

Scottish Provident Limited

Annual FSA Insurance Returns for the year ended

31 December 2007

Appendices 9.1, 9.3, 9.4, 9.4A and 9.6

SCOTTISH PROVIDENT LIMITED

FSA Insurance Returns for the Financial Year ended 31st December 2007

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

Global business

Financial year ended **31 December 2007**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R2	212709	GL	31	12	2007	£000
				As at end of this financial year		As at end of the previous year	
				1		2	

Capital resources

Capital resources arising within the long-term insurance fund	11	1398779	1358799
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	218427	191869
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	1617206	1550669

Guarantee fund

Guarantee fund requirement	21	57473	63221
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	1559733	1487448

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	172418	189662
Resilience capital requirement	32		
Base capital resources requirement	33	2231	2139
Individual minimum capital requirement	34	172418	189662
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	172418	189662
Excess (deficiency) of available capital resources to cover 50% of MCR	37	1530997	1455838
Excess (deficiency) of available capital resources to cover 75% of MCR	38	1487892	1408422

Enhanced capital requirement

With-profits insurance capital component	39	1117136	1058043
Enhanced capital requirement	40	1289554	1247705

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	1289554	1247705
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	327652	302964

Contingent liabilities

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

Form 2

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**

----- **G Singleton Managing Director**

----- **K Luscombe Director**

----- **S McGee Director**

27 March 2008

Components of capital resourcesName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	212709	GL	31	12	2007	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4

Core tier one capital

Permanent share capital	11		1765000	1765000	1765000
Profit and loss account and other reserves	12		(396488)	(396488)	(541979)
Share premium account	13				
Positive valuation differences	14		1176837	1176837	1141659
Fund for future appropriations	15		93013	93013	89194
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		2638362	2638362	2453873

Tier one waivers

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

Other tier one capital

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

Total tier one capital before deductions (19+24+25+26+27+28)	31		2638362	2638362	2453873
Investments in own shares	32				
Intangible assets	33		266325	266325	290430
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		266325	266325	290430
Total tier one capital after deductions (31-37)	39		2372037	2372037	2163443

Components of capital resourcesName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	212709	GL	31	12	2007	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		1	2	3	4	

Tier two capital

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

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

Total tier two capital before restrictions (49+59)	61				
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69				

Components of capital resourcesName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	212709	GL	31	12	2007	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year	
		1	2	3		4	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		2372037	2372037	2163443
Inadmissible assets other than intangibles and own shares	73		11889	11889	4415
Assets in excess of market risk and counterparty limits	74		742942	742942	608360
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		1617206	1617206	1550669

Available capital resources for GENPRU/INSPRU tests

Available capital resources for guarantee fund requirement	81		1617206	1617206	1550669
Available capital resources for 50% MCR requirement	82		1617206	1617206	1550669
Available capital resources for 75% MCR requirement	83		1617206	1617206	1550669

Financial engineering adjustments

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

Calculation of general insurance capital requirement - premiums amount and brought forward amountName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**

Long term insurance business

	Company registration number	GL/UK/CM	day	month	year	Units	
	R11	212709	GL	31	12	2007	£000
						This financial year 1	Previous year 2
Gross premiums written			11			21655	25357
Premiums taxes and levies (included in line 11)			12				
Premiums written net of taxes and levies (11-12)			13			21655	25357
Premiums for classes 11, 12 or 13 (included in line 13)			14				
Premiums for "actuarial health insurance" (included in line 13)			15			21655	25357
Sub-total A (13 + 1/2 14 - 2/3 15)			16			7218	8452
Gross premiums earned			21			21655	25357
Premium taxes and levies (included in line 21)			22				
Premiums earned net of taxes and levies (21-22)			23			21655	25357
Premiums for classes 11, 12 or 13 (included in line 23)			24				
Premiums for "actuarial health insurance" (included in line 23)			25			21655	25357
Sub-total H (23 + 1/2 24 - 2/3 25)			26			7218	8452
Sub-total I (higher of sub-total A and sub-total H)			30			7218	8452
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure			31				
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18		32			1299	1521
	Excess (if any) over 53.1M EURO x 0.02		33				
Sub-total J (32-33)			34			1299	1521
Claims paid in period of 3 financial years			41			86772	73108
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			20105	18879
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			13518	9198
Sub-total C (41+42+43-44-45)			46			93359	82789
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47			68816	70966
Sub-total D (46-47)			48			24543	11823
Reinsurance Ratio (Sub-total D / sub-total C or, if more, 0.5 or, if less, 1.00)			49			0.50	0.50
Premiums amount (Sub-total J x reinsurance ratio)			50			650	761
Provision for claims outstanding (before discounting and net of reinsurance)			51			3761	3665
Provision for claims outstanding (before discounting and gross of reinsurance) if both 51.1 and 51.2 are zero, otherwise zero.			52				
Brought forward amount (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)			53			2976	2976
Greater of lines 50 and 53			54			2976	2976

