages	<b>50</b>		
Loans to public or local authorities and nationalised industries or undertakings	<b>51</b>		
Loans secured by policies of insurance issued by the company	<b>52</b>		
Other loans	<b>53</b>		
Bank and approved credit & financial institution deposits	One month or less withdrawal	<b>54</b>	
	More than one month withdrawal	<b>55</b>	
Other financial investments	<b>56</b>		
Deposits with ceding undertakings	<b>57</b>		
Assets held to match linked liabilities	Index linked	<b>58</b>	
	Property linked	<b>59</b>	

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Special Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>12</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

**Reinsurers' share of technical provisions**

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

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		
	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>		300
	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>	915	10548
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>	5	
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>		
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>	17376	24948

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Special Fund**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
<b>R13</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>12</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	17376	24948
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>		<b>(8)</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>	17376	24940
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>103</b>		

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Non Profit Fund**

	Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R13	212709	GL	31	12	2008	£000	13
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11				

**Investments in group undertakings and participating interests**

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

**Other financial investments**

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	200927	348645
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	41625
	Other	46	3
Variable interest securities	Approved	47	
	Other	48	1027
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53	7135	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	719209

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Non Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>13</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

**Reinsurers' share of technical provisions**

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

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>	1434	4314
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		
	Ceded	<b>75</b>	4226	46522
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>	2656	2895
	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>	73635	
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>	1617	17107
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>		
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>	1052468	1495457

**Analysis of admissible assets**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Non Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
<b>R13</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>13</b>
					<b>As at end of this financial year</b>	<b>As at end of the previous year</b>	
					<b>1</b>	<b>2</b>	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	<b>91</b>	1052468	1495457
Admissible assets in excess of market and counterparty limits	<b>92</b>	9803	2229
Inadmissible assets directly held	<b>93</b>	12686	11573
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>	1186023	967018
Other asset adjustments (may be negative)	<b>101</b>	(33187)	5092
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>	2227793	2481369
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 **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Total business/Sub fund **10 Summary**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>	3481083	4101150	
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>	314103	304737	
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	3795186	4405887	
Claims outstanding	Gross	<b>15</b>	33565	34122
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>	33565	34122
Provisions	Taxation	<b>21</b>	1176	14923
	Other risks and charges	<b>22</b>	1	1
Deposits received from reinsurers	<b>23</b>			
Creditors	Direct insurance business	<b>31</b>	1389	215
	Reinsurance accepted	<b>32</b>		
	Reinsurance ceded	<b>33</b>	8292	7511
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions	<b>36</b>	10086	27349	
Creditors	Taxation	<b>37</b>	16645	26130
	Other	<b>38</b>	102306	80026
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>	173459	190277	
Excess of the value of net admissible assets	<b>51</b>	589709	1094042	
Total liabilities and margins	<b>59</b>	4558353	5690206	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	29304	11421
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	714955	1019305

Total liabilities (11+12+49)	<b>71</b>	3654542	4291427
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>	1186023	967018
Other adjustments to liabilities (may be negative)	<b>74</b>	703654	1151370
Capital and reserves and fund for future appropriations	<b>75</b>	220477	236059
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>	5764697	6645874

**Long term insurance business liabilities and margins**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Total business/Sub fund **21 SPI Fund**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>	2641070	2805109	
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>	158262	170842	
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	2799332	2975951	
Claims outstanding	Gross	<b>15</b>	9124	7065
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>	9124	7065
Provisions	Taxation	<b>21</b>		11138
	Other risks and charges	<b>22</b>	1	1
Deposits received from reinsurers	<b>23</b>			
Creditors	Direct insurance business	<b>31</b>	1389	215
	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>	4084	20773	
Creditors	Taxation	<b>37</b>	11984	
	Other	<b>38</b>	72887	60616
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>	99468	99808	
Excess of the value of net admissible assets	<b>51</b>	589709	1094042	
Total liabilities and margins	<b>59</b>	3488509	4169801	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	12019	9468
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>	2740538	2904917
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>	736876	1141654
Capital and reserves and fund for future appropriations	<b>75</b>	42112	92994
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>	3519527	4139565

**Long term insurance business liabilities and margins**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Total business/Sub fund **22 Special Fund**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>	10073	14761
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>	7094	9952
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	17168	24713
Claims outstanding	Gross	<b>15</b>	
	Reinsurers' share	<b>16</b>	
	Net (15-16)	<b>17</b>	
Provisions	Taxation	<b>21</b>	10 235
	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>	195
	Other	<b>38</b>	4
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>	209	235
Excess of the value of net admissible assets	<b>51</b>		
Total liabilities and margins	<b>59</b>	17376	24948

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>	10282	14996
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>	7085	9924
Capital and reserves and fund for future appropriations	<b>75</b>	9	19
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>	17376	24939

**Long term insurance business liabilities and margins**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Total business/Sub fund **31 Non Profit Fund**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>	829939	1281280	
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>	148746	123943	
Long term insurance business fund carried forward (11 to 13)	<b>14</b>	978686	1405223	
Claims outstanding	Gross	<b>15</b>	24441	27057
	Reinsurers' share	<b>16</b>		
	Net (15-16)	<b>17</b>	24441	27057
Provisions	Taxation	<b>21</b>	1166	3550
	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>	8292	7511
Debenture loans	Secured	<b>34</b>		
	Unsecured	<b>35</b>		
Amounts owed to credit institutions	<b>36</b>	6002	6576	
Creditors	Taxation	<b>37</b>	4466	26130
	Other	<b>38</b>	29414	19410
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>	73782	90234	
Excess of the value of net admissible assets	<b>51</b>			
Total liabilities and margins	<b>59</b>	1052468	1495457	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	17285	1953
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>	714955	1019305

Total liabilities (11+12+49)	<b>71</b>	903722	1371514
Increase to liabilities - DAC related	<b>72</b>		
Reinsurers' share of technical provisions	<b>73</b>	1186023	967018
Other adjustments to liabilities (may be negative)	<b>74</b>	(40307)	(209)
Capital and reserves and fund for future appropriations	<b>75</b>	178356	143046
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>	2227793	2481369

**Liabilities (other than long term insurance business)**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**

	Company registration number	GL/ UK/ CM	day	month	year	Units
<b>R15</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>
			As at end of this financial year 1			As at end of the previous year 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>		
Creditors	Taxation	<b>47</b>	19590	25793
	Foreseeable dividend	<b>48</b>		
	Other	<b>49</b>	66449	64572
Accruals and deferred income		<b>51</b>		
Total (19 to 51)		<b>59</b>	86038	90365
Provision for "reasonably foreseeable adverse variations"		<b>61</b>		
Cumulative preference share capital		<b>62</b>		
Subordinated loan capital		<b>63</b>		
Total (59 to 63)		<b>69</b>	86038	90365

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	<b>71</b>		
---	-----------	--	--

Amounts deducted from technical provisions for discounting	<b>82</b>		
Other adjustments (may be negative)	<b>83</b>	68517	59715
Capital and reserves	<b>84</b>	1237502	1225465
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>	1392057	1375545

**Profit and loss account (non-technical account)**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**

		Company registration number	GL/ UK/ CM	day	month	year	Units
		R16	GL	31	12	2008	£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			12817	122027
Investment income	Income		14			69956	55504
	Value re-adjustments on investments		15			2206	
	Gains on the realisation of investments		16			377	362
Investment charges	Investment management charges, including interest		17			1852	2123
	Value re-adjustments on investments		18				
	Loss on the realisation of investments		19				
Allocated investment return transferred to the general insurance business technical account			20				
Other income and charges (particulars to be specified by way of supplementary note)			21			(50820)	(24205)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			32684	151565
Tax on profit or loss on ordinary activities			31			20647	16760
Profit or loss on ordinary activities after tax (29-31)			39			12037	134805
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			12037	134805
Dividends (paid or foreseeable)			51				
Profit or loss retained for the financial year (49-51)			59			12037	134805

**Analysis of derivative contracts**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		<b>R17</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>10</b>
<b>Derivative contracts</b>		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets <b>1</b>		Liabilities <b>2</b>		Bought / Long <b>3</b>		Sold / Short <b>4</b>	
Futures and contracts for differences	Fixed-interest securities	<b>11</b>							
	Interest rates	<b>12</b>							
	Inflation	<b>13</b>	144551		456		643996		
	Credit index / basket	<b>14</b>							
	Credit single name	<b>15</b>							
	Equity index	<b>16</b>	103100		5009		2679		3281
	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>	3358				162554		
	Equity index calls	<b>32</b>							
	Equity stock calls	<b>33</b>							
	Equity index puts	<b>34</b>	1221				6728		
	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>			7566				3547
	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>	252230		13031		815957		6828
Adjustment for variation margin		<b>52</b>	(273900)		(3539)				
Total (51 + 52)		<b>53</b>	(21670)		9492				

**Analysis of derivative contracts**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **SPI Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		<b>R17</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>11</b>
<b>Derivative contracts</b>		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets <b>1</b>		Liabilities <b>2</b>		Bought / Long <b>3</b>		Sold / Short <b>4</b>	
Futures and contracts for differences	Fixed-interest securities	<b>11</b>							
	Interest rates	<b>12</b>							
	Inflation	<b>13</b>	144551		456		643996		
	Credit index / basket	<b>14</b>							
	Credit single name	<b>15</b>							
	Equity index	<b>16</b>	103100		1728		2679		
	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>	3358				162554		
	Equity index calls	<b>32</b>							
	Equity stock calls	<b>33</b>							
	Equity index puts	<b>34</b>	1221				6728		
	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>			7566			3547	
	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>	252230		9750		815957		3547
Adjustment for variation margin		<b>52</b>	(273900)		(1255)				
Total (51 + 52)		<b>53</b>	(21670)		8495				



**Analysis of derivative contracts**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**Category of assets **Non Profit Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		<b>R17</b>	<b>212709</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2008</b>	<b>£000</b>	<b>13</b>
<b>Derivative contracts</b>		Value as at the end of this financial year			Notional amount as at the end of this financial year				
		Assets <b>1</b>		Liabilities <b>2</b>		Bought / Long <b>3</b>		Sold / Short <b>4</b>	
Futures and contracts for differences	Fixed-interest securities	<b>11</b>							
	Interest rates	<b>12</b>							
	Inflation	<b>13</b>							
	Credit index / basket	<b>14</b>							
	Credit single name	<b>15</b>							
	Equity index	<b>16</b>				3281		3281	
	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>				3281		3281	
Adjustment for variation margin		<b>52</b>				(2284)			
Total (51 + 52)		<b>53</b>				997			

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

Name of insurer **Scottish Provident Limited**  
 With-profits fund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	3488508	4169800
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	<b>13</b>	14945	13751
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	<b>14</b>	598	549
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	<b>15</b>		
	Total (11+12-(13+14+15))	<b>19</b>	3472966	4155500
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	2626127	2791357
	Regulatory current liabilities of the fund	<b>22</b>	99467	99808
	Total (21+22)	<b>29</b>	2725594	2891165
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	94241	99752
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		<b>39</b>	2819835	2990917
Regulatory excess capital (19-39)		<b>49</b>	653132	1164583

**Realistic excess capital**

Realistic excess capital	<b>51</b>		
--------------------------	-----------	--	--

**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	653132	1164583
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>		
Present value of future shareholder transfers arising from distribution of surplus	<b>64</b>	21821	56879
Present value of other future internal transfers not already taken into account	<b>65</b>		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	<b>66</b>	631311	1107704

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

Name of insurer **Scottish Provident Limited**

With-profits fund **22 Special Fund**

Financial year ended **31 December 2008**

Units **£000**

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

**Regulatory excess capital**

Regulatory value of assets	Long-term admissible assets of the fund	<b>11</b>	17376	24947
	Implicit items allocated to the fund	<b>12</b>		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	<b>13</b>		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	<b>14</b>		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	<b>15</b>		
	Total (11+12-(13+14+15))	<b>19</b>	17376	24947
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	<b>21</b>	10073	14761
	Regulatory current liabilities of the fund	<b>22</b>	209	235
	Total (21+22)	<b>29</b>	10282	14996
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		<b>31</b>	355	519
Resilience capital requirement in respect of the fund's with-profits insurance contracts		<b>32</b>		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		<b>39</b>	10637	15515
Regulatory excess capital (19-39)		<b>49</b>	6739	9432

**Realistic excess capital**

Realistic excess capital	<b>51</b>	(650)	
--------------------------	-----------	-------	--

**Excess assets allocated to with-profits insurance business**

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	<b>61</b>	7389	9432
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	<b>62</b>		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	<b>63</b>		
Present value of future shareholder transfers arising from distribution of surplus	<b>64</b>		
Present value of other future internal transfers not already taken into account	<b>65</b>		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	<b>66</b>	7389	9432

**Realistic balance sheet**

Name of insurer **Scottish Provident Limited**  
 With-profits fund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

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

Regulatory value of assets	<b>11</b>	3472966	4155500
Implicit items allocated to the fund	<b>12</b>		
Value of shares in subsidiaries held in fund (regulatory)	<b>13</b>		
Excess admissible assets	<b>21</b>		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	<b>22</b>		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	<b>23</b>		
Value of shares in subsidiaries held in fund (realistic)	<b>24</b>		
Prepayments made from the fund	<b>25</b>		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	<b>26</b>	3472966	4155500
Support arrangement assets	<b>27</b>		
Assets available to the fund (26+27)	<b>29</b>	3472966	4155500

**Realistic value of liabilities of fund**

With-profits benefit reserve	<b>31</b>	2704772	3382558	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	<b>32</b>		
	Past miscellaneous deficit attributed to with-profits benefits reserve	<b>33</b>		
	Planned enhancements to with-profits benefits reserve	<b>34</b>	176858	310594
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	<b>35</b>	2993	3244
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	<b>36</b>	5521	
	Future costs of contractual guarantees (other than financial options)	<b>41</b>	378330	217115
	Future costs of non-contractual commitments	<b>42</b>		
	Future costs of financial options	<b>43</b>	115188	93799
	Future costs of smoothing (possibly negative)	<b>44</b>		
	Financing costs	<b>45</b>		
	Any other liabilities related to regulatory duty to treat customers fairly	<b>46</b>		
	Other long-term insurance liabilities	<b>47</b>	57362	96992
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	<b>49</b>	719223	715256
Realistic current liabilities of the fund	<b>51</b>	48971	57686	
Realistic value of liabilities of fund (31+49+51)	<b>59</b>	3472966	4155500	

**Realistic balance sheet**

Name of insurer **Scottish Provident Limited**  
 With-profits fund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	3472966	4155500
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	3472966	4155500
Risk capital margin for fund (62-59)	<b>65</b>		
Realistic excess capital for fund (26-(59+65))	<b>66</b>		
Realistic excess available capital for fund (29-(59+65))	<b>67</b>		
Working capital for fund (29-59)	<b>68</b>		
Working capital ratio for fund (68/29)	<b>69</b>		

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

Additional amount potentially available for inclusion in line 62	<b>81</b>	133477	270774
Additional amount potentially available for inclusion in line 63	<b>82</b>		

**Realistic balance sheet**

Name of insurer **Scottish Provident Limited**  
 With-profits fund **22 Special Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

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

Regulatory value of assets	11	17376	24947
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	17376	24947
Support arrangement assets	27		
Assets available to the fund (26+27)	29	17376	24947

**Realistic value of liabilities of fund**

With-profits benefit reserve	31	14978	22361	
Future policy related liabilities	Past miscellaneous surplus attributed to with-profits benefits reserve	32		
	Past miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	911	1785
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	1278	566
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44		
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47		
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	2189	2351
Realistic current liabilities of the fund	51	209	235	
Realistic value of liabilities of fund (31+49+51)	59	17376	24947	

**Realistic balance sheet**

Name of insurer **Scottish Provident Limited**  
 With-profits fund **22 Special Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Realistic excess capital and additional capital available**

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	<b>62</b>	18026	24947
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	<b>63</b>		
Value of relevant assets before applying the most adverse scenario (62+63)	<b>64</b>	18026	24947
Risk capital margin for fund (62-59)	<b>65</b>	650	
Realistic excess capital for fund (26-(59+65))	<b>66</b>	(650)	
Realistic excess available capital for fund (29-(59+65))	<b>67</b>	(650)	
Working capital for fund (29-59)	<b>68</b>		
Working capital ratio for fund (68/29)	<b>69</b>		

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

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

## Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **10 Long Term Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

## Income

Earned premiums	11	3004	(160034)
Investment income receivable before deduction of tax	12	244208	231732
Increase (decrease) in the value of non-linked assets brought into account	13	250580	6439
Increase (decrease) in the value of linked assets	14	(271798)	31819
Other income	15		
<b>Total income</b>	<b>19</b>	<b>225994</b>	<b>109956</b>

## Expenditure

Claims incurred	21	762899	745525
Expenses payable	22	47594	30082
Interest payable before the deduction of tax	23	14789	13828
Taxation	24	5907	21455
Other expenditure	25		
Transfer to (from) non technical account	26	12817	122027
<b>Total expenditure</b>	<b>29</b>	<b>844005</b>	<b>932917</b>

Business transfers - in	31		
Business transfers - out	32	(7310)	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(610702)	(822961)
Fund brought forward	49	4405887	5228848
Fund carried forward (39+49)	59	3795185	4405887



## Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

## Income

Earned premiums	11	76398	86357
Investment income receivable before deduction of tax	12	176230	171952
Increase (decrease) in the value of non-linked assets brought into account	13	240062	13989
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>	<b>492690</b>	<b>272298</b>

## Expenditure

Claims incurred	21	606955	509475
Expenses payable	22	26146	26423
Interest payable before the deduction of tax	23	14789	13822
Taxation	24	8837	19954
Other expenditure	25	(234)	(150)
Transfer to (from) non technical account	26	12817	9027
<b>Total expenditure</b>	<b>29</b>	<b>669309</b>	<b>578551</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(176619)	(306253)
Fund brought forward	49	2975951	3282204
Fund carried forward (39+49)	59	2799332	2975951

## Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **22 Special Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

## Income

Earned premiums	11	333	455
Investment income receivable before deduction of tax	12	686	1434
Increase (decrease) in the value of non-linked assets brought into account	13	(544)	125
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>	<b>474</b>	<b>2014</b>

## Expenditure

Claims incurred	21	7726	5808
Expenses payable	22	74	85
Interest payable before the deduction of tax	23		
Taxation	24	(16)	231
Other expenditure	25	234	150
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>8019</b>	<b>6274</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(7544)	(4260)
Fund brought forward	49	24712	28972
Fund carried forward (39+49)	59	17168	24712

## Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

## Income

Earned premiums	11	(73726)	(246846)
Investment income receivable before deduction of tax	12	67291	58346
Increase (decrease) in the value of non-linked assets brought into account	13	11062	(7675)
Increase (decrease) in the value of linked assets	14	(271798)	31819
Other income	15		
<b>Total income</b>	<b>19</b>	<b>(267171)</b>	<b>(164356)</b>

## Expenditure

Claims incurred	21	148218	230242
Expenses payable	22	21374	3574
Interest payable before the deduction of tax	23		6
Taxation	24	(2914)	1270
Other expenditure	25		
Transfer to (from) non technical account	26		113000
<b>Total expenditure</b>	<b>29</b>	<b>166678</b>	<b>348092</b>

Business transfers - in	31		
Business transfers - out	32	(7310)	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(426538)	(512448)
Fund brought forward	49	1405224	1917672
Fund carried forward (39+49)	59	978686	1405224

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **10 Long Term Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Gross**

Regular premiums	11	151003	19222	24290	194515	214080
Single premiums	12		45232	17578	62810	84330

**Reinsurance - external**

Regular premiums	13	44950		1430	46380	60567
Single premiums	14	561			561	4

**Reinsurance - intra-group**

Regular premiums	15		46061	11108	57169	
Single premiums	16		145865	4347	150212	397873

**Net of reinsurance**

Regular premiums	17	106053	(26839)	11752	90967	153513
Single premiums	18	(561)	(100633)	13231	(87963)	(313547)

**Total**

Gross	19	151003	64454	41869	257325	298410
Reinsurance	20	45511	191926	16885	254322	458444
Net	21	105492	(127472)	24984	3004	(160034)

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Gross**

Regular premiums	11	58023	1381	15298	74701	85310
Single premiums	12		1145	1256	2401	1684

**Reinsurance - external**

Regular premiums	13			144	144	637
Single premiums	14	561			561	

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17	58023	1381	15154	74557	84673
Single premiums	18	(561)	1145	1256	1840	1684

**Total**

Gross	19	58023	2525	16554	77103	86994
Reinsurance	20	561		144	705	637
Net	21	57462	2525	16410	76398	86357

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **22 Special Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Gross**

Regular premiums	11	333			333	455
Single premiums	12					

**Reinsurance - external**

Regular premiums	13					
Single premiums	14					

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17	333			333	455
Single premiums	18					

**Total**

Gross	19	333			333	455
Reinsurance	20					
Net	21	333			333	455

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Gross**

Regular premiums	11	92647	17842	8993	119482	128315
Single premiums	12		44087	16322	60409	82646

**Reinsurance - external**

Regular premiums	13	44950		1286	46236	59930
Single premiums	14					4

**Reinsurance - intra-group**

Regular premiums	15		46061	11108	57169	
Single premiums	16		145865	4347	150212	397873

**Net of reinsurance**

Regular premiums	17	47697	(28219)	(3401)	16077	68385
Single premiums	18		(101778)	11975	(89803)	(315231)

**Total**

Gross	19	92647	61929	25315	179890	210961
Reinsurance	20	44950	191926	16741	253617	457807
Net	21	47697	(129997)	8574	(73726)	(246846)

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **10 Long Term Fund**  
 Financial year ended **31 December 2008**  
 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	31869	(36921)	5916	864	85476
Disability periodic payments	12	22797			22797	354
Surrender or partial surrender	13	154262	158974	89914	403150	469723
Annuity payments	14	(1)	52285	15609	67894	63087
Lump sums on maturity	15	168429	32848	171665	372942	193556
<b>Total</b>	<b>16</b>	<b>377355</b>	<b>207186</b>	<b>283105</b>	<b>867646</b>	<b>812196</b>