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

Global business

Financial year ended **31 December 2007**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	212709	GL	31	12	2007	£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	86772			73108
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	20105			18879
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	13518			9198
Claims incurred in reference period (21+22+23-24-25)				26	93359			82789
Claims incurred for classes 11, 12 or 13 (included in 26)				27				
Claims incurred for "actuarial health insurance" (included in 26)				28	93359			82789
Sub-total E (26 +1/2 27 - 2/3 28)				29	31120			27596
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)				31	10373			9199
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	2697			2392
	Excess (if any) over 37.2M EURO x 0.03			33				
Sub-total G (32-33)				39	2697			2392
Claims amount Sub-total G x reinsurance ratio (11.49)				41	1349			1196
Higher of premiums amount and brought forward amount (11.53)				42	2976			2976
General insurance capital requirement (higher of lines 41 and 42)				43	2976			2976

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	1
					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	104275	103990
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
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	59287	51640
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	

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60	
Claims outstanding	61	
Provision for unexpired risks	62	
Other	63	

Debtors and salvage

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

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	143500	95668
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	1730	13083
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	308792	264381
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Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	308792	264381
Admissible assets in excess of market and counterparty limits	92	740713	608360
Inadmissible assets directly held	93	335494	
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101	(9454)	358381
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	1375545	1231122
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	10
					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	57904	56040
	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	4391627	5211834	
Rights under derivative contracts	44	(4672)	(29580)	
Fixed interest securities	Approved	45	100157	190782
	Other	46		
Variable interest securities	Approved	47		
	Other	48	1027	
Participation in investment pools	49			
Loans secured by mortgages	50	57	51	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	2956	3871	
Other loans	53		70	
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		11011
	Property linked	59	1029149	1141153

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	4314	6539
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	46522	22102
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	15269	16199
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	10548	8925
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	35348	11835
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	5690206	6650832
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Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	5690206	6650832
Admissible assets in excess of market and counterparty limits	92	2229	
Inadmissible assets directly held	93	11889	
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	967018	615112
Other asset adjustments (may be negative)	101	(25468)	(15319)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	6645874	7250625
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **SPI Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	212709	GL	31	12	2007	£000
					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	57904	56040
	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	402882	4453902	
Rights under derivative contracts	44	(4672)	(29580)	
Fixed interest securities	Approved	45	54359	55775
	Other	46		
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools	49			
Loans secured by mortgages	50	57	51	
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	2956	3850	
Other loans	53			
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		

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **SPI Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	11
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		153
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	12074	13301
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		7837
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	18241	5807
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	4169801	4567137
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Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **SPI Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	11
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	4169801	4567137
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	316	
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101	(30552)	(8260)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	4139565	4558877
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Special Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	212709	GL	31	12	2007	£000
					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	14100	27712
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
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		
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	

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Special Fund**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
R13	212709	GL	31	12	2007	£000	12
						As at end of this financial year	As at end of the previous year
						1	2

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	300	175
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	10548	1088
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		57
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	24948	29033
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Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Special Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	12
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	24948	29033
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101	(8)	(50)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	24940	28983
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Non Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£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	348645	730219
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	45798
	Other	46	
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		21
Other loans	53		70
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	11011
	Property linked	59	1141153

Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Non Profit Fund**

	Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
R13	212709	GL	31	12	2007	£000	13
						As at end of this financial year	As at end of the previous year
						1	2

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71	4314	6386
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	46522	22102
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	2895	2723
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	17107	5970
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	1495457	2054662
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Analysis of admissible assetsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Non Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2007	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	1495457	2054662
Admissible assets in excess of market and counterparty limits	92	2229	
Inadmissible assets directly held	93	11573	
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related insurance undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	967018	615112
Other asset adjustments (may be negative)	101	5092	(7009)
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	2481369	2662766
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

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

Global business

Financial year ended **31 December 2007**Total business/Sub fund **10 Summary**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	4101150	4910988	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	304737	317861	
Long term insurance business fund carried forward (11 to 13)	14	4405887	5228849	
Claims outstanding	Gross	15	34122	26562
	Reinsurers' share	16		
	Net (15-16)	17	34122	26562
Provisions	Taxation	21	14923	2909
	Other risks and charges	22	1	1326
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	215	1234
	Reinsurance accepted	32		
	Reinsurance ceded	33	7511	7777
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	27349	59703	
Creditors	Taxation	37	26130	25379
	Other	38	80026	256154
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	190277	381045	
Excess of the value of net admissible assets	51	1094042	1040938	
Total liabilities and margins	59	5690206	6650832	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	11421	51992
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	1019305	1114456

Total liabilities (11+12+49)	71	4291427	5292033
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	967018	615112
Other adjustments to liabilities (may be negative)	74	1151370	1121927
Capital and reserves and fund for future appropriations	75	236059	221554
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)	76	6645874	7250625

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

Global business

Financial year ended **31 December 2007**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
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Mathematical reserves, after distribution of surplus	11	2805109	3102482	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	170842	179722	
Long term insurance business fund carried forward (11 to 13)	14	2975951	3282204	
Claims outstanding	Gross	15	7065	6752
	Reinsurers' share	16		
	Net (15-16)	17	7065	6752
Provisions	Taxation	21	11138	1151
	Other risks and charges	22	1	1326
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	215	1234
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	20773	44792	
Creditors	Taxation	37		
	Other	38	60616	188740
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	99808	243995	
Excess of the value of net admissible assets	51	1094042	1040938	
Total liabilities and margins	59	4169801	4567137	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	9468	9854
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	2904917	3346477
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74	1141654	1123219
Capital and reserves and fund for future appropriations	75	92994	89181
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)	76	4139565	4558877

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

Global business

Financial year ended **31 December 2007**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
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Mathematical reserves, after distribution of surplus	11	14761	18288
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	9952	10685
Long term insurance business fund carried forward (11 to 13)	14	24713	28973
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	235
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	
	Other	38	60
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	235	60
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	24948	29033

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

Total liabilities (11+12+49)	71	14996	18348
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74	9924	10621
Capital and reserves and fund for future appropriations	75	19	13
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)	76	24939	28983

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

Global business

Financial year ended **31 December 2007**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
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Mathematical reserves, after distribution of surplus	11	1281280	1790217	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	123943	127455	
Long term insurance business fund carried forward (11 to 13)	14	1405223	1917672	
Claims outstanding	Gross	15	27057	19810
	Reinsurers' share	16		
	Net (15-16)	17	27057	19810
Provisions	Taxation	21	3550	1759
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33	7511	7777
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	6576	14912	
Creditors	Taxation	37	26130	25379
	Other	38	19410	67354
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	90234	136990	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	1495457	2054662	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	1953	42138
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	1019305	1114456

Total liabilities (11+12+49)	71	1371514	1927207
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	967018	615112
Other adjustments to liabilities (may be negative)	74	(209)	(11914)
Capital and reserves and fund for future appropriations	75	143046	132360
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)	76	2481369	2662766

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

Global business

Financial year ended **31 December 2007**

	Company registration number	GL/ UK/ CM	day	month	year	Units
R15	212709	GL	31	12	2007	£000
			As at end of this financial year			As at end of the previous year
			1			2

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47	25793	10080
	Foreseeable dividend	48		
	Other	49	64572	62432
Accruals and deferred income		51		
Total (19 to 51)		59	90365	72512
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	90365	72512