**Reinsurance - external**

Death or disability lump sums	21	18913	614	1308	20835	29612
Disability periodic payments	22	12051			12051	178
Surrender or partial surrender	23	100			100	30
Annuity payments	24		54661		54661	36618
Lump sums on maturity	25	47			47	233
<b>Total</b>	<b>26</b>	<b>31112</b>	<b>55275</b>	<b>1308</b>	<b>87695</b>	<b>66671</b>

**Reinsurance - intra-group**

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34			17053	17053	
Lump sums on maturity	35					
<b>Total</b>	<b>36</b>			<b>17053</b>	<b>17053</b>	

**Net of reinsurance**

Death or disability lump sums	41	12956	(37535)	4608	(19972)	55864
Disability periodic payments	42	10745			10745	176
Surrender or partial surrender	43	154162	158974	89914	403050	469693
Annuity payments	44	(1)	(2375)	(1443)	(3819)	26469
Lump sums on maturity	45	168381	32848	171665	372894	193323
<b>Total</b>	<b>46</b>	<b>346244</b>	<b>151911</b>	<b>264744</b>	<b>762899</b>	<b>745525</b>



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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 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	12958	1887	4046	18891	19015
Disability periodic payments	12	769			769	
Surrender or partial surrender	13	95153	82175	77517	254846	335773
Annuity payments	14					
Lump sums on maturity	15	153442	8129	171665	333236	155428
<b>Total</b>	<b>16</b>	<b>262323</b>	<b>92190</b>	<b>253229</b>	<b>607742</b>	<b>510216</b>

**Reinsurance - external**

Death or disability lump sums	21	47			47	693
Disability periodic payments	22	600			600	
Surrender or partial surrender	23	93			93	8
Annuity payments	24					
Lump sums on maturity	25	47			47	40
<b>Total</b>	<b>26</b>	<b>787</b>			<b>787</b>	<b>741</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Death or disability lump sums	41	12912	1887	4046	18845	18322
Disability periodic payments	42	169			169	
Surrender or partial surrender	43	95061	82175	77517	254753	335765
Annuity payments	44					
Lump sums on maturity	45	153395	8129	171665	333189	155388
<b>Total</b>	<b>46</b>	<b>261536</b>	<b>92190</b>	<b>253229</b>	<b>606955</b>	<b>509475</b>

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **22 Special Fund**  
 Financial year ended **31 December 2008**  
 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	212			212	95
Disability periodic payments	12					
Surrender or partial surrender	13	176			176	405
Annuity payments	14					
Lump sums on maturity	15	7338			7338	5308
<b>Total</b>	<b>16</b>	<b>7726</b>			<b>7726</b>	<b>5808</b>

**Reinsurance - external**

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

**Reinsurance - intra-group**

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

**Net of reinsurance**

Death or disability lump sums	41	212			212	95
Disability periodic payments	42					
Surrender or partial surrender	43	176			176	405
Annuity payments	44					
Lump sums on maturity	45	7338			7338	5308
<b>Total</b>	<b>46</b>	<b>7726</b>			<b>7726</b>	<b>5808</b>

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 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	18698	(38808)	1870	(18240)	66366
Disability periodic payments	12	22028			22028	354
Surrender or partial surrender	13	58933	76799	12397	148129	133545
Annuity payments	14	(1)	52285	15609	67894	63087
Lump sums on maturity	15	7648	24719		32367	32820
<b>Total</b>	<b>16</b>	<b>107307</b>	<b>114996</b>	<b>29876</b>	<b>252179</b>	<b>296172</b>

**Reinsurance - external**

Death or disability lump sums	21	18866	614	1308	20788	28919
Disability periodic payments	22	11451			11451	178
Surrender or partial surrender	23	8			8	22
Annuity payments	24		54661		54661	36618
Lump sums on maturity	25					193
<b>Total</b>	<b>26</b>	<b>30325</b>	<b>55275</b>	<b>1308</b>	<b>86908</b>	<b>65930</b>

**Reinsurance - intra-group**

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34			17053	17053	
Lump sums on maturity	35					
<b>Total</b>	<b>36</b>			<b>17053</b>	<b>17053</b>	

**Net of reinsurance**

Death or disability lump sums	41	(168)	(39422)	562	(39028)	37447
Disability periodic payments	42	10577			10577	176
Surrender or partial surrender	43	58926	76799	12397	148122	133523
Annuity payments	44	(1)	(2375)	(1443)	(3819)	26469
Lump sums on maturity	45	7648	24719		32367	32627
<b>Total</b>	<b>46</b>	<b>76982</b>	<b>59721</b>	<b>11515</b>	<b>148218</b>	<b>230242</b>

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **10 Long Term Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Gross**

Commission - acquisition	11	1262	449	100	1811	3772
Commission - other	12	3173	254	778	4205	4872
Management - acquisition	13					677
Management - maintenance	14	14626	10013	12764	37403	29206
Management - other	15	1907	2268		4175	(8445)
<b>Total</b>	<b>16</b>	<b>20968</b>	<b>12985</b>	<b>13641</b>	<b>47594</b>	<b>30082</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	1262	449	100	1811	3772
Commission - other	42	3173	254	778	4205	4872
Management - acquisition	43					677
Management - maintenance	44	14626	10013	12764	37403	29206
Management - other	45	1907	2268		4175	(8445)
<b>Total</b>	<b>46</b>	<b>20968</b>	<b>12985</b>	<b>13641</b>	<b>47594</b>	<b>30082</b>

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Gross**

Commission - acquisition	11		3	49	52	138
Commission - other	12	1299	16	575	1891	2298
Management - acquisition	13					42
Management - maintenance	14	9248	4379	3837	17464	15677
Management - other	15	2493	4245		6739	8268
<b>Total</b>	<b>16</b>	<b>13040</b>	<b>8644</b>	<b>4462</b>	<b>26146</b>	<b>26423</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		3	49	52	138
Commission - other	42	1299	16	575	1891	2298
Management - acquisition	43					42
Management - maintenance	44	9248	4379	3837	17464	15677
Management - other	45	2493	4245		6739	8268
<b>Total</b>	<b>46</b>	<b>13040</b>	<b>8644</b>	<b>4462</b>	<b>26146</b>	<b>26423</b>

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **22 Special Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Gross**

Commission - acquisition	11				
Commission - other	12				
Management - acquisition	13				
Management - maintenance	14	74		74	85
Management - other	15				
<b>Total</b>	<b>16</b>	<b>74</b>		<b>74</b>	<b>85</b>

**Reinsurance - external**

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

**Reinsurance - intra-group**

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

**Net of reinsurance**

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	74		74	85
Management - other	45				
<b>Total</b>	<b>46</b>	<b>74</b>		<b>74</b>	<b>85</b>

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

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

**Gross**

Commission - acquisition	11	1262	447	50	1759	3634
Commission - other	12	1874	238	203	2314	2574
Management - acquisition	13					635
Management - maintenance	14	5304	5634	8926	19864	13444
Management - other	15	(586)	(1977)		(2563)	(16713)
<b>Total</b>	<b>16</b>	<b>7853</b>	<b>4341</b>	<b>9179</b>	<b>21374</b>	<b>3574</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	1262	447	50	1759	3634
Commission - other	42	1874	238	203	2314	2574
Management - acquisition	43					635
Management - maintenance	44	5304	5634	8926	19864	13444
Management - other	45	(586)	(1977)		(2563)	(16713)
<b>Total</b>	<b>46</b>	<b>7853</b>	<b>4341</b>	<b>9179</b>	<b>21374</b>	<b>3574</b>

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

Name of insurer **Scottish Provident Limited**  
 Total business  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

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

Directly held assets (excluding collective investment schemes)	11	55225	71347
Directly held assets in collective investment schemes of connected companies	12	657710	948052
Directly held assets in other collective investment schemes	13	591	845
<b>Total assets (excluding cross investment) (11+12+13)</b>	<b>14</b>	<b>713526</b>	<b>1020244</b>
Provision for tax on unrealised capital gains	15		204
Secured and unsecured loans	16		
Other liabilities	17	1161	8028
<b>Total net assets (14-15-16-17)</b>	<b>18</b>	<b>712365</b>	<b>1012012</b>

**Directly held linked assets**

Value of directly held linked assets	21	8328	9652
--------------------------------------	----	------	------

**Total**

Value of directly held linked assets and units held (18+21)	31	720694	1021664
Surplus units	32	5738	2358
Deficit units	33		
<b>Net unit liability (31-32+33)</b>	<b>34</b>	<b>714956</b>	<b>1019306</b>



**Long-term insurance business : Revenue account for internal linked funds**

Name of insurer **Scottish Provident Limited**  
 Total business  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Value of total creation of units	11	492228	276791
Investment income attributable to the funds before deduction of tax	12	45507	18161
Increase (decrease) in the value of investments in the financial year	13	(270893)	35629
Other income	14	17705	209
<b>Total income</b>	<b>19</b>	<b>284546</b>	<b>330790</b>

**Expenditure**

Value of total cancellation of units	21	572262	422147
Charges for management	22	8523	11101
Charges in respect of tax on investment income	23	5386	937
Taxation on realised capital gains	24	(1151)	86
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	(854)	712
Other expenditure	26	26	(7279)
<b>Total expenditure</b>	<b>29</b>	<b>584193</b>	<b>427704</b>

Increase (decrease) in funds in financial year (19-29)	39	(299647)	(96914)
Internal linked fund brought forward	49	1012012	1108926
Internal linked funds carried forward (39+49)	59	712365	1012012

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

Name of insurer **Scottish Provident Limited**  
 Total business  
 Financial year ended **31 December 2008**  
 Units **£000**

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

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

Regular premium business	11					
Single premium business	12					1993
<b>Total</b>	<b>13</b>					<b>1993</b>

**Amount of new regular  
premiums**

Direct insurance business	21	1463	14	104	1581	1160
External reinsurance	22					
Intra-group reinsurance	23					
<b>Total</b>	<b>24</b>	<b>1463</b>	<b>14</b>	<b>104</b>	<b>1581</b>	<b>1160</b>

**Amount of new single  
premiums**

Direct insurance business	25	1145	45584	17578	64307	84328
External reinsurance	26					
Intra-group reinsurance	27					
<b>Total</b>	<b>28</b>	<b>1145</b>	<b>45584</b>	<b>17578</b>	<b>64307</b>	<b>84328</b>

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

Name of insurer

**Scottish Provident Limited**

Total business

Financial year ended

**31 December 2008**

Units

**£000**

UK Life / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
325	Level term assurance (self assurance)		33		
330	Decreasing term assurance (self assurance)		14		
340	Accelerated critical illness (guaranteed premiums - self assurance)		102		
345	Accelerated critical illness (reviewable premiums - self assurance)		1		
350	Stand-alone critical illness (guaranteed premiums - self assurance)		16		
360	Income protection non-profit (guaranteed premiums - self assurance)		76		
400	Annuity non-profit (CPA)				1145
710	Life property linked whole life regular premium		1222		

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

Name of insurer

**Scottish Provident Limited**

Total business

Financial year ended

**31 December 2008**

Units

**£000**

UK Pension / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
170	Conventional deferred annuity with profits - increments		7		74
390	Deferred annuity NP				34
400	Annuity non-profit (CPA)		7		43351
730	Individual pensions property linked - increments				2125
740	Group money purchase pensions property linked - increments				

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

Name of insurer

**Scottish Provident Limited**

Total business

Financial year ended

**31 December 2008**

Units

**£000**

Overseas / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
170	Conventional deferred annuity with profits - increments (Pensions)		99		531
325	Level term assurance (Pensions)		5		
400	Annuity non-profit (CPA)				17047

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

Name of insurer **Scottish Provident Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 2008**  
 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	42838	89803	3781	3.04	
Other fixed interest securities	13		2598	170	8.72	
Variable interest securities	14		13390	256	1.48	
UK listed equity shares	15		3992	216	9.08	
Non-UK listed equity shares	16		2112	107	8.05	
Unlisted equity shares	17	289	289			
Other assets	18	305673	236616	2652	1.12	
<b>Total</b>	<b>19</b>	<b>348801</b>	<b>348801</b>	<b>7182</b>	<b>1.82</b>	

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

Land and buildings	21					
Approved fixed interest securities	22	54907	718124	33232	3.29	10.64
Other fixed interest securities	23	82	537978	35101	8.72	23.93
Variable interest securities	24					
UK listed equity shares	25		825937	44689	9.08	(27.99)
Non-UK listed equity shares	26		436652	22215	8.05	(14.23)
Unlisted equity shares	27	59751	59751			
Other assets	28	3375602	911900	8112	0.89	5.31
<b>Total</b>	<b>29</b>	<b>3490343</b>	<b>3490343</b>	<b>143349</b>	<b>5.41</b>	<b>(1.14)</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					(8.76)
Return allocated to non taxable 'asset shares'	32					(8.76)
Return allocated to taxable 'asset shares'	33					(5.75)

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

Name of insurer **Scottish Provident Limited**  
 Category of assets **11 SPI Fund**  
 Financial year ended **31 December 2008**  
 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	266	3429	159	3.29	
Other fixed interest securities	13		2598	170	8.72	
Variable interest securities	14					
UK listed equity shares	15		3992	216	9.08	
Non-UK listed equity shares	16		2112	107	8.05	
Unlisted equity shares	17	289	289			
Other assets	18	14986	3121	39	1.25	
<b>Total</b>	<b>19</b>	<b>15542</b>	<b>15542</b>	<b>691</b>	<b>5.86</b>	

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

Land and buildings	21					
Approved fixed interest securities	22	54907	707816	32774	3.29	10.63
Other fixed interest securities	23	82	536344	34987	8.72	24.02
Variable interest securities	24					
UK listed equity shares	25		823927	44580	9.08	(27.99)
Non-UK listed equity shares	26		436035	22166	8.05	(14.25)
Unlisted equity shares	27	59751	59751			
Other assets	28	3358226	909092	8074	0.89	5.31
<b>Total</b>	<b>29</b>	<b>3472966</b>	<b>3472966</b>	<b>142582</b>	<b>5.42</b>	<b>(11.13)</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					(8.76)
Return allocated to non taxable 'asset shares'	32					(8.76)
Return allocated to taxable 'asset shares'	33					(5.75)

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

Name of insurer **Scottish Provident Limited**  
 Category of assets **12 Special Fund**  
 Financial year ended **31 December 2008**  
 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		10307	458	2.99	11.29
Other fixed interest securities	23		1634	113	9.44	(5.26)
Variable interest securities	24					
UK listed equity shares	25		2010	109	9.08	(28.13)
Non-UK listed equity shares	26		617	49	12.06	
Unlisted equity shares	27					
Other assets	28	17376	2808	38	1.36	5.31
<b>Total</b>	<b>29</b>	<b>17376</b>	<b>17376</b>	<b>767</b>	<b>4.36</b>	<b>2.38</b>

**Overall return on with-profits assets**

Post investment costs but pre-tax	31					2.24
Return allocated to non taxable 'asset shares'	32					n/a
Return allocated to taxable 'asset shares'	33					1.96



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

Name of insurer **Scottish Provident Limited**  
 Category of assets **13 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 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	42572	86374	3623	3.03	
Other fixed interest securities	13					
Variable interest securities	14		13390	256	1.48	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	290687	233495	2612	1.12	
<b>Total</b>	<b>19</b>	<b>333259</b>	<b>333259</b>	<b>6491</b>	<b>1.63</b>	

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

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

**Overall return on with-profits assets**

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

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

Name of insurer **Scottish Provident Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 2008**  
 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>	452122	9.43	3.00	3.00

<b>Other approved fixed interest securities</b>	<b>21</b>	355805	7.06	3.60	3.41
---	-----------	--------	------	------	------

**Other fixed interest securities**

AAA/Aaa	<b>31</b>	119490	5.34	4.70	3.53
AA/Aa	<b>32</b>	94356	6.61	6.07	4.90
A/A	<b>33</b>	212570	6.62	10.98	9.81
BBB/Baa	<b>34</b>	84423	5.83	11.19	10.02
BB/Ba	<b>35</b>	1010	6.50	22.14	20.97
B/B	<b>36</b>	286	4.87	22.70	21.53
CCC/Caa	<b>37</b>				
Other (including unrated)	<b>38</b>	28442	6.70	9.66	8.50
<b>Total other fixed interest securities</b>	<b>39</b>	540577	6.21	8.72	7.55

<b>Approved variable interest securities</b>	<b>41</b>	13390	12.49	1.48	1.48
--	-----------	-------	-------	------	------

<b>Other variable interest securities</b>	<b>51</b>				
---	-----------	--	--	--	--

<b>Total (11+21+39+41+51)</b>	<b>61</b>	1361894	7.56	5.41	4.90
-------------------------------	-----------	---------	------	------	------

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

Name of insurer **Scottish Provident Limited**  
 Category of assets **11 SPI Fund**  
 Financial year ended **31 December 2008**  
 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>	398572	9.46	3.02	3.02
<b>Other approved fixed interest securities</b>	<b>21</b>	312674	7.44	3.65	3.44
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	119199	5.34	4.70	3.53
AA/Aa	<b>32</b>	94055	6.61	6.07	4.90
A/A	<b>33</b>	211898	6.62	10.97	9.80
BBB/Baa	<b>34</b>	84142	5.82	11.19	10.02
BB/Ba	<b>35</b>	1007	6.49	22.14	20.97
B/B	<b>36</b>	285	4.87	22.69	21.52
CCC/Caa	<b>37</b>				
Other (including unrated)	<b>38</b>	28356	6.70	9.66	8.49
<b>Total other fixed interest securities</b>	<b>39</b>	538942	6.21	8.72	7.55
<b>Approved variable interest securities</b>	<b>41</b>				
<b>Other variable interest securities</b>	<b>51</b>				
<b>Total (11+21+39+41+51)</b>	<b>61</b>	1250188	7.55	5.63	5.08

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

Name of insurer **Scottish Provident Limited**  
 Category of assets **12 Special Fund**  
 Financial year ended **31 December 2008**  
 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>	9748	9.12	2.97	2.97
<b>Other approved fixed interest securities</b>	<b>21</b>	559	8.19	3.44	3.44
<b>Other fixed interest securities</b>					
AAA/Aaa	<b>31</b>	291	5.80	4.93	3.76
AA/Aa	<b>32</b>	301	7.13	6.22	5.05
A/A	<b>33</b>	672	7.11	11.79	10.62
BBB/Baa	<b>34</b>	281	6.05	11.30	10.13
BB/Ba	<b>35</b>	3	6.69	22.02	20.85
B/B	<b>36</b>	1	5.06	25.33	24.16
CCC/Caa	<b>37</b>				
Other (including unrated)	<b>38</b>	85	7.11	10.90	9.73
<b>Total other fixed interest securities</b>	<b>39</b>	1634	6.70	9.44	8.27
<b>Approved variable interest securities</b>	<b>41</b>				
<b>Other variable interest securities</b>	<b>51</b>				
<b>Total (11+21+39+41+51)</b>	<b>61</b>	11941	8.75	3.87	3.71

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

Name of insurer **Scottish Provident Limited**  
 Category of assets **13 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 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>	43802	9.20	2.87	2.87
<b>Other approved fixed interest securities</b>	<b>21</b>	42572	4.28	3.20	3.20
<b>Other fixed interest securities</b>					
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>	13390	12.49	1.48	1.48
<b>Other variable interest securities</b>	<b>51</b>				
<b>Total (11+21+39+41+51)</b>	<b>61</b>	99764	7.54	2.83	2.83

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

Name of insurer **Scottish Provident Limited**Total business / subfund **10 Long Term Fund**Financial year ended **31 December 2008**

Units

£000

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

**Gross**

Form 51 - with-profits	11	1075874	248344	594847	1919064	2051463
Form 51 - non-profit	12	82158	851401	304786	1238345	1180494
Form 52	13	111340	556717	60630	728687	765703
Form 53 - linked	14	301402	350961	62592	714955	1019305
Form 53 - non-linked	15	21065	8137	9120	38322	24523
Form 54 - linked	16					
Form 54 - non-linked	17		31055		31055	29005
<b>Total</b>	<b>18</b>	<b>1591839</b>	<b>2046616</b>	<b>1031975</b>	<b>4670429</b>	<b>5070492</b>

**Reinsurance - external**

Form 51 - with-profits	21	2974		149	3123	2663
Form 51 - non-profit	22	45983	384501	431	430915	516170
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25	151			151	157
Form 54 - linked	26					
Form 54 - non-linked	27		16810		16810	17198
<b>Total</b>	<b>28</b>	<b>49108</b>	<b>401311</b>	<b>580</b>	<b>450999</b>	<b>536187</b>

**Reinsurance - intra-group**

Form 51 - with-profits	31					
Form 51 - non-profit	32		428046	296340	724387	422294
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37		13960		13960	11392
<b>Total</b>	<b>38</b>		<b>442007</b>	<b>296340</b>	<b>738347</b>	<b>433686</b>

**Net of reinsurance**

Form 51 - with-profits	41	1072899	248344	594698	1915941	2048800
Form 51 - non-profit	42	36175	38854	8014	83043	242031
Form 52	43	111340	556717	60630	728687	765703
Form 53 - linked	44	301402	350961	62592	714955	1019305
Form 53 - non-linked	45	20914	8137	9120	38172	24366
Form 54 - linked	46					
Form 54 - non-linked	47		285		285	415
<b>Total</b>	<b>48</b>	<b>1542730</b>	<b>1203299</b>	<b>735055</b>	<b>3481084</b>	<b>4100619</b>

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

Name of insurer **Scottish Provident Limited**Total business / subfund **21 SPI Fund**Financial year ended **31 December 2008**

Units

£000

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

**Gross**

Form 51 - with-profits	11	1065722	248344	594847	1908913	2036621
Form 51 - non-profit	12	2249	11637	1258	15144	13944
Form 52	13	111336	549736	59188	720259	756788
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
<b>Total</b>	<b>18</b>	<b>1179306</b>	<b>809717</b>	<b>655293</b>	<b>2644316</b>	<b>2807353</b>

**Reinsurance - external**

Form 51 - with-profits	21	2897		149	3045	2582
Form 51 - non-profit	22	200			200	193
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>	<b>3096</b>		<b>149</b>	<b>3245</b>	<b>2775</b>

**Reinsurance - intra-group**

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

**Net of reinsurance**

Form 51 - with-profits	41	1062825	248344	594698	1905868	2034039
Form 51 - non-profit	42	2049	11637	1258	14944	13751
Form 52	43	111336	549736	59188	720259	756788
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>1176210</b>	<b>809717</b>	<b>655144</b>	<b>2641071</b>	<b>2804578</b>

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

Name of insurer **Scottish Provident Limited**Total business / subfund **22 Special Fund**Financial year ended **31 December 2008**

Units

£000

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

**Gross**

Form 51 - with-profits	11	10152			10152	14841
Form 51 - non-profit	12					
Form 52	13					
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
<b>Total</b>	<b>18</b>	10152			10152	14841

**Reinsurance - external**

Form 51 - with-profits	21	78			78	81
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>	78			78	81

**Reinsurance - intra-group**

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

**Net of reinsurance**

Form 51 - with-profits	41	10074			10074	14761
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>	10074			10074	14761



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

Name of insurer **Scottish Provident Limited**Total business / subfund **31 Non Profit Fund**Financial year ended **31 December 2008**

Units

£000

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

**Gross**

Form 51 - with-profits	11					
Form 51 - non-profit	12	79909	839764	303528	1223200	1166550
Form 52	13	5	6981	1443	8428	8915
Form 53 - linked	14	301402	350961	62592	714955	1019305
Form 53 - non-linked	15	21065	8137	9120	38322	24523
Form 54 - linked	16					
Form 54 - non-linked	17		31055		31055	29005
<b>Total</b>	<b>18</b>	<b>402381</b>	<b>1236899</b>	<b>376682</b>	<b>2015962</b>	<b>2248298</b>

**Reinsurance - external**

Form 51 - with-profits	21					
Form 51 - non-profit	22	45783	384501	431	430715	515977
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25	151			151	157
Form 54 - linked	26					
Form 54 - non-linked	27		16810		16810	17198
<b>Total</b>	<b>28</b>	<b>45934</b>	<b>401311</b>	<b>431</b>	<b>447676</b>	<b>533332</b>

**Reinsurance - intra-group**

Form 51 - with-profits	31					
Form 51 - non-profit	32		428046	296340	724387	422294
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37		13960		13960	11392
<b>Total</b>	<b>38</b>		<b>442007</b>	<b>296340</b>	<b>738347</b>	<b>433686</b>

**Net of reinsurance**

Form 51 - with-profits	41					
Form 51 - non-profit	42	34126	27217	6756	68099	228280
Form 52	43	5	6981	1443	8428	8915
Form 53 - linked	44	301402	350961	62592	714955	1019305
Form 53 - non-linked	45	20914	8137	9120	38172	24366
Form 54 - linked	46					
Form 54 - non-linked	47		285		285	415
<b>Total</b>	<b>48</b>	<b>356447</b>	<b>393582</b>	<b>79911</b>	<b>829939</b>	<b>1281280</b>

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	2818	52920					30207
120	Conventional endowment with-profits OB savings	98554	2436340					1029449
205	Miscellaneous conventional with-profits	323	5277					4805
210	Additional reserves with-profits OB							1260
435	Miscellaneous non-profit	1188	28480					2249

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB		2307	34				1163
120	Conventional endowment with-profits OB savings		1908	32				790
205	Miscellaneous conventional with-profits							943
435	Miscellaneous non-profit		991	36				200
435	Miscellaneous non-profit (per annum)		1029					

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits (with cash option)	7081	57387	459				89551
165	Conventional deferred annuity with-profits (without cash option) (per annum)	6008	23741	754				158793
390	Deferred annuity non-profit	383	117					8400
390	Deferred annuity non-profit (per annum)		164					2889
435	Miscellaneous non - profit		(759)	138				138
435	Miscellaneous non - profit (per annum)		1543					
440	Additional reserves non-profit OB (GAO reserves on NP contracts)							210

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 Overseas / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life assurance with-profits OB	1374	64968	1993				18773
120	Conventional endowment with-profits OB savings	12146	217221	7744				156308
205	Miscellaneous conventional with-profits	575	1587					1287
165	Conventional deferred annuity with-profits (with cash option)	12270	213094	5449				211698
165	Conventional deferred annuity with-profits (without cash option) (per annum)	11992	32365	5531				206780
390	Deferred annuity non-profit (per annum)		70					1204
435	Miscellaneous non-profit	496	45155	319				(58)
435	Miscellaneous non - profit (per annum)		283					
440	Additional reserves non-profit OB (GAO reserves on NP contracts) (per annum)							112

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life assurance with-profits OB		884	3				61
120	Conventional endowment with-profits OB savings		175	6				87
435	Miscellaneous non-profit		8371	7				

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **22 Special Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB	82	458	6				289
120	Conventional endowment with-profits OB savings	948	11768	274				9863

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **22 Special Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
120	Conventional endowment with-profits OB savings		103	1				78



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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	4915	33453	412				22264
325	Level term assurance	27777	3109062	8714				28976
330	Decreasing term assurance	22992	1940820	6504				(2409)
340	Accelerated critical illness (guaranteed premiums)	16337	1109403	7088				3875
350	Stand-alone critical illness (guaranteed premiums)	8846	698280	3968				11006
360	Income protection non-profit (guaranteed premiums) (per annum)	1026	5948	124				2995
380	Miscellaneous protection rider (per annum)		16293	815				3259
395	Annuity non-profit (PLA) (per annum)	895	644					4297
435	Miscellaneous non-profit	310	4204					5003
435	Miscellaneous non - profit (per annum)	633	390					642

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB		468	5				372
325	Level term assurance		1691871	3503				22941
330	Decreasing term assurance		1212387	2913				1044
340	Accelerated critical illness (guaranteed premiums)		844302	4516				7464
350	Stand-alone critical illness (guaranteed premiums)		564543	2687				11630
360	Income protection non-profit (guaranteed premiums) (per annum)		4259	89				1877
380	Miscellaneous protection rider (per annum)		2281	114				456

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Gross

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
325	Level term assurance	15293	1171447	4054				4390
380	Miscellaneous protection rider (per annum)		9885	494				1977
390	Deferred annuity non-profit (per annum)	4542	11042	33				201056
400	Annuity non-profit (CPA)	29652	51740					626046
435	Miscellaneous non-profit	3167	39287	142				4832
435	Miscellaneous non - profit (per annum)		3853					
440	Additional reserves non-profit OB							1463

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance		12602	38				71
400	Annuity non-profit (CPA)		34706					383614
435	Miscellaneous non - profit (per annum)		4080	204				816

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Reinsurance ceded internal

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
400	Annuity non-profit (CPA)		17034					229274
435	Miscellaneous pensions non-profit		10778					365
435	Miscellaneous pensions non-profit (per annum)		16					
390	Deferred annuity non profit (per annum)		10753					198407

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance	1309	129561	582				860
330	Decreasing term assurance	10621	131537	720				158
400	Annuity non-profit (per annum)	2536	19093					291955
435	Miscellaneous non-profit	1810	68987	375				10237
435	Miscellaneous non - profit (per annum)	14	1816					229
440	Additional reserves non-profit OB							88

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance		35985	185				384
330	Decreasing term assurance		11567	60				10
435	Miscellaneous non-profit		226	4				37

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

Name of insurer **Scottish Provident Limited**  
Total business / subfund **31 Non Profit Fund**  
Financial year ended **31 December 2008**  
Units **£000**  
Overseas / Reinsurance ceded internal

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
400	Annuity non-profit		19093					289908
435	Miscellaneous non-profit		4969					6432
435	Miscellaneous non-profit (per annum)		296					



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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Gross

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
500	Life UWP single premium (Edinburgh version)	2674	61047		61047	62909		62909
500	Life UWP single premium (Kendal version)	2239	45403		45403	45246		45246
510	Life UWP endowment regular premium - savings	220	11508	315	3080	3114		3114
575	Miscellaneous UWP	13	91		91	66		66

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP	55491	421424	3148	420881	435668		435668
571	Trustee Investment Plan UWP	15	1259		1259	1387		1387
555	Group deposit administration with-profits	41	79295	2518	79295	79295	33386	112681

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 Overseas / Gross

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
500	Life UWP single premium	140	5975		5975	5937		5937
505	Life UWP whole life regular premium	6	85	12	85	83		83
535	Group money purchase pensions UWP	5	774		774	774		774
525	Individual pensions UWP	1415	31746	1571	31746	28500	13919	42419
555	Group deposit administration with-profits	3	6293	231	6293	6293	3075	9369
575	Miscellaneous UWP	152	768	79	768	607		607

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium (Edinburgh version)						1	1
500	Life UWP single premium (Kendal version)						3	3

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Reinsurance ceded external

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
510	Life UWP endowment regular premium - savings		340	3				

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP						6939	6939
571	Trustee investment plan UWP						43	43

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual Pension UWP		115	1				

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
505	Life UWP whole life regular premium						3	3
525	Individual pensions UWP						1308	1308
575	Miscellaneous UWP						131	131



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

Name of insurer **Scottish Provident Limited**  
Total business / subfund **31 Non Profit Fund**  
Financial year ended **31 December 2008**  
Units **£000**  
Overseas / Reinsurance ceded external

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
525	Individual Pension UWP		4					

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium (Edinburgh Version)	3501	49975		49975	49975	4	49979
700	Life property linked single premium (Kendal Version)	8973	124120		121070	121070	33	121103
700	Life property linked single premium	1372	14918		14118	14118	16	14134
710	Life property linked whole life regular premium	32949	3719060	22467	60987	60930	20674	81604
715	Life property linked endowment regular premium - savings	2517	86840	1826	31477	31477	28	31505
795	Miscellaneous property linked	2535	33083	346	23688	23688	141	23830
795	Miscellaneous property linked (per annum)	41	144		144	144	168	312

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
790	Miscellaneous protection rider		3000000	7500				
795	Miscellaneous property linked		35	35			151	151

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Gross

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
725	Individual pensions property linked	40530	352743	4739	349614	344933	3520	348453
755	Trustee investment plan	60	4004		4004	4004	386	4390
790	Miscellaneous protection rider (per annum)		309	9			56	56
795	Miscellaneous property linked	245	4683	145	2113	2024	538	2562
800	Additional reserves property linked						3637	3637

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
725	Individual Pension property linked		800	5				

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 Overseas / Gross

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
700	Life property linked single premium	1434	28603		26791	26791	3681	30472
710	Life property linked whole life regular premium	4840	497062	1550	3126	3126	1245	4371
725	Individual pensions property linked	1106	17881	1362	26139	26139	1675	27814
735	Group money purchase pensions property linked	179	4323	61	3579	3579	405	3984
795	Miscellaneous property linked	4531	135149	530	2957	2957	36	2993
800	Additional reserves property linked						2077	2077

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
710	Life property linked WOL regular premium		315000	900				
735	Group money purchase pensions property linked			25				

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Gross

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
905	Index linked annuity (per annum)	467	1563				31055	31055



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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**  
 UK Pension / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
905	Index linked annuity (per annum)		949				16810	16810

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

Name of insurer **Scottish Provident Limited**  
Total business / subfund **31 Non Profit Fund**  
Financial year ended **31 December 2008**  
Units **£000**  
UK Pension / Reinsurance ceded internal

<b>Product code number</b>	<b>Product description</b>	<b>Number of policyholders / scheme members</b>	<b>Amount of benefit</b>	<b>Amount of annual office premiums</b>	<b>Nominal value of units</b>	<b>Discounted value of units</b>	<b>Other liabilities</b>	<b>Amount of mathematical reserves</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
905	Index linked annuity (per annum)		614				13960	13960

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

Name of insurer **Scottish Provident Limited**

Total business

Financial year ended **31 December 2008**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Margetts Growth Fund	4	460173	Accumulation	1.00	288.1000	233.3488	(19.00)
Margetts Income Fund	4	85469	Accumulation	1.00	250.5000	219.3163	(12.45)
Margetts Growth Pension Fund	14	440566	Accumulation	1.00	374.0000	312.0289	(16.57)
Henderson Deposit Fund	4	1170044	Accumulation	0.84	348.8675	362.9456	4.04
Henderson European Fund	6	1829892	Accumulation	0.94	755.0000	543.3348	(28.04)
Henderson Far East Fund	6	2220483	Accumulation	0.98	874.6000	772.2126	(11.71)
Henderson Fixed Interest Fund	4	119616	Accumulation	0.90	51.5073	50.7700	(1.43)
Henderson Global Managed Fund	6	9128398	Accumulation	0.90	830.2664	654.0864	(21.22)
Henderson North American Fund	6	343948	Accumulation	0.90	470.5987	376.7248	(19.95)
Henderson UK Equity Fund	5	2561643	Accumulation	0.90	515.3256	362.5130	(29.65)
Henderson Deposit Pension Fund	14	66502	Accumulation	0.90	529.0342	554.0674	4.73
Henderson European Pension Fund	16	248348	Accumulation	0.93	1329.6158	966.5951	(27.30)
Henderson Far Eastern Pension Fund	16	380363	Accumulation		839.7928	664.4055	(20.88)
Henderson Fixed Interest Pension Fund	14	171432	Accumulation	0.89	603.5875	631.3357	4.60
Henderson Managed Pension Fund	12	647252	Accumulation	0.97	922.1155	690.5289	(25.11)
Henderson North American Pension Fund	16	220207	Accumulation	0.91	568.5869	469.8261	(17.37)
Henderson Special Situations Pension Fund	15	529914	Accumulation	0.91	860.8194	607.8753	(29.38)
Henderson UK Equity Pension Fund	15	376995	Accumulation	0.90	1121.8403	701.5752	(37.46)

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

Name of insurer **Scottish Provident Limited**  
 Total business  
 Financial year ended **31 December 2008**  
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Adventurous Managed Fund	4	15174265	Accumulation	0.92	425.0721	298.7705	(29.71)
Bradford & Bingley Select Managed Fund	4	1212346	Accumulation	0.89	217.8000	195.4693	(10.25)
UK Blue Chip Fund	5	2848648	Accumulation	0.97	253.8000	174.5797	(31.21)
Balanced Growth Managed Fund	2	57078906	Accumulation	0.94	1483.5032	1123.9141	(24.24)
Cash Fund	4	3322590	Accumulation	0.88	517.9092	539.1939	4.11
SP Aberdeen Fixed Interest Fund	4	2466479	Accumulation	0.91	357.9000	323.4638	(9.62)
Cautious Managed Fund	4	6382182	Accumulation	0.89	269.8000	240.8371	(10.73)
Equity Income Distribution Fund	5	4993885	Accumulation	0.91	142.1000	97.8139	(31.17)
Equity Fund	6	3672668	Accumulation	0.89	1543.0000	1093.1904	(29.15)
European Fund	6	5279541	Accumulation	0.98	390.5000	285.8674	(26.79)
Extra Income Fund	5	8845507	Accumulation	0.91	855.1000	662.9022	(22.48)
Far Eastern Fund	6	4489231	Accumulation	0.89	997.0000	815.0327	(18.25)
Fixed Interest Fund	4	4486795	Accumulation		894.4000	972.7851	8.76
High Income Fund	4	39768062	Accumulation		1726.0000	1220.7320	(29.27)
High Yield Distribution Fund	4	5639037	Accumulation		104.3000	90.4882	(13.24)
International Fund	6	1569521	Accumulation		553.7000	390.9278	(29.40)
Managed Distribution Fund	2	18071867	Accumulation		122.7086	95.7084	(22.00)
Managed Growth Fund	2	21218915	Accumulation	0.94	184.2728	142.0100	(22.93)

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

Name of insurer **Scottish Provident Limited**  
 Total business  
 Financial year ended **31 December 2008**  
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Monthly Distribution Fund	2	2077905	Accumulation	0.89	100.7263	78.9655	(21.60)
North American Fund	6	2323654	Accumulation	0.91	1007.2000	845.6654	(16.04)
Preference and Fixed Interest Fund	4	469989	Accumulation	0.91	278.2000	250.7786	(9.86)
Property Fund	7	1634732	Accumulation	0.96	649.8000	520.9948	(19.82)
Recovery Fund	5	1445590	Accumulation	0.94	338.8000	241.7627	(28.64)
UK Mid Cap Fund	5	6384467	Accumulation	0.98	1578.1050	973.8223	(38.29)
LTC	4	140817	Accumulation	1.02	134.7000	102.2827	(24.07)
Technology Fund	6	3836432	Accumulation	0.92	1293.5000	1079.6071	(16.54)
Adventurous Managed Pension Fund	11	31630437	Accumulation		508.7759	358.3661	(29.56)
UK Blue Chip Pension Fund	15	2066491	Accumulation		319.8422	227.5026	(28.87)
Balanced Growth Managed Pension Fund	12	96482752	Accumulation		1851.2732	1408.8910	(23.90)
Building Society Pension Fund	14	3393692	Accumulation		694.8392	726.3693	4.54
Cautious Managed Pension Fund	13	7145763	Accumulation		355.6120	306.8075	(13.72)
Equity Pension Fund	16	9160760	Accumulation		2243.1792	1585.3798	(29.32)
European Pension Fund	16	6258289	Accumulation	1.00	515.8839	374.9093	(27.33)
Extra Income Pension Fund	15	10595837	Accumulation		1107.3241	849.6750	(23.27)
Far Eastern Pension Fund	16	8126619	Accumulation		1144.3440	931.4750	(18.60)
Fixed Interest Pension Fund	14	3637151	Accumulation		1668.1508	1839.2339	10.26

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

Name of insurer **Scottish Provident Limited**

Total business

Financial year ended **31 December 2008**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
High Income Pension Fund	14	35768436	Accumulation		2070.1770	1468.3949	(29.07)
International Pension Fund	16	1976859	Accumulation		551.1436	389.6613	(29.30)
Managed Cash Pension Fund	14	3524073	Accumulation		331.3064	352.7532	6.47
Managed Growth Pension Fund	12	10295177	Accumulation		212.2009	161.7252	(23.79)
SP Aberdeen Fixed Interest Pension Fund	14	1258971	Accumulation		460.1802	400.7996	(12.90)
North American Pension Fund	16	2170723	Accumulation		847.0279	711.6254	(15.99)
Preference and Fixed Interest Pension Fund	14	1048016	Accumulation		352.9436	305.6861	(13.39)
Property Pension Fund	17	1990994	Accumulation		927.8864	749.5823	(19.22)
Recovery Pension Fund	15	1893999	Accumulation		433.0616	308.3497	(28.80)
UK Mid Cap Pension Fund	15	9610987	Accumulation		1490.8972	922.3164	(38.14)
Technology Pension Fund	16	3607144	Accumulation		950.0761	783.4093	(17.54)
Americas Performance Fund	6	63446	Accumulation		270.4000	233.2000	(13.76)
Blue Chip Fund	6	21059740	Accumulation		351.9000	250.4800	(28.82)
Cash Fund	4	1339921	Accumulation		286.5000	298.6000	4.22
Equity Fund	6	1418306	Accumulation		521.9000	368.9000	(29.32)
Europe Performance Fund	6	397319	Accumulation		361.8000	264.4900	(26.90)
Far East Performance Fund	6	176489	Accumulation		245.3000	203.9000	(16.88)
Fixed Interest Fund	4	1478963	Accumulation		512.7000	516.7000	0.78

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

Name of insurer **Scottish Provident Limited**

Total business

Financial year ended **31 December 2008**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Index Linked Fund	4	203125	Accumulation	1.00	349.5000	363.3900	3.97
International Fund	6	1187123	Accumulation		427.7000	304.4000	(28.83)
Managed Fund	2	19084761	Accumulation		487.4000	370.7000	(23.94)
Money Market Fund	4	3276121	Accumulation		189.9000	199.0000	4.79
Property Fund	7	1291871	Accumulation		509.8000	391.1000	(23.28)
Worldwide Performance Fund	6	146347	Accumulation	1.00	226.1000	159.7700	(29.34)
Pension Americas Performance Fund	16	316845	Accumulation		334.7715	140.4100	(58.06)
Pension Blue Chip Fund	15	3081965	Accumulation		412.2779	294.3138	(28.61)
Pension Building Society Fund	16	2423821	Accumulation		347.3456	363.4902	4.65
Pension Cash Fund	14	3637449	Accumulation	1.00	457.6000	231.7200	(49.36)
Pension Equity Fund	16	7620859	Accumulation		722.3812	510.3438	(29.35)
Pension Europe Performance Fund	16	1180956	Accumulation		435.2558	320.2581	(26.42)
Pension Far East Performance Fund	16	1534321	Accumulation		310.2694	254.9533	(17.83)
Pension Fixed Interest Fund	14	1338558	Accumulation		826.7675	866.4398	4.80
Pension Index linked Fund	14	850365	Accumulation		455.9729	464.3071	1.83
Pension International Fund	16	3179143	Accumulation		577.4515	411.9484	(28.66)
Pension Managed Fund	12	73803289	Accumulation	1.00	694.6838	528.0232	(23.99)
Pension Property Fund	17	4349277	Accumulation		717.1466	576.3171	(19.64)

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

Name of insurer **Scottish Provident Limited**

Total business

Financial year ended **31 December 2008**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Pension Worldwide Performance Fund	16	417917	Accumulation	1.00	255.3012	179.3778	(29.74)
MANAGED	4	5807975	Accumulated		3.1076	2.9836	(3.99)
EQUITY	6	862602	Accumulated		2.8334	1.8909	(33.26)
GILT	4	311776	Accumulated		3.1910	4.4494	39.43
CASH	4	290890	Accumulated		1.8187	2.4260	33.39
WORLDWIDE OPPORTUNITIES	4	157310	Accumulated		2.2955	1.8848	(17.89)
CAUTIOUS MANAGED	3	6966592	Accumulated		1.0657	1.1330	6.32
MASTER	4	7949210	Accumulated		2.3986	2.3000	(4.11)
IRISH EQUITY	4	544749	Accumulated	1.00	3.5810	1.8897	(47.23)
INTERNATIONAL EQUITY	4	887511	Accumulated	1.00	2.0210	1.6593	(17.90)
FIXED INTEREST	4	87239	Accumulated	1.00	1.8862	2.6301	39.44
SECURE	4	2609326	Accumulated	1.00	1.3059	1.7420	33.40
GLOBAL CHAMPIONS	4	251268	Accumulated	1.25	0.6714	0.5480	(18.38)
TECHNOLOGY	14	937219	Accumulated	1.25	0.2206	0.1730	(21.57)
PENSION ADVENTUROUS MANAGED	14	4354247	Accumulated		1.6707	1.3208	(20.94)
PENSION BALANCED MANAGED	14	12220840	Accumulated		4.7572	4.4409	(6.65)
PENSION CAUTIOUS MANAGED	14	752870	Accumulated		1.5975	1.6520	3.41
PENSION IRISH EQUITY	14	454714	Accumulated	1.00	5.9494	2.8386	(52.29)