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	59715	67950
Capital and reserves	84	1225465	1090661
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85	1375545	1231122

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

Global business

Financial year ended **31 December 2007**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	212709	GL	31	12	2007	£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			122027		102179
Investment income	Income		14			55504		32236
	Value re-adjustments on investments		15					2500
	Gains on the realisation of investments		16			362		4
Investment charges	Investment management charges, including interest		17			2123		1692
	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			(24205)		(90465)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			151565		44762
Tax on profit or loss on ordinary activities			31			16760		9669
Profit or loss on ordinary activities after tax (29-31)			39			134805		35093
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			134805		35093
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59			134805		35093

Analysis of derivative contractsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	212709	GL	31	12	2007	£000	10
		As at the end of this financial year			As at the end of the previous year				
		Assets 1		Liabilities 2		Assets 3		Liabilities 4	
Derivative contracts									
Futures contracts	Fixed-interest securities	11	625						
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21	27094				92245		
	Equity shares	22	77483				78843		
	Land	23							
	Currencies	24							
	Other	25	(5017)				23651		
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32	943				184		
	Land	33							
	Currencies	34							
	Other	35							
Adjustment for variation margin		41	(105800)				(224502)		
Total (11 to 41)		49	(4672)				(29580)		

Analysis of derivative contractsName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**Category of assets **SPI Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	212709	GL	31	12	2007	£000	11
		As at the end of this financial year			As at the end of the previous year				
		Assets		Liabilities		Assets		Liabilities	
		1		2		3		4	
Derivative contracts									
Futures contracts	Fixed-interest securities	11	625						
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21	27094			92245			
	Equity shares	22	77483			78843			
	Land	23							
	Currencies	24							
	Other	25	(5017)			23651			
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32	943			184			
	Land	33							
	Currencies	34							
	Other	35							
Adjustment for variation margin		41	(105800)			(224502)			
Total (11 to 41)		49	(4672)			(29580)			

With-profits insurance capital component for the fundName of insurer **Scottish Provident Limited**With-profits fund **21 SPI Fund**Financial year ended **31 December 2007**Units **£000**

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

Regulatory value of assets	Long-term admissible assets of the fund	11	4169800	4567137
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	13751	14429
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	549	577
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	4155500	4552131
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	2791357	3088053
	Regulatory current liabilities of the fund	22	99808	243995
	Total (21+22)	29	2891165	3332048
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	99752	111884
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	2990917	3443932
Regulatory excess capital (19-39)		49	1164583	1108199

Realistic excess capital

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

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	1164583	1108199
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	56879	60192
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	1107704	1048007

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 2007**
 Units **£000**

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

Regulatory value of assets	Long-term admissible assets of the fund	11	24947	29033
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	24947	29033
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	14761	18288
	Regulatory current liabilities of the fund	22	235	60
	Total (21+22)	29	14996	18348
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	519	649
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	15515	18997
Regulatory excess capital (19-39)		49	9432	10036

Realistic excess capital

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

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	9432	10036
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	9432	10036

Realistic balance sheetName of insurer **Scottish Provident Limited**With-profits fund **21 SPI Fund**Financial year ends **31 December 2007**Units **£000**

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

Regulatory value of assets	11	4155500	4552131
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	4155500	4552131
Support arrangement assets	27		
Assets available to the fund (26+27)	29	4155500	4552131

Realistic value of liabilities of fund

With-profits benefit reserve	31	3382558	3638803	
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	310594	144004
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	3244	3484
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	217115	276219
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	93799	176050
	Future costs of smoothing (possibly negative)	44		
	Financing costs	45		1210
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	96992	109832
	Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	715256	703831
Realistic current liabilities of the fund	51	57686	209497	
Realistic value of liabilities of fund (31+49+51)	59	4155500	4552131	

Realistic balance sheetName of insurer **Scottish Provident Limited**With-profits fund **21 SPI Fund**Financial year ends **31 December 2007**Units **£000**

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

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	4155500	4552131
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	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	4155500	4552131
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