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

Name of insurer **Scottish Provident Limited**

Total business

Financial year ended **31 December 2008**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
PENSION UK STOCKMARKET	14	25144	Accumulated	1.00	1.5691	1.1024	(29.74)
PENSION NORTH AMERICAN STOCKMARKET	14	163585	Accumulated	1.00	1.2466	1.0659	(14.50)
PENSION EUROPEAN STOCKMARKET	14	799919	Accumulated	1.00	2.6834	1.9638	(26.82)
PENSION FAR EASTERN STOCKMARKET	14	120257	Accumulated	1.00	1.7296	1.4279	(17.44)
PENSION JAPAN STOCKMARKET	14	879080	Accumulated	1.00	0.7124	0.6353	(10.82)
PENSION GLOBAL CHAMPIONS	14	440326	Accumulated	1.25	0.7757	0.6353	(18.10)
PENSION TECHNOLOGY	4	245344	Accumulated	1.25	0.3161	0.2381	(24.68)
PENSION WORLD STOCKMARKET	6	421992	Accumulated		1.6237	1.2810	(21.11)
PENSION FIXED INTEREST	6	770446	Accumulated	1.00	3.3630	4.6638	38.68
PENSION GUARANTEED DEPOSIT	4	2031987	Accumulated	1.00	2.0750	2.7844	34.19
PENSION KBC MANAGED	6	1675305	Accumulated	1.25	1.0155	0.8399	(17.29)
PENSION KBC IRISH EQUITY	6	115220	Accumulated	1.25	1.2119	0.6025	(50.29)
PENSION KBC BALANCED MANAGED	2	182183	Accumulated	0.90	0.9350	0.7589	(18.84)
PENSION KBC EUROLAND EQUITY	5	49296	Accumulated	0.90	1.1488	0.7865	(31.54)
PENSION KBC EURO BALANCED	14	17207	Accumulated	0.90	0.9420	0.7010	(25.58)
PENSION KBC TOP PICKS	16	114194	Accumulated	0.90	0.6795	0.5093	(25.05)
PENSION MST EURO GLOBAL BALD	16	937210	Accumulated	0.50	0.7940	0.7580	(4.53)
PENSION MST GLOBAL EQUITY FUND	14	63228	Accumulated	1.15	0.9566	0.7417	(22.46)

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

Name of insurer **Scottish Provident Limited**

Total business

Financial year ended **31 December 2008**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
PENSION MST EURO GLOBAL BOND	12	18255	Accumulated	1.15	1.0080	1.3626	35.19
PENSION KBC MANAGED	16	1908064	Accumulated	1.25	1.1034	1.0076	(8.68)
ANAM GUARANTEED DEPOSIT	15	3281338	Accumulated	0.65	1.0569	1.4400	36.25
ANAM CAUTIOUS MANAGED	15	742801	Accumulated	0.65	1.0834	1.1188	3.27
ANAM BALANCED MANAGED	4	437266	Accumulated	0.65	1.1648	1.0938	(6.09)
ANAM EUROPEAN EQUITY	4	91364	Accumulated	0.65	1.1909	0.8736	(26.65)
AAM TECHNOLOGY	4	787326	Accumulated	0.90	0.4523	0.3007	(33.51)
ANAM WORLD EQUITY	4	74949	Accumulated	0.65	1.0492	0.8296	(20.93)
KBC IRISH EQUITY	5	29640	Accumulated	0.65	1.1907	0.5824	(51.08)
ANAM UK EQUITY	2	31413	Accumulated	0.65	0.9296	0.6530	(29.75)
ANAM JAPAN EQUITY	4	58181	Accumulated	0.65	0.8057	0.7251	(10.01)
SELEXIS MANAGED	4	2037841	Accumulated	0.90	1.0542	0.9570	(9.22)
AAM GLOBAL CHAMPIONS	4	226321	Accumulated	0.90	0.9214	0.7574	(17.80)
ANAM ADVENTUROUS MANAGED	5	269746	Accumulated	0.65	1.0173	0.8066	(20.71)
ANAM FAR EASTERN EQUITY	6	33767	Accumulated	0.65	1.5881	1.3195	(16.91)
ANAM FIXED INTEREST	6	172429	Accumulated	0.65	1.2103	1.6807	38.87
ANAM NORTH AMERICAN EQUITY	5	32550	Accumulated	0.65	0.8683	0.7454	(14.16)
MST EURO GLOBAL BALANCED MANAGED	4	61257	Accumulated	1.15	0.8124	0.7796	(4.04)

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

Name of insurer **Scottish Provident Limited**  
 Total business  
 Financial year ended **31 December 2008**  
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
MST GLOBAL EQUITY	4	39932	Accumulated	1.25	0.9551	0.7416	(22.35)
MST EURO GLOBAL BOND	6	47118	Accumulated	1.25	1.0058	1.3596	35.18
KBCAM MANAGED	4	526582	Accumulated	0.90	0.9351	0.7595	(18.78)
KBCAM EURO MANAGED	4	32847	Accumulated	0.90	0.9463	0.7091	(25.07)
KBCAM TOP PICKS	4	67792	Accumulated	0.90	0.6795	0.5096	(25.01)
KBCAM EUROLAND EQUITY	6	18113	Accumulated	0.90	1.1531	0.7945	(31.10)
MST GLOBAL EQUITY SELECT	2	53679	Accumulated	0.90	0.7035	0.5473	(22.20)
MST EURO GLOBAL BOND SELECT	2	132682	Accumulated	1.25	0.7537	1.0250	36.00
KBC EUROLAND EQUITY SELECT	2	82416	Accumulated	1.00	0.9231	0.9712	5.21
KBC EURO BALANCED SELECT	6	203810	Accumulated	1.00	0.7818	0.5902	(24.50)
KBC BALANCED MGD SELECT	4	88691	Accumulated	1.00	0.8293	0.6602	(20.39)
KBC TOP PICKS SELECT	7	52412	Accumulated	1.00	0.7166	0.5412	(24.48)
KBCAM FALLEN ANGELS	5	132695	Accumulated	1.25	0.8713	0.6074	(30.29)
KBCAM MANAGED FUND	5	180731	Accumulated	1.25	0.7172	0.9622	34.15

**Long-term insurance business: Analysis of valuation interest rate**Name of insurer **Scottish Provident Limited**Subfund **21 SPI Fund**Financial year ended **31 December 2008**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK, L&GA, With Profit, Form 51 assurances 3.8%	1061972	3.80	4.28	5.69
UK, L&GA, With Profit, Form 51 assurances 4.45%	529	4.45	5.01	5.69
UK, L&GA, With Profit, Form 52 assurances 3.8%	111336	3.80	4.28	5.69
UK, L&GA, Non Profit, Form 51 assurances 2.15%	1160	2.15	2.42	5.69
UK, Pens, With Profit, Form 51 assurances 4.45%	248337	4.45	4.45	5.69
UK, Pens, Non Profit, Form 51 assurances 3.3%	8400	3.30	3.30	5.69
UK, Pens, With Profit, Form 52 assurances 4.45%	549736	4.45	4.45	5.69
OS, L&GA, With Profit, Form 51 assurances 3.85%	174933	3.85	4.81	5.92
OS, L&GA, Non Profit, Form 51 assurances 2.45%	(28)	2.45	3.06	5.92
OS, L&GA, With Profit, Form 51 assurances 4.35%	1245	4.35	5.44	5.92
OS, L&GA, With Profit, Form 52 assurances 3.85%	6793	3.85	4.81	5.92
OS, Pens, With Profit, Form 51 assurances 4.35%	418590	4.35	4.35	5.92
OS, Pens, With Profit, Form 52 assurances 4.35%	52394	4.35	4.35	5.92
Miscellaneous	5675			5.74
<b>Total</b>	2641071			

**Long-term insurance business: Analysis of valuation interest rate**Name of insurer **Scottish Provident Limited**Subfund **31 Non Profit Fund**Financial year ended **31 December 2008**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK, L&GA, Non Profit, Form 51 assurances 2.15%	(7258)	2.15	2.69	2.87
UK, L&GA, Non Profit, Form 51 assurances 2.75%	21893	2.75	2.75	2.87
UK, L&GA, Non Profit, Form 51 assurances 3.3%	3247	3.30	3.30	3.40
UK, L&GA, Non Profit, Form 51 annuities 5.65%	5727	5.65	5.65	6.15
UK, Pens, Non Profit, Form 51 assurances 2.75%	4319	2.75	2.75	2.87
UK, Pens, Non Profit, Form 51 assurances 3.3%	2690	3.30	3.30	3.40
UK, Pens, Non Profit, Form 51/54 annuities 5.65%	13466	5.65	5.65	6.15
OS, L&GA, Non Profit, Form 51 assurances 2.45%	627	2.45	3.06	3.20
OS, L&GA, Non Profit, Form 51 assurances 3.05%	1338	3.05	3.05	3.20
OS, Pens, Non Profit, Form 51 assurances 3.45%	341	3.45	3.45	3.55
OS, Pens, Non Profit, Form 51 annuities 3.45%	2047	3.45	3.45	3.55
UK, L&GA, Non-Profit, Form 52-53 ster res, 2.20%	17763	2.20	2.75	2.87
UK, Pens, Non-Profit, Form 52-53 ster res, 2.75%	10934	2.75	2.75	2.87
OS, L&GA, Non-Profit, Form 52-53 ster res, 2.45%	5269	2.45	3.06	3.20
OS, Pens, Non-Profit, Form 52-53 ster res, 3.10%	3216	3.10	3.10	3.20
UK, L&GA, Non Profit, Form 51 at 0%	10517			
UK, Pens, Non Profit, Form 51 at 0%	7027			
OS, Pens, Non Profit, Form 51 at 0%	1561			
Miscellaneous	10260			
<b>Total</b>	114984			

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **10 Long Term Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	3795186	4405885
Bonus payments in anticipation of a surplus	12	163107	123110
Transfer to non-technical account	13	12817	122027
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	3971110	4651023
Mathematical reserves	21	3481084	4100619
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	490026	550404

**Composition of surplus**

Balance brought forward	31	304737	317861
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	185290	232543
Total	39	490026	550404

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41	163107	123110
Cash bonuses	42		
Reversionary bonuses	43		530
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	163107	123640
Net transfer out of fund / part of fund	47	12817	122027
Total distributed surplus (46+47)	48	175924	245667
Surplus carried forward	49	314102	304737
Total (48+49)	59	490026	550404

**Percentage of distributed surplus allocated to policyholders**

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

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **21 SPI Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	2799332	2975951
Bonus payments in anticipation of a surplus	12	161001	121760
Transfer to non-technical account	13	12817	9027
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2973150	3106739
Mathematical reserves	21	2641071	2804578
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	332079	302160

**Composition of surplus**

Balance brought forward	31	170843	179722
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	234	150
Surplus arising since the last valuation	34	161002	122289
Total	39	332079	302160

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41	161001	121760
Cash bonuses	42		
Reversionary bonuses	43		530
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	161001	122290
Net transfer out of fund / part of fund	47	12817	9027
Total distributed surplus (46+47)	48	173818	131317
Surplus carried forward	49	158261	170843
Total (48+49)	59	332079	302160

**Percentage of distributed surplus allocated to policyholders**

Current year	61	92.63	93.13
Current year - 1	62	93.13	93.63
Current year - 2	63	93.63	94.12
Current year - 3	64	94.12	93.56

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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **22 Special Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	17168	24712
Bonus payments in anticipation of a surplus	12	2106	1350
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	234	150
Subtotal (11 to 14)	15	19508	26212
Mathematical reserves	21	10073	14761
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	9435	11451

**Composition of surplus**

Balance brought forward	31	9951	10685
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(516)	766
Total	39	9435	11451

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41	2106	1350
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	2106	1350
Net transfer out of fund / part of fund	47	234	150
Total distributed surplus (46+47)	48	2340	1500
Surplus carried forward	49	7095	9951
Total (48+49)	59	9435	11451

**Percentage of distributed surplus allocated to policyholders**

Current year	61	90.00	90.00
Current year - 1	62	90.00	90.00
Current year - 2	63	90.00	90.00
Current year - 3	64	90.00	90.00



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

Name of insurer **Scottish Provident Limited**  
 Total business / subfund **31 Non Profit Fund**  
 Financial year ended **31 December 2008**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	978686	1405222
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		113000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	978686	1518222
Mathematical reserves	21	829939	1281280
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	148747	236942

**Composition of surplus**

Balance brought forward	31	123942	127455
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	24804	109488
Total	39	148747	236942

**Distribution of surplus**

Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		113000
Total distributed surplus (46+47)	48		113000
Surplus carried forward	49	148747	123942
Total (48+49)	59	148747	236942

**Percentage of distributed surplus allocated to policyholders**

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

**Long-term insurance business : With-profits payouts on maturity (normal retirement)**

Name of insurer **Scottish Provident Limited**  
 Original insurer **41 Scottish Provident Limited**  
 Date of maturity value / open market option **01 March 2008**

Category of with-profits policy	Original term (years)	Maturity value / open market option	Terminal bonus	MVA	CWP / UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	5778	477		CWP	N	5778
Endowment assurance	15	11192	924		CWP	N	11192
Endowment assurance	20	20902	2567		CWP	N	20902
Endowment assurance	25	35141	5857		CWP	N	35141
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	24694	1910		UWP	N	24694
Regular premium pension	15	45929	2624		UWP	N	45929
Regular premium pension	20	100113			CWP	N	RWI
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	14790			UWP	N	14790
Single premium pension	15	23278	1318		UWP	N	23278
Single premium pension	20	50025			CWP	N	RWI

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

Name of insurer **Scottish Provident Limited**  
 Original insurer **41 Scottish Provident Limited**  
 Date of surrender value **01 March 2008**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	5460	451		CWP	N	13894
Endowment assurance	15	10579	874		CWP	N	19291
Endowment assurance	20	17625	2165		CWP	N	26678
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	11729	46		UWP	Y	12213
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	10501		-4289	UWP	Y	14790

**Long-term insurance capital requirement**Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2008**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%	23062	23062	0.62	14	12
Classes I (other), II and IX	13	0.15%	44	44		0	0
Classes I (other), II and IX	14	0.3%	8711689	5416613		16276	22903
Classes III, VII and VIII	15	0.3%	3443282	857972	0.50	5165	5539
<b>Total</b>	<b>16</b>		12178077	6297690		21455	28454

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

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					2976	2976
--	----	--	--	--	--	------	------

**Insurance expense risk capital component**

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	3854980	2702739	0.85	32767	33576
Classes III, VII and VIII (investment risk)	33	1%	31893	31893	1.00	319	199
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	24693	24693	1.00	247	269
Classes III, VII and VIII (other)	35	25%				2298	2609
Class IV (other)	36	1%	74053	36948	0.85	629	753
Class V	37	1%					
Class VI	38	1%					
<b>Total</b>	<b>39</b>					36261	37405

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	3854980	2702739	0.85	98302	100728
Classes III, VII and VIII (investment risk)	43	3%	31893	31893	1.00	957	596
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	24693	24693			
Classes III, VII and VIII (other)	45	0%	684811	684811			
Class IV (other)	46	3%	74053	36948	0.85	1888	2258
Class V	47	0%					
Class VI	48	3%					
<b>Total</b>	<b>49</b>		4670430	3481084		101147	103582

<b>Long term insurance capital requirement</b>	<b>51</b>					161839	172418
--	-----------	--	--	--	--	--------	--------

## Returns under the Accounts and Statements Rules

### Scottish Provident Limited

Financial year ended 31 December 2008

### Supplementary Notes to the Returns

#### \*0201\* Financial Services and Markets Act 2000 S148

The FSA, on the application of the firm, made a direction in December 2008 under section 148 of the Act. The effect of the direction is to modify INSPRU 3.1.46R so that the risk-adjusted yield assumed for the investment or reinvestments of sums denominated in sterling for the firm's with-profits business must be no more than the greater of (i) the forward gilts yield and (ii) the forward rate on sterling interest rate swaps as reduced by the rate represents compensation for credit risk.

#### \*0204\* Business Transfer

On 29 December 2008, part of the Non Profit Fund of the Company was transferred to The Royal London Mutual Insurance Society Limited (the Society) for £nil consideration in accordance with the terms of a scheme under Part VII of the Financial Services and Markets Act 2000 approved by the High Court on 4 December 2008 (the Scheme). The Scheme provides for the transfer of certain assets and liabilities, as set out below. As a result of the transfer, an additional asset has been generated as set out below.

The assets and liabilities transferred under the Scheme, the consequential generation of assets and the regulatory loss arising in the IFRS financial statements and FSA return are set out below:

	<b>NP £'000</b>
<b>Assets transferred (Form 13)</b>	
Direct insurance business – Policyholders	2,958
Reinsurance – Ceded	3,628
Deposits not subject to time restriction on withdrawal with approved institutions	(1,045)
	<u>5,541</u>
<b>Liabilities transferred (Form 14)</b>	
Mathematical reserves	(7,310)
Claims outstanding – Net	3,104
Creditors – Reinsurance Ceded	2,742
Creditors – Other	(305)
	<u>(1,769)</u>
<b>Net assets transferred</b>	<u><u>7,310</u></u>
 <b>Assets generated (Form 13)</b>	
Other financial investments – Other loans	4,938

Net assets generated	<u>4,938</u>
<b>Regulatory loss on transfer</b>	<u>2,372</u>

The business transferred under the Scheme includes non linked, non profit Self Assurance protection business. A net negative actuarial liability was transferred to the Society. The Scheme provides for the Society to pay the Company the value of the net negative actuarial liability, less the surplus generated on the business during 2008, in equal annual instalments over six years.

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

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Net Assets per FSA Return :		
Form 13, Line 89 (other than long-term business)	137,415	308,792
Form 13, Line 89 (long-term business)	4,558,353	5,690,206
Form 14, Line 11	(3,481,083)	(4,101,150)
Form 14, Line 49	(173,459)	(190,277)
Form 15, Line 69	(86,038)	(90,365)
<b>Total Capital Resources after deductions, Form 3, Line 79</b>	<b>955,188</b>	<b>1,617,206</b>

**\*0310\* Positive valuation differences**

Net positive valuation differences are analysed below:

		<b>2008</b>	<b>2007</b>
		<b>£'000</b>	<b>£'000</b>
<b>Positive valuation difference</b>			
Adjustment to realistic liabilities in respect of FRS 27	(a)	713,874	1,182,122
Deferred tax on sterling reserves	(a)	333	330
Deferred tax on project reserve	(a)	2,436	1,764
Deferred tax on DVFP	(a)	55,992	-
Write down in value of subsidiary from net asset value to cost	(b)	18	16
<b>Negative valuation difference</b>			
Sterling Reserves on Investment NDPF	(c)	(1,190)	(1,095)
Project Reserve	(c)	(8,700)	(6,300)
<b>Net positive valuation differences</b>		<u>762,763</u>	<u>1,176,837</u>

- (a) Relates to the positive valuation differences included within line 14 in respect of liabilities where INSPRU valuation is lower than the valuation in IFRS statutory financial statements.
- (b) Relates to the positive valuation differences included with line 14 in respect of assets where INSPRU valuation is higher than the valuation in IFRS statutory financial statements.
- (c) Relates to the negative valuation differences included within line 14 in respect of liabilities where INSPRU valuation is higher than the valuation in IFRS statutory financial statements.

**\*0313\* Reconciliation of Profit and Loss account and other reserves**

	<b>£'000</b>
Form 3, Line 12 Profit & Loss account and other reserves as at 31/12/07	(396,488)
Form 16, Line 59 Profit & Loss retained for the year	12,037
Movement in 2008 non profit reserves	35,308
Form 3, Line 12 Profit & Loss account and other reserves as at 31/12/08	(349,143)

**\*1304\* & \*1310\* Offset of debtor and creditor balances**

Certain amounts shown in Forms 13 and 14 have been calculated by netting amounts due to any one party against amounts due from that party to the extent permitted by generally accepted accounting principles.

**\*1305\* & \*1319\* Maximum permitted counterparty limits**

- (a) The maximum exposure allowable depends on the credit rating and type of the institution. The maximum allowed is 5% of funds for AAA banks in respect of UK non-linked business and 10% in respect of Irish non-linked business.
- (b) These limits apply also to counterparties, which are not 'approved counterparties'.
- (c) There were no breaches of overall limits during the period.

**\*1306\* & \*1312\* Counterparty exposure**

At 31 December 2008 exposure to the following counterparties was greater than 5% of the sum of base capital resources requirement and long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

	<b>SHF £'000</b>	<b>LTBF £'000</b>	<b>Total £'000</b>
Pearl Group Limited *			
Unsecured Debt	1,019,694	12,241	1,031,935

\* Pearl Group Limited is the company's ultimate parent undertaking

**\*1307\* & \*1313\* Exposures secured by collateral**

Form 13 line 44 includes a hedge asset of £246,795k held with Goldman Sachs, which is secured by a collateral loan of £273,900k (see note 1701 for details of how this variation margin is invested).

**\*1318\* Other Asset Adjustments**

Other asset adjustments on Form 13 line 101 are shown below.

<b>SPI £'000</b>	<b>NP £'000</b>	<b>LTF £'000</b>	<b>SHF £'000</b>
----------------------	---------------------	----------------------	----------------------

Form 13 Line 101

Offset of assets and liabilities	38,566	(32,190)	6,376	12,524
Net derivative variation margin	(8,496)	(997)	(9,493)	-
	<u>30,070</u>	<u>(33,187)</u>	<u>(3,117)</u>	<u>12,524</u>

**\*1401\* & \*1501\* Provision for reasonably foreseeable adverse variations**

No provision has been made for adverse changes on derivative contracts because there are, within the admissible assets of the Company, assets of a nature and quantity such that it is reasonable to expect that any adverse change would be matched by a favourable change in the value of the assets.

The Company's assets are valued on a mark to market basis. Where this is not possible, mark to model or director valuations are calculated on a prudent basis and incorporate all necessary valuation adjustments pursuant to GENPRU 1.3.30R to GENPRU 1.3.33R.