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

Additional amount potentially available for inclusion in line 62	81	270774	256391
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheetName of insurer **Scottish Provident Limited**With-profits fund **22 Special Fund**Financial year ends **31 December 2007**Units **£000**

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

Regulatory value of assets	11	24947	29033
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	24947	29033
Support arrangement assets	27		
Assets available to the fund (26+27)	29	24947	29033

Realistic value of liabilities of fund

With-profits benefit reserve	31	22361	27015	
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	1785	1289
	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	566	668
	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	2351	1957	
Realistic current liabilities of the fund	51	235	60	
Realistic value of liabilities of fund (31+49+51)	59	24947	29033	

Realistic balance sheetName of insurer **Scottish Provident Limited**With-profits fund **22 Special Fund**Financial year ends **31 December 2007**Units **£000**

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

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	24947	29033
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	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	24947	29033
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		
Realistic excess available capital for fund (29-(59+65))	67		
Working capital for fund (29-59)	68		
Working capital ratio for fund (68/29)	69		

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

Additional amount potentially available for inclusion in line 62	81		
Additional amount potentially available for inclusion in line 63	82		

Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	(160034)	274760
Investment income receivable before deduction of tax	12	231732	288671
Increase (decrease) in the value of non-linked assets brought into account	13	6439	(169979)
Increase (decrease) in the value of linked assets	14	31819	76424
Other income	15		
Total income	19	109956	469877

Expenditure

Claims incurred	21	745525	968674
Expenses payable	22	30082	60939
Interest payable before the deduction of tax	23	13828	24692
Taxation	24	21455	2214
Other expenditure	25		
Transfer to (from) non technical account	26	122027	102179
Total expenditure	29	932917	1158699

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(822961)	(688822)
Fund brought forward	49	5228848	5917670
Fund carried forward (39+49)	59	4405887	5228848

Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	86357	97033
Investment income receivable before deduction of tax	12	171952	192434
Increase (decrease) in the value of non-linked assets brought into account	13	13989	(140817)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	272298	148650

Expenditure

Claims incurred	21	509475	517387
Expenses payable	22	26423	18078
Interest payable before the deduction of tax	23	13822	24679
Taxation	24	19954	21792
Other expenditure	25	(150)	(125)
Transfer to (from) non technical account	26	9027	7179
Total expenditure	29	578551	588991

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(306253)	(440340)
Fund brought forward	49	3282204	3722544
Fund carried forward (39+49)	59	2975951	3282204

Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	455	544
Investment income receivable before deduction of tax	12	1434	1020
Increase (decrease) in the value of non-linked assets brought into account	13	125	(457)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	2014	1107

Expenditure

Claims incurred	21	5808	5143
Expenses payable	22	85	118
Interest payable before the deduction of tax	23		
Taxation	24	231	
Other expenditure	25	150	125
Transfer to (from) non technical account	26		
Total expenditure	29	6274	5386

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(4260)	(4279)
Fund brought forward	49	28972	33251
Fund carried forward (39+49)	59	24712	28972

Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	(246846)	177184
Investment income receivable before deduction of tax	12	58346	95216
Increase (decrease) in the value of non-linked assets brought into account	13	(7675)	(28705)
Increase (decrease) in the value of linked assets	14	31819	76424
Other income	15		
Total income	19	(164356)	320119

Expenditure

Claims incurred	21	230242	446143
Expenses payable	22	3574	42744
Interest payable before the deduction of tax	23	6	13
Taxation	24	1270	(19578)
Other expenditure	25		
Transfer to (from) non technical account	26	113000	95000
Total expenditure	29	348092	564322

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(512448)	(244203)
Fund brought forward	49	1917672	2161875
Fund carried forward (39+49)	59	1405224	1917672

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 2007**
 Units **£000**

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

Gross

Regular premiums	11	167074	20070	26936	214080	239422
Single premiums	12	1223	68474	14633	84330	91264

Reinsurance - external

Regular premiums	13	46797		13770	60567	55926
Single premiums	14	4			4	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16		228009	169864	397873	

Net of reinsurance

Regular premiums	17	120277	20070	13166	153513	183496
Single premiums	18	1219	(159535)	(155231)	(313547)	91264