**\*1402\* & \*1502\* Details of charges over assets, contingent liabilities etc.**

- (a) No charge has been made on the assets of the Company.
- (b) Full provision is made in respect of Corporation tax on the Long-Term Business Fund within line 21 of Form 14. Full provision is made in respect of Corporation tax on the Life fund proportion of unrealised capital gains in the Long Term business fund. The provision is net of capital losses and appropriate deferred expenses.
- (c) No guarantees, indemnities or contractual commitments have been effected by the Company other than in the ordinary course of its insurance business in respect of the current future liabilities of related companies.
- (d) (i) During 2008, the Company's primary regulator, the Financial Services Authority (FSA), queried the pricing of certain derivative backed hedging agreements which were put in place in the with profit fund in 2004.

The current assessment of the minimum level of liability to the Company and a fellow group company, Scottish Mutual Assurance Limited, is £160m. However, the Directors do not accept the FSA's concerns and consider this level of liability as unlikely based on current available information.

The Company's parent, Pearl Life Holdings Limited has the benefit of an indemnity from a non-group third party for 70% of any liability arising out of this matter, although recovery cannot be absolutely certain.

Discussions between the Company, the third party and the FSA are continuing. In the event that a liability arises between the shareholder fund and the with profit fund in relation to the pricing of the hedges, the Company would seek redress for any amounts payable from the shareholder fund into policyholder funds through the indemnity of the parent company with the third party.

- (ii) The Company has in the past been required to pay compensation to policyholders who were advised by agents of the Company in the purchase of pension products. At 31 December 2008 any remaining liability in this respect is considered not to be material. There may also be a requirement to contribute under the Financial Services Compensation Scheme to compensate policyholders advised independently in the purchase of pension products. The uncertainties surrounding



these issues are such that the liabilities are currently unquantifiable as regards the Financial Services Compensation Scheme.

- (ii) The Company and its subsidiaries are registered with HM Revenue and Customs as members of a group for VAT purposes and, as a result, they are jointly and severally liable on a continuing basis for amounts owing by any other member of that group in respect of unpaid VAT. Any liability in this respect is considered to be remote. At 31 December 2008 the Group liability was £1,319k (2007: £3,182k).

**\*1405\* Other Adjustments to Liabilities**

Other adjustments to liabilities on Form 14 line 74 are shown below.

	<b>SPI</b> <b>£'000</b>	<b>NP</b> <b>£'000</b>	<b>Special</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
Form 14 Line 74				
Offset of assets and liabilities	38,566	(32,190)	-	6,376
Net derivative variation margin	(8,496)	(997)	-	(9,493)
FRS 27 realistic liabilities	706,789	-	7,085	713,874
Deferred tax on sterling reserves	-	333	-	333
Write down in value of subsidiary from net asset value to cost	18	-	-	18
Deferred tax on project reserve	-	2,436	-	2,436
Sterling Reserves on Investment NDPF	-	(1,190)	-	(1,190)
Project Reserve	-	(8,700)	-	(8,700)
	<u>736,877</u>	<u>(40,308)</u>	<u>7,085</u>	<u>703,654</u>

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

	<b>2008</b> <b>£'000</b>
Form 15 Line 83	
Deferred tax on present value of in force business	55,992
Offset of assets and liabilities	<u>12,525</u>
	<u>68,517</u>

**\*1601\* Basis of conversion of foreign currency**

Assets and liabilities in currencies other than sterling have been translated at the rate of exchange ruling at 31 December 2008. Revenue transactions are converted at the rates of exchange ruling at the time of the transaction.

**\*1603\* Other income and charges**

In Form 16 Line 21 is other expenses of £(100)k in respect of recharges in relation to impairment review, £289k interest on inter fund balance and £(295)k income regarding the sale of interest to a fellow group company, Scottish Mutual International (SMI), a fellow group company.

	<b>2008</b>
	<b>£'000</b>
Movement in present value of in force business	(63,903)
Deferred tax on present value of in force business	13,177
Other expense	(94)
	<hr/>
	(50,820)
	<hr/>

**\*1700\* Derivatives**

Separate sheets for the Special Fund and the Other Than Long Term Insurance Business Fund have not been included since they would be blank.

**\*1701\* Derivative contracts**

At 31 December 2008, the variation margin of £273,900k received has been invested in holdings in collective investment schemes (included in Form 13 Line 43) and £3,539k included within cash (Form 13 Line 81).

**\*1901\* Capital support**

The amount potentially available for inclusion in line 62 as shown in line 81 is equal to the capital resources arising within the Non-Profit Fund less the minimum capital requirement for Non-Profit business plus the capital resources allocated towards the long-term business arising outside the long-term insurance fund. As noted in paragraph 10 of the Appendix 9.4A valuation abstract, an arrangement is in place to provide support of the risk capital margin amounting to £125,000k if the need arises. The amount is included in the value disclosed at line 81.

**\*4002\* Other expenditure**

Other expenditure on Form 40 line 25 consists of intra-fund transfers between the Special fund and the SPI fund in relation to 1/9<sup>th</sup> bonus of £234k. The transfer-in for the receiving fund is shown as negative on the same line so that there is no effect on the total sheet.

#### **\*4003\* Transfer to Non-Technical Account**

Included at Form 40 line 26 is the share of the With Profits Fund bonus attributable to the Shareholder Fund.

#### **\*4004\* Business Transfer Out**

Included at Form 40 line 32 are the amounts of mathematical reserves transferred to the Society on 29th December 2008. (See note 0204).

#### **\*4005\* Foreign currency translation**

Assets and liabilities in foreign currencies have been translated using the rate of exchange ruling at 31 December 2008. Long-term business fund revenue transactions in the Republic of Ireland have been translated at the rate of exchange ruling at the time of the transaction. Other revenue items have been translated at the rate of exchange ruling at the time of the transaction or, in the case of accrued expenditure, at the rate of exchange ruling at 31 December 2008.

#### **\*4006\* Basis of apportionment between funds**

All income items are credited to and claims, commission and taxation are debited from the relevant fund. Administration and other expenses are initially charged to the Non Profit Fund, which then recharges the SPI Fund and Special Fund in accordance with the terms of the "Scheme of Transfer".

#### **\*4008\* Management Services**

During the year, investment management services were provided by Pearl Group Management Services Limited, (formally Resolution Management Services Limited), and Ignis Investment Services Limited, (formally Resolution Investment Services Limited).

Business administration services of £30,743k (2007: £23,652k) were recharged in the year from Pearl Group Management Services Limited.

Management charges from Ignis Investment Services Limited included in the operating results amounted to £1,518k (2007: £2,350k).

The 2008 charge from Pearl Group Management Services Limited reflects a £895k credit (2007 - £5,985k credit) following finalisation of the Company's share of the pension scheme payments, as required under the terms of the Sale and Purchase Agreement between Resolution plc and Abbey National plc.

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

- At 31 December 2008, claims expense on line 21 includes £445k in respect of reinsurance accepted from SMI (2007: £3,321k) and claims incurred of £35,624k (2007: £nil) in relation to reinsurance claims from Phoenix Pensions Limited.
- At 31 December 2008, earned premiums on line 11 includes £207,381k (2007: £397,877k) outward reinsurance premiums to Phoenix Pensions Limited.
- At 31 December 2008, the company had entered into other connected party transactions with Pearl group companies – refer to note 1306. Pearl Group Limited is the Company's ultimate parent.

- Management services were provided by Pearl Group Limited companies – refer to note 4008.

**\*4201\* Unitised With Profits Business**

Included at Form 42 Line 13 are the net transfers shown in the table below in respect of net claims on unitised With Profit business. The transfer-in for the receiving fund is shown as negative on the same line. The amounts are recorded net as they cannot be analysed between premiums and claims or between claim types.

<b>Form 42</b>	<b>SPI £000</b>	<b>NP £000</b>	<b>Total £000</b>
Line 13 With Profit Unit Transfers	66,985	(66,985)	-

**\*4401\* Basis of valuation**

The fair values of financial instruments are determined by reference to quoted market bid prices or published bid prices. If quoted market prices or published prices are not available, fair values are determined or estimated by using various techniques, including but not limited to balance sheet analysis and comparison to similar quoted securities. Unlisted derivatives are valued on the basis of bid prices supplied by suitably qualified counterparties.

**\*4402\* Aggregate value of derivative**

The aggregate value of rights and liabilities under derivative contracts included in Form 44, after the right of set off, is nil (both gross and net of variation margin).

**\*4502\* Other income and expenditure**

Other income included in line 14 represents an exchange gain of £17,512k on internal linked funds carried forward.

**\*4801\* Asset mix for Irish with-profits business**

It is the insurer's usual practice to restrict Irish with-profit policyholders' participation in any established surplus to that arising from the Irish With-Profit Fund (i.e. the Irish component of the SPI Fund).

The asset share philosophy for business written in the Irish With-Profit Fund assumes the following asset mix in lines 21 to 29 of column 2 of Form 48:

<b>Assets backing with-profits liabilities and with-profits capital requirements</b>	<b>Asset Mix (%)</b>
Land and buildings	0%
Approved fixed interest securities	19%
Other fixed interest securities	19%
Variable interest securities	0%
UK listed equity shares	0%

Non-UK listed equity shares	36%
Unlisted equity shares	0%
Other assets	26%
<b>Total</b>	<b>100.0%</b>

**\*4806\* Assets used to calculate investment returns in column 5**

The investment returns in lines 21 to 29 of column 5 of the SPI Fund were calculated using the UK With-Profits Fund assets.

The investment returns in lines 21 to 29 of column 5 of the Special Fund were calculated using the Special With-Profits Fund assets.

**\*4901\* Source of credit ratings**

The Standard & Poor's rating was used to provide the split by credit rating.

**\*5101\* Number of Group Schemes**

The number of group schemes, for which we do not have records of benefits at member level, is listed by product code as follows:

Fund	Product Code	Product Description	Number of group schemes
UK Pension With-Profit	390	Deferred annuity non-profit	6
	435	Miscellaneous non-profit	30
OS Pension With-Profit	390	Deferred annuity non-profit	2

**\*5201\* Number of Group Schemes**

The number of group schemes, for which we do not have records of benefits at member level, is listed by product code as follows:

Fund	Product code	Product description	Number of group schemes
UK Pension With-Profit	555	Group deposit administration with-profits	41
OS Pension With-Profit	555	Group deposit administration with-profits	3

**\*5303\* Details of business reported under Miscellaneous product codes**

The following gives details of business reported under "Miscellaneous" product codes that exceed the £10m threshold specified in Instruction 11 to the Form:

Fund	Product code	Product description	Details of business included
UK Life Non-Profit	795	Miscellaneous property linked	Assurance business

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

No Form 56 is required as all index-linked liabilities have been reassured, so there are no matching assets.

**\*5701\* Consistency of liabilities with Form 54**

Negative mathematical reserves from products in the following product groupings:

“OS, L&GA, Non-Profit, Form 51 assurances, 2.45%” [in the SPI Fund]

“UK, L&GA, Non-Profit, Form 51 assurances, 2.45%” [in the NP Fund]

have been used to offset the positive liabilities of products in the following product groupings:

“UK, L&GA, Non-Profit, Form 51 assurances, 2.15%” [in the SPI Fund]

“UK, Pens, Non-Profit, Form 51 assurances, 3.30%” [in the NP Fund]

The total value of these negative liabilities is £(7.3)m.

## Returns under the Accounts and Statements Rules

### Statement required by Rule 9.29

#### Scottish Provident Ltd

#### Financial Year ended 31 December 2008

#### Additional information on derivative contracts

- a The investment guidelines operated by the Company during the period up to 31 December 2008 for the use of derivative contracts were based on the principles of reduction of risk or efficient portfolio management.

In particular:

- i no uncovered liabilities were permitted;
- ii all contracts were either:
  - a) transacted on an approved exchange; or
  - b) with an approved counterparty.
- iii all monies relating to exchange traded positions were held in client money segregated accounts at a highly rated international bank.
- iv transactions were conducted within the Phoenix Life Division Delegated Authorities.

The use of derivatives is further restricted by the variety of regulations laid down for the use of derivatives in life assurance companies – in particular the rules and guidance set out in INSPRU 3.2.

- b The investment guidelines do not prohibit entry into contracts, which were not at the time of entry, reasonably likely to be exercised, to ensure that Phoenix Life Division is not prevented from entering into contracts which could potentially enhance efficient portfolio management.
- c The Company was not a party to any contract during 2008 that was not expected, at the time when the contract was entered into, to be reasonably likely to be exercised.
- d. Transactions which would require significant provision under INSPRU 3.2.17R or which do not fall within the definition of a permitted derivative contract under the permitted links rules are not undertaken.
- e. The Company received £5.2m for granting rights under FTSE call options on £104m notional and €1.7m for granting rights under EuroStoxx call options on €32m notional.

## Returns under the Accounts and Statements Rules

### Statement of additional information on controllers required by rule 9.30

#### Scottish Provident Limited

#### Financial year ended 31 December 2008

- (1) The persons who, to the knowledge of the Company, were controllers at any time during the financial year were:
- (a) Pearl Life Holdings Limited (formerly Resolution Life Limited);
  - (b) Pearl Group Holdings (No.1) Limited (formerly Resolution plc) (ceased to be a controller on 31 December 2008);
  - (c) Impala Holdings Limited;
  - (d) Pearl Assurance plc;
  - (e) Pearl Group Limited;
  - (f) Sun Capital Investments Limited;
  - (g) Hera Investments One Limited;
  - (h) Sun Capital Investments No.2 Limited;
  - (i) Hera Investments No. 2 Limited;
  - (j) Xercise Limited (ceased to be a controller on 16 April 2008);
  - (k) Jambright Limited (ceased to be a controller on 16 April 2008);
  - (l) Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Spencer-Churchill, Marc Jonas (ceased to be controllers on 16 April 2008);
  - (m) TDR Capital Nominees Limited (ceased to be a controller on 16 April 2008); and
  - (n) TDR Capital LLP (ceased to be a controller on 16 April 2008).
- (2) The persons who, to the knowledge of the Company, were controllers at the end of the financial year were:
- (a) Pearl Life Holdings Limited (formerly Resolution Life Limited)  
  
As at 31 December 2008, Pearl Life Holdings Limited owned 100% of the shares of Scottish Provident Limited and was able to exercise 100% of the voting power at any general meeting.
  - (b) Impala Holdings Limited  
  
As at 31 December 2008, Impala Holdings Limited owned 100% of the shares of Pearl Life Holdings Limited, a company of which Scottish Provident Limited is a subsidiary undertaking and was able to exercise 100% of the voting power at any general meeting.
  - (c) Pearl Group Limited  
  
As at 31 December 2008, Pearl Group Limited owned 75% of the shares of Impala Holdings Limited, a company of which Scottish Provident Limited is a subsidiary undertaking and was able to exercise 75% of the voting power at any general meeting.
  - (d) Sun Capital Investments Limited  
  
As at 31 December 2008, Sun Capital Investments Limited owned 50% of the ordinary shares of Pearl Group Limited, a company of which Scottish Provident Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.
  - (e) Hera Investments One Limited  
  
As at 31 December 2008, Hera Investments One Limited owned 50% of the ordinary shares of Pearl Group Limited, a company of which Scottish Provident Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.



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

### **Statement of additional information on controllers required by rule 9.30**

#### **Scottish Provident Limited**

#### **Financial year ended 31 December 2008**

(f) Sun Capital Investments No. 2 Limited

As at 31 December 2008, Sun Capital Investments No.2 Limited owned 12.5% of the ordinary shares of Impala Holdings Limited, a company of which Scottish Provident Limited is a subsidiary undertaking, and was able to exercise 12.5% of the voting power at any general meeting.

(g) Hera Investments No.2 Limited

As at 31 December 2008, Hera Investments No.2 Limited owned 12.5% of the ordinary shares of Impala Holdings Limited, a company of which Scottish Provident Limited is a subsidiary undertaking, and was able to exercise 12.5% of the voting power at any general meeting.

## Abstract of Valuation Report on Scottish Provident Limited

### 1. Introduction

- 1.1 The date to which the investigation relates is 31 December 2008.
- 1.2 The date to which the previous investigation related was 31 December 2007.
- 1.3 No interim valuations for the purpose of rule 9.4 have been carried out since the previous valuation.

### 2. Product range

On the 29<sup>th</sup> of December 2008, parts of the business within the Non-Profit Fund were transferred under Part VII of the Financial Services and Markets Act 2000 to Royal London Mutual Insurance Society Limited. The business transferred was UK non-linked Self Assurance products. The With-Profit fund is closed to new business except by increment.

### 3. Discretionary charges and benefits

- 3.1 Market value reductions have been applied throughout the year where allowed by the relevant policy conditions. The years of entry to which they applied, and the levels of the reductions, changed on certain dates during the year and depend on whether the business is life or pensions.

For the UK with-profits funds, market value reductions applied to business written as follows:

Date	UK Life With-Profits Funds	UK Pensions With-Profits Funds
Up to 10 February 2008	No MVA applied to this business.	Business written during calendar year 1998 and calendar year 1999.
11 February to 27 July 2008	No MVA applied to this business.	Business written during calendar year 1998 and calendar year 1999.
28 July 2008 to 14 October 2008	No MVA applied to this business.	Business written during calendar year 1998, 1999 and 2007.
15 October 2008 to 31 November 2008	No MVA applied to this business.	Business written during calendar year 1998, 1999 and 2007.
01 December 2008 onwards	No MVA applied to this business.	Business written during calendar year 1998, 1999 and 2007.

For the Irish with-profit funds, market value reductions applied to business written as follows:

Date	Irish Life With-Profits Funds	Irish Pensions With-Profits Funds
Up to 30 June 2008	No MVA applied to this business.	No MVA applied to this business.
1 July 2008 to 21 July 2008	No MVA applied to this business.	Business written during calendar year 1999 and calendar year 2007.
22 July 2008 to 9 October 2008	No MVA applied to this business.	Business written during calendar year 1999 and calendar year 2007.
10 October 2008 to 18 November 2008	No MVA applied to this business.	Business written during calendar year 1999 and calendar year 2007.
19 November 2008 onwards	No MVA applied to this business.	Business written from 1 Jan 1999 to 30 Sept 1999, and during calendar year 2007.

- 3.2 All business with reviewable premiums was transferred to Royal London Mutual Insurance Society Limited on the 29<sup>th</sup> of December 2008.
- 3.3 Not applicable.
- 3.4 Policy fees were increased by 4.78% in January 2008.
- 3.5 There have been no changes to benefit charges on linked policies during the year.
- 3.6 There have been no changes to the unit management charges or notional charges on accumulating with profit policies during the year.
- 3.7 Method for unit pricing of internal linked funds:

Definition of terms used in pricing of internal linked funds.

Asset Units	The number of units in the fund, used to determine the price when creating or cancelling units in internal funds.
Net Asset Value	The market value of assets in the fund, on the pricing basis chosen, including costs of purchase or sale, tax provisions, accrued income and accrued charges as defined by the policy conditions.
Creation Price	The Net Asset Value calculated on market offer prices including purchase costs with tax provisions calculated on a consistent basis, divided by the number of Asset Units.
Cancellation Price	The Net Asset Value calculated on market bid prices less costs of sale with tax provisions calculated on a consistent basis, divided by the number of Asset Units.
Bare Price	Creation Price or Cancellation Price, depending on which pricing basis is being used (see below for details).
Offer Price	Price quoted to policyholders which is used when allocating units from premium and other payments.
Bid Price	Price quoted to policyholders to value their unit holdings and to cancel units to pay for charges as allowed in the policy conditions.
Initial Charge	The percentage used to calculate the quoted Offer Price from the Bare Price; this has averaged 5% during the year.
Bid-Offer Spread	The difference between Bid and Offer Prices; this has averaged 5% during the year.

**Method used for creation and cancellation of units**

The pricing basis depends on whether the unit-linked fund is expanding or contracting. The company reviews the pricing basis regularly. Most funds are priced on a contracting basis and in general each fund will be considered to be contracting unless there is evidence of material new money being paid into the fund and a likelihood that will continue over the medium term.

**Method used for allocation and de-allocation of units**

The quoted Offer Price for a particular day is the Bare Price divided by (1 minus the Initial Charge) and rounded up by no more than 0.1p. The quoted Bid Price equals the quoted Offer Price adjusted for the Bid-Offer Spread and rounded to the lower 0.1p.

The prices used for transactions on a particular day are determined based on the asset position of the fund at 12pm on the previous working day (except Broker Managed Funds which are priced at close of business). The timing of the transaction relative to the time at

which the policyholder requested the trade varies by product and is defined in the policy conditions.

**Exceptional circumstances**

Special bid and offer prices may be quoted for a material transaction or series of bid and offer prices may be quoted for a material transaction or series of transactions. "Material" means any one transaction or series of transactions which are of such a size that the company considers the basis of the pricing should change from creation to cancellation or vice versa to maintain equity between the transacting policyholders and remaining policyholders in the fund.

- (b) Not applicable.
- (c) The internal linked funds managed by Ignis invest predominantly in unit trusts and OEICs. These collective investment schemes are priced daily at 12pm, using either the creation or cancellation price for the collective investment scheme as appropriate for the net expansion or contraction of the linked fund. The price calculated for the collective investment scheme on a particular day is used in the valuation of the linked fund on the same day and is the price at which policyholder transactions in the linked fund on that working day are based.

### 3.8 Linked life:

Income tax deducted £2,234,322.  
Tax on realised investment gains -£1,145,695.  
Tax charge on unrealised investment gains £1,043,610.

#### Linked pensions:

Income tax deducted £3,173,449

Each individual linked fund is treated as a separate entity for the purpose of tax. Fixed Interest Income, interest and overseas dividends are taxed at the standard rate and this is reflected in unit the price. The calculation of the unit price includes a charge for realised and unrealised capital gains net of indexation relief or a credit for realised or unrealised losses. At the end of each year the linked fund is charged for the accrued realised gains in the fund and paid a cash credit for accrued realised losses. Unrealised gains and losses are carried forward to the next accounting period.

The rate of tax charge on gains is the policyholder tax rate discounted to reflect timing until the tax is paid, including allowance for spreading of gains under the deemed disposal rules where the underlying holding is a collective investment vehicle. The rate of tax credit on losses is the policyholder tax rate discounted to reflect timing until it is expected that the loss can be used to offset a future gain in the fund.

For UK linked funds, the tax liability on income and realised gains was settled at the 21<sup>st</sup> of August 2008 by paying the liability to the non-linked fund. No withdrawal is made from any of the linked funds for the tax liability on unrealised gains until these gains are realised at a later date. For Irish funds, the tax liability is effectively deducted from the fund on a daily basis.

The linked funds experienced no losses during the reporting period.

The rates of tax charge and credit for realised and unrealised gains and losses applying at 31 December 2008 were as follows:

	UK	Republic of Ireland
All realised gains	0%	17.5%
All realised losses	0%	N/A
Unrealised gains	0%	17.5%
Unrealised losses	0%	N/A

### 3.9 Each internal fund is treated as an independent entity for the purposes of assessing capital gains tax. A rate of tax is levied on the gain net of any indexation relief and capital losses, as appropriate.

The maximum rate of tax for realised capital gains is the policyholder rate of tax for the period in question. Where appropriate, this may be reduced to reflect the period between the realisation of the gain and the date when the tax is actually due to be paid.

The maximum rate of tax for unrealised capital gains is the rate for realised capital gains. This is normally reduced to reflect the extra expected period until the gain is finally crystallised.

The rates of tax charge and credit for realised and unrealised gains and losses applying during the reporting period were as follows:

UK Gains 2008	01 Jan -30 April	01 May - 30 June	1July -31 Dec
CGT - Realised Gains	17.25%	19.50%	0%
CGT - Realised Losses	16.75%	19.50%	0%
CGT - Unrealised Gains	17.25%	19.50%	0%
CGT – Unrealised Losses	16.75%	19.50%	0%

In respect of the Long Term Care Fund, only one third of the above UK tax rates apply. This is based on the average mix of taxable and gross business in that fund.

- 3.10 Where internal linked funds invest in units of the type referred to in paragraph 5 of part 1 of Appendix 3.2, the policyholder benefits to the full from any discount achieved on the purchase of such units and the valuation of such units reflects the discounts achieved. For investments in an Ignis Asset Management (IAM) collective investment fund, units are purchased at the creation price and sold at the cancellation price. A rebate is only payable if the underlying IAM collective has an annual management charge that exceeds the annual management charge payable on the insurer's fund. No renewal commission is payable by IAM.

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

- 4.9 A gross premium valuation method has been used for all business shown on Forms 51 and 54. Negative reserves are held for these contracts where the gross premium method yields a negative result. Explicit allowance has been made in the valuation for renewal expenses as detailed in paragraph 4.6. Where appropriate, allowance has also been made for payments in accordance with reinsurance treaties.

For accumulating with-profits business, including the With-Profits Deposit Administration product, the discounted value of the unit liability shown in column 7 of Form 52 is the mathematical reserves that comply with the requirements of INSPRU 1.2. These mathematical reserves are the greater of:

- a) The guaranteed liabilities, excluding terminal bonus, calculated using a bonus reserve method, and
- b) The lesser of:
  - i) The bid value of units allocated at the valuation date excluding terminal bonus, and
  - ii) The surrender value that the policyholders could reasonably expect to be payable were the policies to have been surrendered on the valuation date.

The calculation was carried out on a policy-by-policy basis. For the calculation of the reserves shown in Form 52, it has been assumed that no reversionary bonuses will be declared in the future.

In addition, for accumulating with-profits business, other non-unit reserves have been calculated to cover any mortality or expense strain within the valuation in a manner consistent with that used for property-linked benefits as described below.

For property-linked contracts, the unit reserve in respect of accumulation (or ordinary) units is taken as the value at the prices specified in Form 55 of the units allocated to policies in force at the valuation date. The unit reserve in respect of capital (or initial) units of the pension funds in which Accolade and New Style Pensions invest has been taken as the face value of those units. The unit reserve in respect of capital (or initial) units of all other funds has been taken as the value of the accumulation units equivalent to the allocated capital units allowing for the additional charges for those funds where the value of the linked assets held equals the funded value of the units.

Some property-linked contracts (Personal Retirement Account, Pension Investment Account, Executive Retirement Account, Self Assurance (overseas version) and some miscellaneous classes) offer bonus units that either accrue over time up to vesting or

death or are awarded on certain dates. The unit liability under these contracts includes units held in respect of the maximum prospective bonus which would be payable.

A non-unit reserve is held for certain property-linked contracts in respect of future expenses, mortality and morbidity. Investigations have shown that this reserve, in conjunction with ongoing management charges at the current rates and the uninvested portion of future premiums under continuing contracts, is sufficient to cover future outgoings on the valuation basis, with the exception of the guarantee on the Self Assurance Long-Term Care Contract which is valued separately.

#### 4.10 Valuation Interest Rates

Product group	Valuation interest rate at end of this financial year (per annum)		Valuation interest rate at end of last financial year (per annum)	
	UK	Republic of Ireland	UK	Republic of Ireland
Conventional with-profits life assurances	3.80%	3.85%	4.05%	3.50%
Conventional with-profits pension assurances	4.45%	4.35%	4.60%	4.35%
Conventional non-profit assurances (other than term assurance) (life and pensions)	2.75%	3.05%	4.05%	3.90%
Conventional non-profit life term assurances	2.15%	2.45%	3.15%	3.15%
Conventional non-profit and index-linked immediate annuities	5.65%	3.45%	4.75%	4.20%
Unitised with-profits life assurances	3.80%	3.85%	4.05%	3.50%
Unitised with-profits pensions other than Simplified Pension Investment Plan	4.45%	4.35%	4.60%	4.35%
Simplified Pension Investment Plan (unitised with-profits)	4.45%	4.35%	4.60%	4.35%
Sterling reserves on unitised with-profits and unit-linked business (Life)	2.20%	2.45%	3.25%	3.15%
Sterling reserves on unitised with-profits and unit-linked business (Pension)	2.75%	3.10%	4.05%	3.95%

Note:

- The valuation interest rates are shown net for with-profits life business and non-profit life term assurance business, but gross for all other business.

#### 4.11 Yields were adjusted for risk, to calculate the risk-adjusted yields shown in form 57, as follows:

- For equity shares, yields are reduced by 2.5% and capped at 25%.
- For non-approved fixed interest securities, the yield on each corporate bond was reduced by a fixed amount that depended on the bond's credit rating and duration; these amounts were based on S&P and Moody's published default rates with a margin for prudence. The reduction for a bond of a lower credit rating was applied wherever the observed spread on a bond was outside the range typical for its credit rating.
- There is currently no investment in property and so no risk adjustment is considered for this asset class.

The valuation interest rate is set by Phoenix Pensions Limited for business reinsured with them. This includes the immediate annuities and the deferred annuities. It is due to the fact that assets backing the business are held by Phoenix Pensions Limited. The methodology used is given below.

- For corporate bonds, a deduction is applied to the yield on an individual stock by stock basis. The individual stock risk margins will be calculated as a long term average default rate plus an additional allowance for short-term factors and expected deviations from the historic average. The individual stock risk margins will be calculated by Axial / Ignis in conjunction with the Asset Liability Management team.

The long term average default rates (in basis points) are:

Rating	5yr	10yr	20yr
AAA	4.6	13.9	17.1
AA	19.7	35.5	49.4
A	31.2	44.8	59.4
BAA	88.0	109.1	121.0
BA	268.4	284.9	288.5
B	599.9	524.4	425.4
CAA	1,053.9	757.1	629.3

A number of different techniques are then employed to arrive at an additional haircut, namely.

- For bank subordinated debt, a higher risk is proposed to be recognised by imposing a nil recovery rates on the above default rates
- Axial / Ignis then 'notch' downwards stocks where they consider the credit rating to be inappropriate (after analysis of the current market spread and other factors).
- Finally, Axial / Ignis also applied an additional haircut to around 10% of stocks, which was based on a stock-by-stock analysis of abnormal default or coupon deferment risk. To avoid spurious precision, the addition applied was a doubling of the base haircut in most cases. In some cases, the adjustment was lower and in a few cases much higher, where a default had either effectively happened or was considered extremely likely.

For the Peak 1 basis, additional prudence will be applied to all but the "already defaulted" stocks by increasing the risk margin deduction by 25%.



#### 4.12 Mortality Bases

##### Assurances

Product group	Mortality basis at end of this financial year	Mortality basis at end of previous financial year
Conventional endowment assurance (mortality only) (UK and overseas)	88% AM92 / 110% AF92 ult (smoker status unknown) 70% AM92 / 88% AF92 ult (known non-smoker) 141% AM92 / 176% AF92 ult (known smoker) plus AIDS adjustment of 33% of R6A for male lives only	88% AM92 / 110% AF92 ult (smoker status unknown) 70% AM92 / 88% AF92 ult (known non-smoker) 141% AM92 / 176% AF92 ult (known smoker) plus AIDS adjustment of 33% of R6A for male lives only
Conventional whole life assurance other than Bonus Mortgage Plan (UK and overseas)	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below
Bonus Mortgage Plan	88% AM92 / 110% AF92 ult (smoker status unknown)  plus AIDS adjustment of 33% of R6A for male lives only	88% AM92 / 110% AF92 ult (smoker status unknown)  plus AIDS adjustment of 33% of R6A for male lives only
Conventional Capital Options & With-Profit Bond (overseas)	Nil mortality	Nil mortality
Conventional term assurance (mortality only) (UK and overseas)	Modified TM92/TF92 select plus allowance for AIDS of 33% of R6A projection for male lives only – see below	Modified TM92/TF92 select plus allowance for AIDS of 33% of R6A projection for male lives only – see below
Unit-linked and unitised with-profits assurances other than Flexible Mortgage Plan and Self Assurance Lifetime (UK and overseas)	70% AM92 / 88% AF92 ult (known non-smoker) 141% AM92 / 176% AF92 ult (known smoker) plus AIDS adjustment of 33% of R6A for male lives only	70% AM92 / 88% AF92 ult (known non-smoker) 141% AM92 / 176% AF92 ult (known smoker) plus AIDS adjustment of 33% of R6A for male lives only
Flexible Mortgage Plan and Self Assurance Lifetime (mortality only) (UK and overseas)	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below

For conventional whole life assurance other than Bonus Mortgage Plan, rates are different age-related percentages of TM92/TF92 ult. Sample mortality rates are:

<b>Age</b>	<b>Male non-smoker</b>	<b>Male smoker</b>	<b>Female non-smoker</b>	<b>Female smoker</b>
25	0.000421	0.000421	0.000218	0.000218
35	0.000444	0.000444	0.000348	0.000348
45	0.001042	0.001042	0.000892	0.000892
55	0.002917	0.002917	0.002406	0.002406

For conventional term assurance with mortality benefits only (i.e. no critical illness benefits), rates are age-related percentages of TM92/TF92 select. Sample mortality rates are:

<b>Age</b>	<b>Male non-smoker</b>	<b>Male smoker</b>	<b>Female non-smoker</b>	<b>Female smoker</b>
25	0.000408	0.000729	0.000185	0.000280
35	0.000438	0.000719	0.000287	0.000486
45	0.000990	0.001720	0.000715	0.001343
55	0.002549	0.006481	0.001873	0.003864

For linked Flexible Mortgage Plan and Self Assurance Lifetime with mortality benefits only (i.e. no critical illness benefits), rates are different age-related percentages of TM92/TF92 ult. Sample mortality rates are:

<b>Age</b>	<b>Male non-smoker</b>	<b>Male smoker</b>	<b>Female non-smoker</b>	<b>Female smoker</b>
25	0.000503	0.000500	0.000244	0.000391
35	0.000539	0.000495	0.000378	0.000680
45	0.001190	0.001221	0.000942	0.001877
55	0.003116	0.004485	0.002468	0.005401

See paragraph 4.5 below for details of these contracts and conventional endowment assurances with critical illness benefits.

## Annuities

Product group	Mortality basis at end of this financial year	Expectations of life (years)	Mortality basis at end of previous financial year
Deferred annuities (UK individual, overseas group and individual)	No mortality in deferment Age-dependant % of PMA00mc / PFA00mc (with future improvement factors varying by age and calendar year) in possession	At age 65: <ul style="list-style-type: none"> <li>• 28.2 (male currently age 45)</li> <li>• 26.3 (male currently age 55)</li> <li>• 28.9 (female currently age 45)</li> <li>• 27.3 (female currently age 55)</li> </ul>	No mortality in deferment Age-dependant % of PMA92mc / PFA92mc (with future improvement factors varying by age and calendar year) in possession
Deferred annuities (UK group)	88% AM92 / 110% AF92 ult in deferment Age-dependant % of pma00mc / pfa00mc (with future improvement factors varying by age and calendar year) in possession		88% AM92 / 110% AF92 ult in deferment Age-dependant % of pma00mc / pfa00mc (with future improvement factors varying by age and calendar year) in possession
Annuities in payment (UK and overseas)	Age-dependant % of PMA00mc / PFA00mc (with future improvement factors varying by age and calendar year)	24.2 (male age 65) 14.3 (male age 75) 25.6 (female age 65) 15.6 (female age 75)	Age-dependant % of PMA92mc / PFA92mc (with future improvement factors varying by age and calendar year)
Simplified Pensions Investment Plan (UK and overseas)	No mortality in deferment Age-dependant % of PMA00mc / PFA00mc (with future improvement factors varying by age and calendar year) in possession	As for deferred annuities above	No mortality in deferment Age-dependant % of PMA92mc / PFA92mc (with future improvement factors varying by age and calendar year) in possession
Linked deferred annuities and group pensions (overseas)	No mortality in deferment Age-dependant % of PMA00mc / PFA00mc (with future improvement factors varying by age and calendar year) in possession	As for deferred annuities above	No mortality in deferment Age-dependant % of PMA92mc / PFA92mc (with future improvement factors varying by age and calendar year) in possession

#### 4.13 Morbidity Bases

Product group	Morbidity basis at end of this financial year	Morbidity basis at end of previous financial year
Conventional endowment assurance (with critical illness) (UK and overseas)	Based on reinsurers' rates – see below	Based on reinsurers' rates – see below
Conventional term assurance (with critical illness) (UK and overseas)	Based on reinsurers' rates – see below	Based on reinsurers' rates – see below
Flexible Mortgage Plan and Self Assurance Lifetime (with critical illness) (UK and overseas)	Based on reinsurers' rates – see below	Based on reinsurers' rates – see below

For conventional term assurance with critical illness, morbidity rates are based on the reinsurers' rates. Sample valuation rates are:

#### Mortality & Critical Illness (with Work Tasks Total Permanent Disability)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001030	0.001209	0.000863	0.000774
35	0.001078	0.001737	0.001316	0.001623
45	0.002429	0.005316	0.002726	0.004697
55	0.007840	0.014896	0.007645	0.011184

An allowance for a future deterioration of 0.375% per annum was also made in each of mortality, critical illness and TPD.

#### Critical Illness (with Work Tasks Total Permanent Disability)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000656	0.000700	0.000634	0.000460
35	0.000880	0.001292	0.001371	0.001369
45	0.001980	0.004057	0.002886	0.004025
55	0.007251	0.012616	0.007841	0.009283

An allowance for a future deterioration of 0.75% per annum was also made in each of critical illness and TPD.

For conventional endowment assurance with mortality and critical illness benefits, morbidity rates and the allowance for future deterioration are as shown above for conventional term assurance. These contracts are not available with critical illness benefits only.

For linked Flexible Mortgage Plan and Self Assurance Lifetime with critical illness, morbidity rates are again based on the reinsurers' rates. Sample valuation rates are:

#### Mortality & Critical Illness (no TPD)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001062	0.001251	0.000766	0.000947
35	0.001122	0.001815	0.001211	0.002061
45	0.002446	0.005378	0.002489	0.005915
55	0.007764	0.014799	0.006766	0.013646

No allowance was made for future deterioration in mortality, critical illness or TPD.

#### Critical Illness (no TPD)

Male non-	Male smoker	Female non-	Female smoker
-----------	-------------	-------------	---------------

Age	smoker		smoker	
25	0.000633	0.000721	0.000493	0.000610
35	0.000889	0.001389	0.001188	0.002020
45	0.002021	0.004262	0.002476	0.005882
55	0.007055	0.012986	0.006505	0.013120

No allowance was made for future deterioration in mortality, critical illness or TPD.

#### 4.14 Expense Bases

Product group	Expense basis at end of this financial year (annual expenses)		Expense basis at end of previous financial year (annual expenses)	
	UK	Republic of Ireland	UK	Republic of Ireland
CWP savings endowment (code 120):				
– Premium-paying	£41.29	€50.01	£39.76	€48.15
– Paid-up / single premium	£30.96	€37.52	£29.81	€36.13
CWP pensions (code 165):				
– Premium-paying	£176.41	€178.73	£169.86	€172.09
– Paid-up / single premium	£126.00	€127.67	£121.32	€122.93
Term assurance (code 325 / 330):				
– Premium-paying	£24.39	€84.27	£25.84	€60.90
– Paid-up / single premium	£17.07	€59.00	£18.08	€42.63
Critical illness (code 340/345/350/355):				
– Premium-paying	£24.39	N/A	£25.84	N/A
– Paid-up / single premium	£17.07	N/A	£18.08	N/A
Annuity non-profit (CPA) (code 400):	£43.37	€72.65	£45.96	€52.50
UWP bond (code 500):	£14.12	€59.00	£14.96	€42.63
UWP savings endowment (code 510):				
– Premium-paying	£22.88	N/A	£24.25	N/A
– Paid-up / single premium	£16.02	N/A	£16.97	N/A
UWP pension (code 525):				
– Premium-paying	£157.52	€103.77	£166.89	€74.99
– Paid-up / single premium	£110.26	€72.65	£116.82	€52.50
UL bond (code 700):	£14.12	€59.00	£14.96	€42.63
UL savings endowment (code 715):				
– Premium-paying	£22.88	N/A	£24.25	N/A
– Paid-up / single premium	£16.02	N/A	£16.97	N/A
UL pension (code 725):				
– Premium-paying	£157.52	€103.77	£166.89	€74.99
– Paid-up / single premium	£110.26	€72.65	£116.82	€52.50

The reserve for UK Income Protection (product code 360), as shown in Form 51, is valued using multiple of premium methodology, and so this business has no per policy valuation expense assumption allocated to it.

The expenses for Life business receive tax relief at the rate of 20%, for both UK and Republic of Ireland.

4.15 Economic assumptions required for calculation of non-unit reserves:

	Basis at end of this financial year		Basis at end of previous financial year	
	UK	Republic of Ireland	UK	Republic of Ireland
Unit growth rate before management charges:				
– Gross	3.95% p.a.	3.95% p.a.	5.55% p.a.	5.50% p.a.
– Net	3.16% p.a.	3.16% p.a.	4.44% p.a.	4.40% p.a.
Expense inflation	4.54% p.a.	4.54% p.a.	5.50% p.a.	5.50% p.a.
Policy fee inflation	2.54% p.a.	2.54% p.a.	3.50% p.a.	3.50% p.a.

4.16 In accordance with INSPRU 1.2.9 R, no future bonus rate assumptions are required in the valuation of with-profits policies, except for those UWP policies where there is a guaranteed bonus rate of 3% (UK With-Profit Life Series I Fund) or 4% (UK and Irish With-Profit Series I Pensions Fund). In these cases, the guaranteed bonus rates are used in the valuation.

4.17 Annual lapse assumptions for calculation of the valuation reserves:

Product		Average lapse rate for the policy years			
		1 – 5	6 – 10	11 – 15	16 – 20
Level term	Lapse	9.5%	6.7%	6.0%	6.0%
Decreasing term	Lapse	11.9%	11.2%	11.0%	11.0%
Accelerated critical illness	Lapse	10.9%	9.3%	8.9%	8.9%
UL bond	Automatic withdrawals	2.0%	2.0%	2.0%	2.0%

Reserves for protection business are calculated using the lapse rates shown in the table, and with lapse rates both increased and decreased by 40%. The highest reserve for each policy is taken; i.e. aggregate reserves may use a mixture of the three lapse scenarios.

No other allowance is made for surrenders, automatic withdrawals or paid-up rates in the valuation.

4.18 Not applicable

4.19 For linked contracts, the profits and losses that would have resulted at 31 December 2008, if any open positions under derivative instruments in Internal Linked funds had been closed at that date, have been taken into account when assessing the valuation net liability for linked contracts. No further allowance for derivative contracts is required in the valuation.

4.20 Not applicable.

## 5 Options and guarantees

5.9 Guaranteed annuity rate options are included on the following contracts:

- Conventional pension pure endowments
- Simplified Pension Investment Funding Plan
- Select Executive and Personal Retirement Plans written in the Republic of Ireland prior to October 1998

For conventional pensions and the Simplified Pension Investment Funding Plan, the value of the guaranteed annuity at the vesting date is calculated based on the valuation mortality tables and interest rates set out in paragraphs 4.4 and 4.2, and is compared with the cash option (basic reserve). The total reserve is calculated as a weighted average of the reserves for the guaranteed annuity option and the cash option, based on the annuity take-up rate assumptions set out below. These assumptions also take account of the guaranteed terms for escalating annuities, which are more onerous than those for level annuities.

Take-up rate assumptions:

Contract	Cash option	Level annuity	Escalating annuity
Conventional pure endowments	20%	50%	50%
Simplified Pension Investment Funding	0%	0%	100%

The reserves based on these assumptions are subject to a minimum of 95% of the reserves that would be held based on assumptions of 100% level annuities for conventional pure endowments and 100% escalating annuities for Simplified Pension Investment Funding Plan.

For the Select Executive and Personal Retirement Plans, the non-unit liabilities were explicitly calculated allowing for the increased cost of projected benefits at the selected normal retirement date arising from the guaranteed annuity options. This increased cost was based on the ratio of the cost of £1 per annum pension on the valuation basis to that on the basis underlying the guaranteed annuity rates. The projections took account of growth on units already purchased as well as that on units due to be allocated in respect of future premiums both at the current level and resulting from any selected premium indexation. No allowance was made for either lapses or the cessation of premium indexation prior to retirement.