Total

Gross	19	168297	88544	41569	298410	330686
Reinsurance	20	46801	228009	183634	458444	55926
Net	21	121496	(139465)	(142065)	(160034)	274760

Long-term insurance business : Analysis of premiums

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2007**
 Units **£000**

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

Gross

Regular premiums	11	67122	1274	16914	85310	96342
Single premiums	12			1684	1684	1841

Reinsurance - external

Regular premiums	13	637			637	1150
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	66485	1274	16914	84673	95192
Single premiums	18			1684	1684	1841

Total

Gross	19	67122	1274	18598	86994	98183
Reinsurance	20	637			637	1150
Net	21	66485	1274	18598	86357	97033

Long-term insurance business : Analysis of premiums

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2007**
 Units **£000**

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

Gross

Regular premiums	11	455			455	544
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	455			455	544
Single premiums	18					

Total

Gross	19	455			455	544
Reinsurance	20					
Net	21	455			455	544

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 2007**
 Units **£000**

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

Gross

Regular premiums	11	99497	18796	10022	128315	142536
Single premiums	12	1223	68474	12949	82646	89423

Reinsurance - external

Regular premiums	13	46160		13770	59930	54776
Single premiums	14	4			4	

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16		228009	169864	397873	

Net of reinsurance

Regular premiums	17	53337	18796	(3748)	68385	87760
Single premiums	18	1219	(159535)	(156915)	(315231)	89423

Total

Gross	19	100720	87270	22971	210961	231960
Reinsurance	20	46164	228009	183634	457807	54776
Net	21	54556	(140739)	(160663)	(246846)	177184

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 2007**
 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	70434	8722	6320	85476	78902
Disability periodic payments	12	354			354	339
Surrender or partial surrender	13	185713	180924	103086	469723	722099
Annuity payments	14		50241	12846	63087	60889
Lump sums on maturity	15	123711	17117	52728	193556	183252
Total	16	380212	257004	174980	812196	1045481

Reinsurance - external

Death or disability lump sums	21	28799	369	444	29612	38549
Disability periodic payments	22	178			178	178
Surrender or partial surrender	23	30			30	29
Annuity payments	24		36618		36618	38051
Lump sums on maturity	25	233			233	
Total	26	29240	36987	444	66671	76808

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					
Total	36					

Net of reinsurance

Death or disability lump sums	41	41635	8353	5876	55864	40353
Disability periodic payments	42	176			176	160
Surrender or partial surrender	43	185683	180924	103086	469693	722070
Annuity payments	44		13623	12846	26469	22838
Lump sums on maturity	45	123478	17117	52728	193323	183252
Total	46	350972	220017	174536	745525	968674

Long-term insurance business : Analysis of claims

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2007**
 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	13762	1564	3689	19015	14604
Disability periodic payments	12					
Surrender or partial surrender	13	123570	123402	88801	335773	360145
Annuity payments	14					
Lump sums on maturity	15	109861	(7161)	52728	155428	143289
Total	16	247193	117805	145218	510216	518038

Reinsurance - external

Death or disability lump sums	21	693			693	641
Disability periodic payments	22					
Surrender or partial surrender	23	8			8	9
Annuity payments	24					
Lump sums on maturity	25	40			40	
Total	26	741			741	651

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					
Total	36					

Net of reinsurance

Death or disability lump sums	41	13069	1564	3689	18322	13963
Disability periodic payments	42					
Surrender or partial surrender	43	123562	123402	88801	335765	360136
Annuity payments	44					
Lump sums on maturity	45	109821	(7161)	52728	155388	143289
Total	46	246452	117805	145218	509475	517387

Long-term insurance business : Analysis of claims

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2007**
 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	95		95	137
Disability periodic payments	12				
Surrender or partial surrender	13	405		405	593
Annuity payments	14				
Lump sums on maturity	15	5308		5308	4412
Total	16	5808		5808	5143

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				
Total	26				

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				
Total	36				

Net of reinsurance

Death or disability lump sums	41	95		95	137
Disability periodic payments	42				
Surrender or partial surrender	43	405		405	593
Annuity payments	44				
Lump sums on maturity	45	5308		5308	4412
Total	46	5808		5808	5143

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 2007**
 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	56577	7158	2631	66366	64161
Disability periodic payments	12	354			354	339
Surrender or partial surrender	13	61738	57522	14285	133545	361360
Annuity payments	14		50241	12846	63087	60889
Lump sums on maturity	15	8542	24278		32820	35551
Total	16	127211	139199	29762	296172	522300

Reinsurance - external

Death or disability lump sums	21	28106	369	444	28919	37908
Disability periodic payments	22	178			178	178
Surrender or partial surrender	23	22			22	20
Annuity payments	24		36618		36618	38051
Lump sums on maturity	25	193			193	
Total	26	28499	36987	444	65930	76157

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					
Total	36					

Net of reinsurance

Death or disability lump sums	41	28471	6789	2187	37447	26252
Disability periodic payments	42	176			176	160
Surrender or partial surrender	43	61716	57522	14285	133523	361341
Annuity payments	44		13623	12846	26469	22838
Lump sums on maturity	45	8349	24278		32627	35551
Total	46	98712	102212	29318	230242	446143

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 2007**
 Units **£000**

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

Gross

Commission - acquisition	11	2212	1413	147	3772	2655
Commission - other	12	3203	331	1338	4872	5187
Management - acquisition	13	7	628	42	677	2900
Management - maintenance	14	12475	9472	7259	29206	66067
Management - other	15	(3233)	(4105)	(1107)	(8445)	(15869)
Total	16	14664	7739	7679	30082	60939

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41	2212	1413	147	3772	2655
Commission - other	42	3203	331	1338	4872	5187
Management - acquisition	43	7	628	42	677	2900
Management - maintenance	44	12475	9472	7259	29206	66067
Management - other	45	(3233)	(4105)	(1107)	(8445)	(15869)
Total	46	14664	7739	7679	30082	60939

Long-term insurance business : Analysis of expenses

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2007**
 Units **£000**

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

Gross

Commission - acquisition	11	21	12	105	138	195
Commission - other	12	1515	20	763	2298	2556
Management - acquisition	13			42	42	58
Management - maintenance	14	6879	3414	5384	15677	16232
Management - other	15	4466	4909	(1107)	8268	(964)
Total	16	12881	8355	5187	26423	18078

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41	21	12	105	138	195
Commission - other	42	1515	20	763	2298	2556
Management - acquisition	43			42	42	58
Management - maintenance	44	6879	3414	5384	15677	16232
Management - other	45	4466	4909	(1107)	8268	(964)
Total	46	12881	8355	5187	26423	18078

Long-term insurance business : Analysis of expenses

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2007**
 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	85		85	118
Management - other	15				
Total	16	85		85	118

Reinsurance - external

Commission - acquisition	21				
Commission - other	22				
Management - acquisition	23				
Management - maintenance	24				
Management - other	25				
Total	26				

Reinsurance - intra-group

Commission - acquisition	31				
Commission - other	32				
Management - acquisition	33				
Management - maintenance	34				
Management - other	35				
Total	36				

Net of reinsurance

Commission - acquisition	41				
Commission - other	42				
Management - acquisition	43				
Management - maintenance	44	85		85	118
Management - other	45				
Total	46	85		85	118

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 2007**
 Units **£000**

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

Gross

Commission - acquisition	11	2191	1401	42	3634	2460
Commission - other	12	1688	311	575	2574	2631
Management - acquisition	13	7	628		635	2841
Management - maintenance	14	5511	6058	1875	13444	49717
Management - other	15	(7699)	(9014)		(16713)	(14905)
Total	16	1698	(616)	2492	3574	42744

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41	2191	1401	42	3634	2460
Commission - other	42	1688	311	575	2574	2631
Management - acquisition	43	7	628		635	2841
Management - maintenance	44	5511	6058	1875	13444	49717
Management - other	45	(7699)	(9014)		(16713)	(14905)
Total	46	1698	(616)	2492	3574	42744