Product Name	Conventional Pension Pure Endowments	Simplified Pension Investment Funding Plan	Select Executive & Personal Retirement Plan
Basic reserve	£200.7m	£86.9m	£50.6m
Outstanding durations	0 to 399 months	0 to 168 months	0 to 504 months
Guarantee reserve	£100.5m	£35.2m	£13.9m
GAR for male age 65	11.1% (UK pre-07/99) 4.6% (UK post-07/99) 11.1% (Ireland pre-03/98) 9.1% (Ireland 03/98-10/98) 4.6% (Ireland post-10/98)	10.0% (pre-06/99) 4.5% (post-06/99) [Apply to UK & Ireland]	9.1%
Open for increments?	Yes	Yes	Yes, but guaranteed annuity rates do not apply.
Form of annuity	Single or joint life, monthly in advance, guaranteed five years, level or escalating (3% pa, 5% pa, or 8.5% pa)	Single or joint life, monthly in advance, guaranteed five years, level or escalating in line with scheme rules to a maximum of 5% pa.	Single or joint life, monthly in advance, guaranteed up to ten years, level or escalating (3% pa or 5% pa)
Retirement Ages	50 to 75, chosen by policyholder	50 to 75, chosen by policyholder	60 to 70, chosen by policyholder

Note:

- Sample guaranteed annuity rates are provided based on single life, level annuities paid monthly in advance and guaranteed for 5 years. For the Simplified Pension Investment Funding Plan, the basis of the annuity is decided at scheme level; for Conventional Pension Pure Endowments and Select Executive & Personal Retirement Plans, policyholders may choose a different basis, e.g. with spouse's annuity, escalating payments, different payment frequency.

#### 5.10 Guaranteed surrender and unit-linked maturity values

Additional reserves are held for the following guarantees. The additional reserves are deemed sufficient to cover the additional liability arising under the most onerous of the guarantee option dates in each case.

- Certain conventional endowment assurances (Selected Period Investment and Step-up Investment Plan) are written to mature on the policy anniversary before the 65<sup>th</sup> birthday but offer guaranteed early maturity values on each policy anniversary from the tenth onwards.
- UK Early Option Mortgage plans (with-profit endowment assurances) offer guaranteed early maturity options on any of the last five policy anniversaries.
- Irish Options Plus Endowment Plans (with-profit endowment assurances) offer guaranteed early maturity options on each policy anniversary from years 5 or 10 onwards.
- Irish Capital Options plans (with-profit endowment assurances) were available for terms of between 10 and 30 years (subject to a maximum age at expiry of 85) but with guaranteed early maturity options available on each policy anniversary from the fifth anniversary onwards.
- Irish Bonus Mortgage Plans offer guaranteed early maturity options on each policy anniversary from year 10 onwards.
- Certain conventional deferred annuities were written to retirement ages of 70 or 75 but with guaranteed early retirement factors from age 60.

No additional reserve is required for the following guarantees:

- UK Capital Investment Bonds investing in the Series I With-Profits Life Fund guarantee that no MVA will be applied on quinquennial policy anniversaries. There has been no new business since 1997 and so this business falls outside the commencement period for which MVAs apply (see section 3.1 above).
- Irish With-Profits Bonds sold after March 1999 have a surrender value guarantee of a return of premium on the fifth policy anniversary. The amount of basic reserve held is greater than total premium in force, and so no additional reserve is required.



Product name	Basic reserve	Out-standing durations	Guarantee reserve	Guaranteed amount	MVA-free conditions	In-force premiums	Open for increments?
Selected Period Investment	£137m	0 to 422 months	£12.1m	£91m	n/a	£4.0m	No
Step-up Investment Plan	£68.9m	0 to 419 months	£13.7m	£113.2m	n/a	£5.7m	No
UK Early Option Mortgage Plans	£32.2m	0 to 284 months	£2.7m	£79.3m	n/a	£4.9m	No
Irish Options Plus Endowment Plan	£19.0m	0 to 434 months	£2.4m	£16.3m	n/a	£0.6m	No
Irish Capital Options	£36.2m	0 to 255 months	£5.0m	£69.0m	n/a	£5.0m	No
Irish Bonus Mortgage Plan	£13.7m	0 to 291 months	£1.1m	£19.9m	n/a	£1.3m	No
Deferred annuities (SEDA)	£364m	0 to 569 months	£1..4m	£32.0m	n/a	£6.3m	No
UK Capital Investment Bonds	£62.9m	0 to 899 months	n/a	£61.0m	On quinquennial anniversaries	£0.0m	No
Irish With-Profits Bonds	£5.9m	0 to 960 months	n/a	£6.0m	n/a	£0.0m	No

#### 5.11 Guaranteed insurability options

UK Self Assurance contracts may contain the following guaranteed insurability options:

- Renewal Option - gives policyholders the option to renew their policies at the end of the initial term.

The reserves for the above Guaranteed Insurability Options are held as a multiple of the option premiums received to date. These multiples are as follows:

- 70% for Renewal Options

Product name	In-force premium	Sum assured	Description of option	Guarantee reserve
Self Assurance	£0.44m	£124m	Renewal – renew policy on maturity.	£0.37m

#### 5.12 Other guarantees and options

There are no further guarantees and options to be included in this section.

## 6 Expense reserves

- 6.9 The aggregate amount of expense loadings expected to arise in the next 12 months to meet ongoing expenses from existing business is £25.5m. This is composed of:
- £3.7m from implicit allowances
  - £0.5m from explicit allowances for investment expenses
  - £21.2m from explicit allowances for other maintenance expenses
- 6.10 Implicit allowances for investment expenses for section 6.1 are calculated as a reduction in the valuation interest rate (0.043% p.a. for conventional business in the Non-Profit Fund, 0.140% p.a. for conventional business in the With-Profit Fund).
- 6.11 The respective amount of maintenance expenses at line 14 of Form 43 is £30.2m.
- 6.12 The company is no longer writing new business and so there is no requirement for a new business expense overrun reserve.
- 6.13 The company has already closed to new business and the expense assumptions set out in paragraph 4.6 take account of this fact. There is thus no requirement for an additional expense overrun reserve allowing for future closure to new business.
- 6.14 Not applicable.

## 7 Mismatching reserves

7.9

<b>Currency in which benefits are payable</b>	<b>Mathematical reserves from Form 14 (excluding liabilities for property-linked benefits)</b>	<b>Currency in which assets are denominated</b>	<b>Matching assets</b>
Pounds sterling	£2,093.7m	Pounds sterling	£2,093.7m
Euros	€695.6m	Euros	€654.2 m
		Sterling	€41.4 m

The table above is calculated at a company level.

- 7.10 Not applicable.
- 7.11 No currency mismatch reserve is required. Assets match liabilities by currency at a company level.
- 7.12 Not applicable.
- 7.13 Not applicable.
- 7.14 No further reserve arises from the test on assets in INSPRU 1.1.34R(2). The liabilities are analysed by nature, and the investment strategy is chosen appropriately so that there is no significant mismatch between the cashflows arising from assets and liabilities.

## 8 Other special reserves

There are no other significant special reserves.

## 9 Reinsurance

9.9 No reinsurance is ceded on a facultative basis to a reinsurer who is not authorised to carry on business in the UK.

9.10 Reinsurance treaties with reinsurance premiums and ceded reserves above the de minimis limits:

Reinsurer	Nature and extent of cover under treaty	Premiums paid under treaty during period	Amount deposited under deposit back arrangements	Open / closed to new business	Amount of undischarged obligation of insurer	Mathematical reserves ceded under treaty	Retention level for new policies being reinsured
XL Re Ltd	Longevity and investment risk under a subset of UK non-profit pensions annuities.	Nil	No such arrangement exists	Closed	Nil	£400,423,472	Not applicable
Phoenix Pensions Ltd	Longevity and investment risk (with expense rebate) under a subset of UK non-profit pensions immediate annuities.	£46,060,979	No such arrangement exists	Closed	Nil	£243,233,456	Not applicable
Phoenix Pensions Ltd	Longevity and investment risk (with expense rebate) under all Irish non-profit pensions immediate annuities.	£11,208,535	No such arrangement exists	Closed	Nil	£289,907,956	Not applicable
Phoenix Pensions Ltd	Longevity and investment risk (with expense rebate) under a subset of UK non-profit pensions deferred annuities.	£145,864,978	No such arrangement exists	Closed	Nil	£198,691,641	Not applicable
Phoenix Pensions Ltd	Longevity and investment risk (with expense rebate) under all Irish non-profit pensions deferred annuities.	£4,246,538	No such arrangement exists	Closed	Nil	£6,519,638	Not applicable
Swiss Re Life & Health Ltd	Mortality, accelerated critical illness and stand-alone critical illness under Self Assurance contract. All reinsured on a quota share basis.	£14,058,958	No such arrangement exists	Closed	Nil	£38,683,234	Not applicable.

Notes:

- (l) All of the reinsurers listed above are authorised to carry on insurance business in the UK.
- (m) Phoenix Pensions Limited is connected with Scottish Provident Limited, both being subsidiaries of Pearl. None of the other listed reinsurers is a connected company.
- (n) None of the treaties is subject to any material contingencies.
- (o) No provision is made for any liability to refund any amounts of reinsurance commission in the event of lapse or surrender.
- (p) The Company is not party to any financing arrangements.

#### 10 Reversionary (or annual) bonus

Bonus series	Net mathematical reserves	Reversionary bonus rate (this financial year)	Reversionary bonus rate (last financial year)	Total guaranteed bonus rate (this financial year)
Conventional assurances (life and pensions) excluding Special Fund	£1,239.0m	0%	0%	0%
Conventional individual deferred annuities and pure endowments (pensions)	£666.8m	0%	0%	0%
Simplified Pension Investment Funding Plan Tranche 5	£38.0m	0%	5.25%	0%
Simplified Pension Investment Funding Plan Tranche 6	£38.1m	0%	4.5%	0%
Simplified Pension Investment Funding Plan Tranche 7	£37.9m	0%	4.25% UK 4% Ireland	0%
Special Fund assurances	£10.1m	0%	0%	0%
Unitised Life Series I	£62.9m	3%	3%	3%
Unitised Life Series II	£48.4m	0%	0%	0%
Irish Unitised Life Fund	£6.8m	0%	0%	0%
Unitised Pensions Series I	£319.7m	4%	4%	4%
Unitised Pensions Series II	£117.4m	0%	0%	0%
Irish Unitised Pensions Series I	£17.6m	4%	4%	4%
Irish Unitised Pensions Series II & III	£25.4m	0%	0%	0%

## Appendix 9.4A

### Scottish Provident Limited (SPL)

#### Abstract of Valuation Report for Realistic Valuation

31 Dec 2008

#### 1. INTRODUCTION

##### (1) Valuation Date

The valuation date is 31 December 2008.

##### (2) Previous Valuation

The previous valuation date was 31 December 2007.

##### (3) Interim Valuations

An interim valuation was carried out on 30 June 2008

##### Note

For the purpose of this report the Special Fund and the SPI Fund have been combined. This is on grounds of materiality given the small size of the Special Fund (total assets of less than £18m)

#### 2. ASSETS

##### (1) Economic Assumptions For Valuing Non-Profit Business

Not applicable

##### (2) Amount Determined Under INSPRU 1.3.33(2)(R)

Not applicable

##### (3) Valuation Of Contracts Written Outside The Fund

Not applicable

##### (4) Different Sets Of Assumptions

Not applicable

##### (5) De Minimis Limit

Not applicable

### 3. WITH-PROFITS BENEFITS RESERVE LIABILITIES

#### (1) Calculation Of With-Profits Benefits Reserve

Product Type	Method	With-profits benefits reserve	Future policy related liabilities
		£m	£m
Whole life assurance	Prospective	91	16
Endowment	Retrospective	1,478	229
Unitised with-profits Life	Retrospective	130	17
Other	Retrospective	52	9
<b>Life Total</b>		<b>1,752</b>	<b>271</b>
Deferred annuity- with GCO	Retrospective	189	150
Deferred annuity- without GCO	Retrospective	254	143
Pure Endowment- with GCO	Retrospective	9	9
Unitised with-profits Pensions	Retrospective	440	88
SPI Funding	Retrospective	77	60
<b>Pensions Total</b>		<b>968</b>	<b>450</b>
<b>Total</b>		<b>2,720</b>	<b>721</b>

“Other” business in this table covers smaller conventional with-profits life products for which the costs of guarantees and options are calculated approximately.

#### (2) Correspondence With Form 19

The above reconciles to lines 31 and 49 of Form 19.

#### (3) With-Profits Benefits Reserves Below De Minimis Limit

Not applicable as all products have been disclosed.

#### (4) Types Of Products

The level of disclosure in the table above corresponds to material groupings of contracts offering significant variances in policyholder benefits. For example, contracts with and without guaranteed cash options are identified separately and unitised with-profits business is separated from conventional with-profits business.

### 4. WITH-PROFITS BENEFITS RESERVE – RETROSPECTIVE METHOD

#### (1) Retrospective Methods

- (a) All contracts have been calculated on an individual policy basis.
- (b) No contracts have been valued on a grouped basis.
- (c) Not applicable as no contracts have been valued on a grouped basis.

**(2) Significant Changes To Valuation Method**

- (a) There have been no significant changes in the method of calculating the with-profits benefits reserve.
- (b) No policies were valued using approaches more approximate than used for the previous valuation.

**(3) Expense Allocation**

- (a) The charges borne by the SPI With-Profits Fund are specified by the scheme under which the long-term business of the Scottish Provident Institution was transferred to Scottish Provident Limited (dated the 1 August 2001). These charges are set at a policy level and increased annually in line with the increase in the Retail Price Index over the previous 12 months plus 0.75%. The scheme specifies that these charges are in respect of the first 10 years (commencing on 1 August 2001). All expenses are charged to the with-profits benefit reserves.
- (b) Not applicable.
- (c)

	<b>Item</b>	<b>£m</b>
(i)	Initial Expenses <sup>1</sup>	0.1
(ii)	Maintenance Expenses	30.2
	Investment Expenses	4.2
(iii)	Method	Average expense charge deducted
(iv)	Expenses charged other than to with-profits benefits reserve.	4.1

<sup>1</sup> Since the company is closed to new business (apart from contractual increments etc.), the initial expenses are negligible.

Investment expenses were deducted from the with-profits benefits reserve at a rate of 0.14%p.a.

**(4) Significant Charges**

There is a hedge asset in place to cover a substantial part of the guarantees within the fund. The costs of rebalancing this hedge are charged to the with-profits benefits reserve. The resulting percentage reduction in the with-profits benefits reserve is shown in the following table.

<b>Asset Share Group</b>	<b>Current Valuation</b>	<b>Previous Valuation</b>
CWP Life and Pensions	(0.06)%	(0.25)%
UWP Life and Pensions	(0.06)%	(0.25)%

Note that the old hedge assets were sold and a new hedge put in place during the previous year, hence the higher costs.

**(5) Charges For Non-Insurance Risk**

Charges in respect of accumulating with-profits business are as determined by the policy terms and conditions. In particular, an annual management charge is deducted from asset shares. This is 0.6% for life business and 0.85% for pensions business.

## (6) Ratio Of Claims To Reserve

Average ratio of total claims to asset shares:

Year	Ratio of claims to asset shares
Previous year -1	102.9%
Previous year	103.5%
Current year	104.4%

## (7) Allocated Return

The same gross investment return is allocated to the with-profits benefits reserve for all UK contracts in the fund. Similarly, the same gross investment return is allocated to all Irish contracts in the fund. Investment returns for the full year (gross of tax) are:

Product Type	Investment Return
UK business	-11.23%
Irish business	-19.10%

## 5. WITH-PROFITS BENEFITS RESERVE – PROSPECTIVE METHOD

### (1) Key Assumptions

A prospective method has been used for with-profits whole life business. The with-profits benefits reserve for this business is determined using a bonus reserve valuation with the following assumptions:

<b>Economic Assumptions</b>		
Discount Rate p.a. (net of investment expense)	3.33%	
Investment Return p.a. (net of investment expense)	3.33%	
<b>Expense Assumptions</b>		
	UK	Ireland
Investment Expense p.a.	0.140%	0.140%
Per Policy Expenses p.a. (premium-paying)	£41.29	€ 50.01
Per Policy Expenses p.a. (paid-up)	£30.96	€ 37.52
Expense Inflation p.a.	3.29%	3.29%
€ / £ Exchange rate	1.0344	
<b>Bonus Assumptions</b>		
Reversionary Bonus Rate	0%	
Terminal Bonus Rate	See below	

Future terminal bonus rates vary by duration in force at time of payment. Different rates apply for UK and Ireland business. Sample terminal bonus rates are as follows:



<b>Term</b>	<b>UK</b>	<b>Ireland</b>
5	0%	9%
10	9%	10%
15	9%	25%
20	14%	34%
25	20%	43%
30	35%	80%
35	75%	113%
40	100%	140%
46+	121%	176%

There is no allowance for lapses. The mortality assumptions are based on the TM92 / TF92 tables, with a distinction between smokers and non-smokers:

<b>Mortality</b>	
Male non-smoker	90% TM92_MNS
Male smoker	95% TM92_MS
Female non-smoker	90% TF92_FNS
Female smoker	80% TF92_FS

**(2) Different Sets Of Assumptions**

Not applicable

**6. COST OF GUARANTEES, OPTIONS AND SMOOTHING**

**(1) De Minimis Limit**

Not applicable.

**(2) Valuation Methods For Guarantees etc.**

	<b>Cost of Guarantees &amp; Options</b>	<b>Extent of Grouping</b>	<b>No of Individual policies</b>	<b>No of model points</b>
All business	Stochastic model	All business	557,709	3,590

**(a) Cost of Guarantees & Options**

The costs of guarantees are determined using a stochastic model, with the asset returns being generated by a proprietary model. The following items were calculated stochastically:

- (i) Guaranteed annuity option reserves
- (ii) The reserves required in addition to asset share to meet guaranteed benefits

The calculations were carried out using a risk neutral approach.

The fund targets 100% of asset share on maturity and so the cost of smoothing is nil.

- (b) (i) In the stochastic model, no projections are carried out on individual policy data.
- (ii) All of the contracts are valued on a grouped basis. However, the values for the with-profits benefits reserve are calculated on an individual basis and added to the data file before the data is grouped.
- (iii) Policies are grouped according to product code, annuity factor, terminal bonus series, reversionary bonus series, early retirement option indicator, pension code and product class. They are also split into bands by policy term and according to the degree by which the guarantees are in or out of the money.

The values of guarantees are estimated using closed form approximations before and after grouping. These are compared to ensure that the model points are a good representation of the individual policy data

### **(3) Significant Changes**

At December 2007 the cost of guarantees was modelled using a deterministic inflation assumption. At December 2008, the cost of guarantees is valued using stochastic inflation assumptions taken from the Economic Scenario Generator (ESG).

At December 2007 it was assumed that 100% of asset share was paid on surrender. This has been reduced to 99% and the present value of these future profits taken through as an additional surplus in the realistic balance sheet.

### **(4) Further Information on Stochastic Approach**

- (a) (i) The stochastic model is used to value the following guarantees and options:
- No negative terminal bonus guarantees at maturity and death within conventional with-profits contracts.
  - Market value reduction-free spot maturity guarantees within unitised with-profits contracts.
  - Guaranteed annuity options on conventional with-profits contracts.

Of these, the guaranteed annuity options and market value reduction-free guarantees are “in the money” at the valuation date. For the guarantee of no negative terminal bonus, the extent to which it is “in the money” depends on duration and policy size.

(ii) The asset returns in the stochastic model were generated by a proprietary model licensed from Barrie & Hibbert. The asset classes modelled are UK equities, UK property, UK corporate bonds, UK gilts, EU equities, EU corporate bonds and EU gilts.

#### Interest Rate

UK gilt returns are modelled using a gilts + 10bps calibration in a monthly LIBOR Market Model. The Government Nominal Bond yield curve is a direct input into the model. Euro gilt returns are modelled in a similar fashion based on the closest equivalent to the Government Nominal bond yield curve.

The calibration at the valuation date was as follows:

Term	GBP			EUR		
	Govt. + 10bp	Model	Difference (bps)	Govt. + 10bp (equivalent)	Model	Difference (bps)
1	2.04%	2.03%	1	2.05%	2.05%	0
2	2.85%	2.84%	1	2.24%	2.24%	0
3	3.36%	3.35%	1	2.78%	2.79%	-0
4	3.67%	3.67%	0	3.47%	3.47%	-0
5	3.86%	3.84%	2	3.80%	3.79%	1
7	4.13%	4.11%	2	3.98%	3.97%	1
10	4.61%	4.61%	0	4.69%	4.69%	-0
15	5.39%	5.38%	1	4.82%	4.76%	6
20	3.91%	3.88%	3	4.16%	4.20%	-4
25	2.69%	2.65%	4	3.60%	3.57%	3

The volatility within the model is calibrated to the market implied volatility for at the money swaptions (for 20 year swaps). The calibration at the valuation date is as follows:

Term	GBP			EUR		
	Market (%)	Model (%)	Difference (bps)	Market (%)	Model (%)	Difference (bps)
1	27.20	17.23	-997	36.40	25.93	-1047
2	21.00	17.43	-357	31.10	26.12	-498
3	18.50	18.17	-33	28.50	27.02	-148
4	17.20	17.87	67	26.60	27.06	46
5	16.00	17.71	171	25.30	27.35	205
7	15.00	17.34	234	24.30	27.68	338
10	14.60	16.95	235	24.00	27.50	350
15	16.40	16.00	-40	26.80	26.71	-9
20	16.10	14.53	-157	28.50	26.06	-244
25	14.30	14.14	-16	26.30	24.93	-137
30	12.40	14.12	172	25.00	25.20	20

Inflation is modelled as the difference between the nominal and real yield curves. Real interest rates are modelled using a two-factor Vasicek model, which is calibrated to be consistent with GBP and EUR index linked government bond prices as at 31 December 2008.

#### Equities and Property

Excess returns over risk free on UK equities, overseas equities and property are modelled using separate (but correlated) lognormal models. Separate equity models are used for UK and Euro equities and each model uses a local volatility surface calibrated to market implied volatilities for a range of strikes and maturities. Volatilities are assumed to be constant beyond quoted strikes and maturities.

The UK asset model was calibrated by reference to the implied volatility of FTSE100 options for a range of strikes (from 0.8 to 1.2) and maturities of up to 10 years. All strikes are expressed as a proportion of at-the-money.

Implied volatility data (%) at the valuation date is shown below:

Market

Term	Strike		
	0.8	1	1.2
1	46.95	40.45	36.05
2	41.02	36.81	33.47
3	37.48	34.01	31.21
5	35.11	32.43	30.26
10	32.64	30.77	29.36

Model

Term	Strike		
	0.8	1	1.2
1	40.18	35.98	33.45
2	37.68	34.98	32.89
3	35.70	33.47	31.79
5	34.27	32.68	31.51
10	33.05	32.11	31.36

Difference (Model – Market) bps

Term	Strike		
	0.8	1	1.2
1	-677	-447	-260
2	-335	-182	-59
3	-177	-55	58
5	-84	24	125
10	41	134	200

The Euro asset model was calibrated by reference to the implied volatility of Eurostoxx 50 options for a range of strikes (from 0.8 to 1.2) and maturities of up to 10 years. All strikes are expressed as a proportion of at-the-money.

Implied volatility data (%) at the valuation date is shown below:

Market

	<b>Strike</b>		
<b>Term</b>	<b>0.8</b>	<b>1</b>	<b>1.2</b>
1	41.55	34.88	30.14
2	38.31	33.81	30.34
3	37.29	33.66	30.82
5	34.71	32.05	29.83
10	30.62	28.93	27.42

Model

	<b>Strike</b>		
<b>Term</b>	<b>0.8</b>	<b>1</b>	<b>1.2</b>
1	37.90	33.48	30.57
2	36.30	33.34	31.08
3	36.27	33.93	32.10
5	34.42	32.91	31.73
10	31.14	30.40	29.91

Difference (Model – Market) bps

	<b>Strike</b>		
<b>Term</b>	<b>0.8</b>	<b>1</b>	<b>1.2</b>
1	-365	-140	43
2	-201	-46	74
3	-102	27	129
5	-29	86	190
10	52	147	248

There is no investment in property within the fund and so property volatilities are not relevant.

#### Corporate bond

Corporate bond returns are modelled using the extended Jarrow-Lando-Turnbull model. This describes bond prices in terms of a real-world transition matrix, which gives the probability of a transition to each credit rating over one year. Risk neutral transition probabilities are assumed to vary stochastically. The transition matrix is consistent with best estimates based on historic data of long term transition probabilities and spread volatilities and corporate bond prices. The model was fitted to a sample of predominantly investment grade sterling corporate bonds.

The asset model uses a credit transition matrix. The fit of the model is targeted to the market spread on a 7 year A rated bond only. Credit derivatives are not used to derive market implied transition probabilities.

The following are examples of observed correlations of year 10 returns from the scenarios used (ZCB = zero coupon bond):

<i>Output Correlations @ Year 10</i>							
	Cash	Equities	Overseas Equities	5yr Govt ZCB	15yr Govt ZCB	5yr Corp ZCB	15yr Corp ZCB
Cash	1	0.02	-0.11	-0.05	-0.40	-0.01	-0.28
Equities		1	0.16	0.06	0.05	0.31	0.24
Overseas equities			1	0.05	0.09	0.03	0.06
5yr Govt ZCB				1	0.83	0.72	0.71
15yr Govt ZCB					1	0.59	0.82
5yr Corp ZCB						1	0.87
15yr Corp ZCB							1

Nominal foreign exchange rates are modelled as the combination of real exchange rates and inflation rates where real exchange rates follow a mean-reverting process and are calibrated to the long-term best estimates derived by Barrie & Hibbert.

(iii) The table below is based on 3,000 scenarios:

n	Asset type (all UK assets)	K=0.75				K=1				K=1.5			
		5	15	25	35	5	15	25	35	5	15	25	35
r	Annualised compound equivalent of the risk free rate assumed for the period. (to two decimal places)	2.87%	4.13%	4.07%	3.82%	X	X	X	X	X	X	X	X
1	Risk-free zero coupon bond	868,153	545,250	369,073	269,383	X	X	X	X	X	X	X	X
2	FTSE All Share Index (p=1)	155,806	286,769	373,699	447,618	285,004	448,486	555,772	645,163	635,723	825,763	956,959	1,067,543
3	FTSE All Share Index (p=0.8)	146,561	237,534	284,130	320,237	269,086	372,975	424,238	464,702	603,195	691,813	737,671	775,786
4	Property (p=1)	32,496	113,094	187,067	250,678	134,340	251,190	345,559	422,867	522,588	628,650	729,808	821,368
5	Property (p=0.8)	27,643	78,442	116,832	150,047	119,299	182,829	229,596	264,988	485,326	491,121	515,677	542,330
6	15 year risk free zero coupon bond (p=1)	21,533	28,588	19,396	28,143	94,352	94,747	84,908	128,061	499,212	498,178	501,357	535,553
7	15 year risk free zero coupon bond (p=0.8)	18,477	17,964	9,241	10,995	82,171	57,154	28,656	32,653	458,045	331,746	251,535	239,915
8	15 year risk free bonds (p=1)	28,003	39,493	39,047	56,238	109,768	123,986	126,579	161,646	498,419	494,673	500,829	539,256
9	15 year risk free bonds (p=0.8)	24,320	25,050	17,445	21,401	96,733	77,722	57,260	62,775	458,746	344,300	272,354	261,468
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	86,294	184,928	258,948	326,372	201,262	328,108	422,742	506,238	559,666	693,864	808,199	909,543
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	78,876	143,476	182,689	215,588	186,236	260,060	303,128	341,644	525,192	560,699	594,686	629,014
12	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=1)	83,019	169,431	234,798	292,522	196,205	307,502	388,758	463,553	556,839	664,110	760,895	853,680
13	Portfolio of 65% equity and 35% 15 year risk free zero coupon bonds (p=0.8)	75,708	129,952	163,614	190,409	181,285	241,777	276,270	306,844	521,970	532,973	553,775	580,763
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	39,364	90,431	135,373	182,418	138,331	210,944	271,290	332,738	517,741	568,663	636,625	713,537
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	34,174	60,808	81,117	101,809	124,157	151,160	170,325	194,405	480,326	432,985	428,824	443,599
		L=15				L=20				L=25			
16	Receiver swaptions	8.82%	11.17%	10.02%	7.56%	12.33%	13.95%	12.24%	9.03%	15.43%	16.43%	13.98%	10.10%

- (iv) UK initial equity yield: 5.95%  
Overseas initial equity yield: 6.58%

(v) The following table shows entries (K=1 only) for the risk free rate and lines 1 and 2 for the Eurozone, the only economy outside the UK to which the fund has significant asset exposure. They are denominated in euros and based on 3,000 scenarios.

n	Asset Type (EU Assets) Duration	K=1			
		5	15	25	35
	Strike price per €1m	1,144,378	1,800,695	2,726,933	3,788,587
r	Annualised compound equivalent of the risk free rate	2.73%	4.00%	4.09%	3.88%
1	Risk-Free Coupon Bond	873,837	555,341	366,712	263,951
2	ESTOXX (p=1)	157,855	277,809	370,136	459,957

(vi) The fund has significant hedge instruments that form a close match, in aggregate, to the liabilities of the fund. The hedge instruments include equity put options and swaptions. The following table compares the market prices (on a mid basis) for these instruments to the values obtained using the asset model.

Outstanding Term (Years)	Options (£)		Swaptions (£)	
	Market	Model	Market	Model
1-5	59,279,043	66,541,803	3,645,759	6,598,934
6-10	45,905,749	51,156,094	5,460,234	12,879,024
11-15	14,014,399	14,544,146	1,981,757	5,011,590
16-20	20,052,646	18,656,998	3,301,448	6,283,691
<b>Total</b>	<b>139,251,838</b>	<b>150,899,041</b>	<b>14,389,198</b>	<b>30,773,239</b>

Note that the modelled results in the above table are produced using a gilts+10 based calibration for consistency with the approach to valuing the liabilities. For the swaptions, if a swaps-based calibration is used (which would be more consistent with how the market would price these contracts) the discrepancy between the market and modelled values is significantly smaller

(vii) The asset models of each main asset class have been validated by comparing the net present value of a forty year projection of the future cashflows under the asset, including capital gains and losses, with the current value of the asset.

This was done for each of the dominant economies in which the fund has assets invested, namely the UK and the EU. At 3000 scenarios and significant durations (short to medium term), the difference between the average net present value of each asset class of each economy and the current asset value was close (i.e. not statistically significant). This confirms that the total return for relevant assets is a martingale and risk neutral.

(viii) The assets and liabilities have been computed using 3,000 (1,500 antithetic pairs of) simulated scenarios. At 1,000 scenarios, the cost of options and guarantees converges to ±£5.2m at a 95% confidence interval. When the number of scenarios is increased to 3,000, the cost of options and guarantees converges to ±£3.0m.

- (b) Not applicable  
(c) Not applicable



**(5) Management Actions**

- (a) No management actions were assumed in calculating the working capital.
- (b) Not applicable

**(6) Persistency Assumptions**

The surrender and paid-up rates are:

Product		Average Surrender/Paid-up rate for the policy years			
		1-5	6-10	11-15	16-20
CWP Savings Endowment	Surrender	6.40%	6.80%	8.70%	4.50%
CWP Target Cash Endowment	Surrender	6.40%	6.80%	8.70%	4.50%
UWP Savings Endowment	Surrender	6.00%	10.00%	10.00%	10.00%
UWP Target Cash Endowment	Surrender	6.00%	10.00%	10.00%	10.00%
UWP Bond	Surrender	13.00%	11.40%	11.00%	11.00%
CWP Pension Regular Premium	Surrender	2.00%	5.00%	5.00%	5.00%
CWP Pension Single Premium	Surrender	2.00%	5.00%	5.00%	5.00%
UWP Indiv Pension Regular Premium	Surrender	5.50%	6.30%	6.50%	6.50%
UWP Indiv Pension Single Premium	Surrender	5.50%	6.30%	6.50%	6.50%

Take-up Rates of Guaranteed Annuity Options

The assumed take-up rate varies with the degree of “money-ness” of the option, where this is defined as (market annuity rate / guaranteed annuity rate) at the retirement date.

Moneyiness Upper Limit (%)	Take-up Rate (%)
100	0
140	75
160	85
9999	95

Annuitant Mortality

Deferred pension contracts (post vesting) include guaranteed annuity options.

The mortality assumption for annuities in possession arising from the exercising of guaranteed annuity options is 15% higher than that described in Appendix 9.4, paragraph 4 (4).

**(7) Policyholders’ Actions**

Exercise of MVR-free options

The rate at which these options are exercised varies with the degree of “money-ness” of the option, where this is defined as (asset share / face value of units) on the MVR-free date.

Moneyiness Upper Limit (%)	Take-up Rate (%)
75	100
90	75
100	25
9999	0

**7. FINANCING COSTS**

The fund has no financing costs as at the valuation date.

## 8. OTHER LONG-TERM INSURANCE LIABILITIES

No amounts have been included in Line 46 of Form 19. The amount shown in Line 47 of Form 19 is made up as follows:

Description	£m
Discounted value of future transfer to shareholders	34.6
Excess charges on UWP fund	8.8
Mathematical reserves in respect of non-profit GAOs	13.9
<b>Total</b>	<b>57.4</b>

## 9. REALISTIC CURRENT LIABILITIES

The realistic current liabilities are obtained from the regulatory value by deducting an amount for the partial release of the demutualisation compensation fund. The reconciliation of the realistic current liabilities to the regulatory current liabilities is:

Description	£m
Regulatory current liabilities	99.7
Partial release of de-mutualisation compensation fund	-49.9
Recoverable deferred tax asset	0.0
Recoverable tax on excess E	-0.6
<b>Total</b>	<b>49.2</b>

## 10. RISK CAPITAL MARGIN

(a) The risk capital margin is nil.

- (i) The market risk scenario assumes that equities fall by an amount which depends on the territory in question:

% Change in Equity and Real Estate Markets	%
UK and "Non-significant" Overseas Holdings	20.00
Europe	18.44
USA	19.84

The equity fall is the more onerous scenario. Note that the fund holds no real estate and so this stress was not applicable.

The nominal change in yields for fixed interest securities for the purpose of the market risk scenario again depends on the territory in question:

- (ii)

Nominal change in yields on fixed interest securities	Nominal Change in Yields	% change in long term gilt yield
UK and "Non-significant" Overseas Holdings	0.66%	17.50%
Europe	0.84%	17.50%
USA	0.30%	17.50%

A rise in yields is the more onerous scenario.

- (iii) The average change in spread is 0.61%. Changes in market values are:
- (a) (3.02)% for bonds
  - (b) Not applicable
  - (c) Not applicable
  - (d) Not applicable
  - (e) Not applicable
- (iv) The average change in persistency experience is a 32.5% reduction in future lapse and paid-up rates. The overall percentage change in the realistic value of liabilities from applying the persistency stress is 1.76%.
- (v) The change in asset value in (iii) is materially independent of the change in liability values in (iv).
- (b)
- (i) In the stress scenarios the following additional assumptions are made:  
  
The working capital takes into account planned enhancements which reflect the intention to distribute to policyholders excess assets within the fund. These enhancements are assumed to be removed in the risk capital margin conditions to the extent that they would not be payable due to reductions in the excess assets. This action has a value of £88.7m in the fund.  
  
No additional management actions are required.
  - (ii) The effect of the management actions is to reduce the RCM by £88.7m. The components of this reduction are shown in the following table:
  - (iii) No changes would be made to equity backing ratios or bonus rates if the
- | Management action  | £m           |
|--|--------------|
| Setting planned enhancements to zero   | -88.7        |
| Applying 5% cut to asset shares  | n/a          |
| Applying further cut to asset shares to reduce deficit by maximum permissible amount (35%) | n/a          |
| <b>Total impact</b>  | <b>-88.7</b> |
- management actions were taken.
- (iii) The requirements of INSPRU 1.2.188(R) would be met if the actions described in paragraph 10 (b) (i) were integrated into the projection of assets and liabilities.
- (c) Assets covering risk capital margin
- (i) A support arrangement of £125m is in existence. The funds (which are all cash type assets) are held within the Other Business Sub-fund.
  - (iii) The assets held under the support arrangement are available for transfer into the WPSF should the need arise.

## 11. TAX

Tax on assets backing the with-profits benefits reserve for BLAGAB business is charged to those asset shares approximately and allowance is made for relief on expenses.

Tax on any future policy related liabilities for BLAGAB business is allowed for in determining those liabilities.

There is no adjustment for tax included in the realistic value of current liabilities.

## 12. DERIVATIVES

A number of structured derivative contracts are held within the fund at the valuation date to enable the fund to withstand the impact of adverse conditions. They are constructed from at-the-money vanilla over-the-counter derivatives – equity put options, equity futures, interest rate swaps and interest rate swaptions – with outstanding terms ranging from 1 to 20 years

As at the valuation date the total market price of these derivatives, on a bid basis, is £242m. This is split as follows:

Type	GBP (£m)	EUR (£m)	Total (£m)
Swaps	47.69	59.49	107.18
Swaptions	3.32	9.08	12.39
Options	97.73	26.91	124.64
Futures	-1.72	-0.01	-1.73
<b>Total</b>	<b>147.02</b>	<b>95.45</b>	<b>242.48</b>

## 13. ANALYSIS OF WORKING CAPITAL

The movement in working capital over the twelve months to the valuation date is shown in the following table.

	£m
<b>Opening working capital</b>	<b>0.0</b>
Write back planned benefit enhancements to zeroise working capital	312.4
<b>Revised opening working capital</b>	<b>312.4</b>
Opening adjustments	13.6
<b>Restated opening working capital</b>	<b>325.9</b>
Investment return on working capital	(26.6)
Mismatch profits and losses	(13.2)
Assumption changes	
- Non-economic	5.1
- Economic	1.7
- Policyholder actions	0.0
Impact of new business	0.0
Other variances	
- Non-economic	(7.9)
- Economic	(88.1)
- Changes in provisions	48.4
- Asset share enhancements	(67.7)
- Unexplained	0.0
<b>Closing working capital before zeroisation</b>	<b>177.8</b>
Planned benefit enhancements to zeroise working capital	(177.8)
<b>Closing working capital</b>	<b>0.0</b>

The following table shows a breakdown of the liabilities shown on line 47 Form 19 at the start and end of the year:

<b>£m</b>	<b>Current Valuation</b>	<b>Previous Valuation</b>
Discounted value of future transfer to shareholders	34.6	74.5
Excess charges on UWP fund	8.8	10.5
Mathematical reserves in respect of non-profit GAOs	13.9	9.5
Provision for Data/IT Legacy Issues	n/a	1.1
Mathematical reserves in respect of non-profit GAOs	n/a	1.5
<b>Total</b>	<b>57.4</b>	<b>97.0</b>

The following table shows a breakdown of the liabilities shown on line 51 Form 19 at the start and end of the year:

<b>£m</b>	<b>Current Valuation</b>	<b>Previous Valuation</b>
Regulatory current liabilities	99.7	100.0
Partial release of de-mutualisation compensation fund	-49.9	(42.1)
Recoverable deferred tax asset	0.0	n/a
Recoverable tax on excess E	-0.6	n/a
<b>Realistic current liabilities</b>	<b>49.2</b>	<b>57.9</b>

#### **14. OPTIONAL DISCLOSURE**

None made.

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

### **Statement required by Rule 9.36**

#### **Scottish Provident Limited**

#### **Financial year ended 31 December 2008**

### **Information on With Profits Actuary**

Mr G Ross was the with-profits actuary throughout the period.

The following information relates to the year ended 31 December 2008:

- a At 1 January 2008, Mr G Ross held 3,000 ordinary shares in Resolution plc, the ultimate holding company. At 1 January 2008, Mr G Ross's spouse held 30,981 shares in Resolution plc, the ultimate holding company.

On 24 April 2008, Mr G Ross's spouse transferred 900 ordinary shares in Resolution plc to Mr G Ross.

On 1 May 2008, all ordinary shares held by Mr G Ross and Mr G Ross's spouse were sold.

At 31 December 2008, neither Mr G Ross nor Mr G Ross's spouse held any interests in the Company or in Pearl Group Limited, the ultimate holding company.

- b Aggregate fees and remuneration received by Mr G Ross from Pearl Group Management Services Limited (formerly Resolution Management Services Limited) were £267,673, including VAT and disbursements.

- c Other pecuniary benefits:

Mr G Ross is in receipt of a pension from a Pearl (formerly Resolution) group staff pension scheme.

The above particulars were furnished by Mr G Ross upon request and they agree with the accounts and records of the Company.

**Returns under the Accounts and Statements Rules**


**Certificate required by Rule 9.34(1)**

**Scottish Provident Limited**


**Financial year ended 31 December 2008**

We certify that:

- a. the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU;
- b. we are satisfied that:
  - i. throughout the financial year, the Company has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) and GENPRU; and
  - ii. it is reasonable to believe that the Company has continued so to comply subsequently, and will continue so to comply in future;
- c. 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 Company that are available for the purpose, to enable the Company to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- d. 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;
- e. we have, in preparing the return, taken and paid due regard to:
  - i. advice from every actuary appointed by the Company to perform the actuarial function in accordance with SUP 4.3.13R; and
  - ii. advice from every actuary appointed by the Company to perform the with-profits actuarial function in accordance with SUP 4.3.16AR.

  
J S Moss  
Chief Executive

  
K Luscombe  
Director

  
M J Merrick  
Director

30/3/09

Notes to the certificate required by Rule 9.34(1)

#### **Compliance with the provisions of INSPRU**

Reference to INSPRU has been omitted at point b of the certificate as the FSA was informed in November 2008 that the Company was in technical breach of its Group Capital Adequacy (GCA) obligations.

To rectify the situation, Impala Holdings Limited (IHL), a fellow subsidiary, carried out a capital restructuring in which £2,598m was repaid to Sun Capital Investments 2 Limited and Hera Investments 2 Limited in settlement of existing subordinated debt obligations, together with accrued interest. This was settled by IHL through the issue of 2 new ordinary C shares for consideration of £1,600m and £998m of new subordinated debt. In addition to this, the Company applied for a waiver, which was granted by the FSA and which provides relief in respect of one of the capital restrictions within the GCA calculation and enables the Company to meet its GCA requirements. The Company has continued to meet its GCA requirements since that date.

The waiver expires on 30 April 2009. Regular dialogue is continuing with the FSA regarding the capital position of the Pearl Group Limited Group (PGL Group) and it is intended that a waiver extension will be requested. In the event that the waiver is not extended the PGL Group is able to restructure the term of the C shares referred to above such that there is no requirement for the waiver.

Apart from this matter, the directors are satisfied that throughout the year the Company has complied in all material respects with the requirements of INSPRU and that it is reasonable to believe that the Company has continued so to comply subsequently, and will continue so to comply in future.

#### **Principles and Practices of Financial Management**

Reference to COBS 20.3 has been omitted from the certificate as the with profits fund has not been managed in full accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COBS 20.3 due to a non material, technical breach.

There have been no adverse consequences for any policyholder.



## **Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers**

### **Scottish Provident Limited**

#### **Global business**

#### **Financial year ended 31 December 2008**

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Chapter 9 of IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000

- Forms 2, 3, 11 to 19, 40 to 45, 48, 49, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by IPRU(INS) rule 9.29 ("the statement"); and
- the reports required by IPRU(INS) rule 9.31 ("the valuation reports").

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

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes);
- the statements required by IPRU(INS) rules 9.30 and 9.36; and
- the certificate signed in accordance with IPRU(INS) rule 9.34(1).

This report is made solely to the insurer's directors, in accordance with IPRU(INS) rule 9.35. Our examination has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer for our examination, for this report, or for the opinions we have formed.

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

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation reports) under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation reports are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports prepared in accordance with IPRU(INS) rule 9.31 are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation reports meet these requirements, and to report our opinion to you. We also report to you if, in our opinion, the insurer has not kept proper accounting records or if we have not received all the information we require for our examination.

## Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation reports. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 31 March 2009. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms, the statement and the valuation reports.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation reports are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

## Opinion

In our opinion:

- (a) the Forms, the statement and the valuation reports 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
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports prepared in accordance with IPRU(INS) rule 9.31 appropriately reflect the requirements of INSPRU 1.2 and 1.3.

*Ernst & Young LLP.*

Ernst & Young LLP

Registered Auditor

Glasgow

30 March 2009