Long-term insurance business : Linked funds balance sheet

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	71347	109095
Directly held assets in collective investment schemes of connected companies	12	948052	963212
Directly held assets in other collective investment schemes	13	845	59264
Total assets (excluding cross investment) (11+12+ 13)	14	1020244	1131571
Provision for tax on unrealised capital gains	15	204	21190
Secured and unsecured loans	16		
Other liabilities	17	8028	1454
Total net assets (14-15-16-17)	18	1012012	1108926

Directly held linked assets

Value of directly held linked assets	21	9652	9582
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Total

Value of directly held linked assets and units held (18+21)	31	1021664	1118509
Surplus units	32	2358	4053
Deficit units	33		
Net unit liability (31-32+33)	34	1019306	1114456

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 Units **£000**

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

Income

Value of total creation of units	11	276791	36661
Investment income attributable to the funds before deduction of tax	12	18161	42103
Increase (decrease) in the value of investments in the financial year	13	35629	79296
Other income	14	209	
Total income	19	330790	158061

Expenditure

Value of total cancellation of units	21	422147	371629
Charges for management	22	11101	12006
Charges in respect of tax on investment income	23	937	2121
Taxation on realised capital gains	24	86	724
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	712	2692
Other expenditure	26	(7279)	1626
Total expenditure	29	427704	390799

Increase (decrease) in funds in financial year (19-29)	39	(96914)	(232738)
Internal linked fund brought forward	49	1108926	1341664
Internal linked funds carried forward (39+49)	59	1012012	1108926

Long-term insurance business : Summary of new businessName of insurer **Scottish Provident Limited**

Total business

Financial year ended **31 December 2007**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		1876	117	1993	2218
Total	13		1876	117	1993	2218

**Amount of new regular
premiums**

Direct insurance business	21	920	31	209	1160	1357
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	920	31	209	1160	1357

**Amount of new single
premiums**

Direct insurance business	25	1223	68474	14632	84328	91264
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	1223	68474	14632	84328	91264

Long-term insurance business : Analysis of new business

Name of insurer

Scottish Provident Limited

Total business

Financial year ended

31 December 2007

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)		27		
330	Decreasing term assurance (self assurance)		21		
340	Accelerated critical illness (guaranteed premiums - self assurance)		140		
345	Accelerated critical illness (reviewable premiums - self assurance)		5		
350	Stand-alone critical illness (guaranteed premiums - self assurance)		18		
355	Stand-alone critical illness (reviewable premiums - self assurance)				
360	Income protection non-profit (guaranteed premiums - self assurance)		84		
400	Annuity non-profit (CPA)				1223
710	Life property linked whole life regular premium		626		

Long-term insurance business : Analysis of new business

Name of insurer

Scottish Provident Limited

Total business

Financial year ended

31 December 2007

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		8		71
325	Level term assurance		0		
400	Annuity non-profit (CPA)			1876	51661
730	Individual pensions property linked - increments		23		16742

Long-term insurance business : Analysis of new business

Name of insurer

Scottish Provident Limited

Total business

Financial year ended

31 December 2007

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
120	Conventional endowment with-profits OB savings (Life)		207		752
170	Conventional deferred annuity with profits - increments (Pensions)		1		
400	Annuity non-profit (CPA)			117	13880
435	Miscellaneous non-profit		2		

Long-term insurance business : Non- linked assets

Name of insurer **Scottish Provident Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2007**
 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	48402	263623	11763	4.38	
Other fixed interest securities	13		17137	999	6.07	
Variable interest securities	14	1027	29740	311	1.30	
UK listed equity shares	15		4392	161	5.93	
Non-UK listed equity shares	16		2300	67	5.05	
Unlisted equity shares	17	203	203			
Other assets	18	430976	163213	12104	7.42	
Total	19	480608	480608	25406	5.29	

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

Land and buildings	21					
Approved fixed interest securities	22	55402	858819	42652	4.61	
Other fixed interest securities	23	3138	717368	40035	5.86	
Variable interest securities	24		494	27	5.72	
UK listed equity shares	25		1247967	45793	5.93	
Non-UK listed equity shares	26		653140	19118	5.05	
Unlisted equity shares	27	57701	57701			
Other assets	28	4064207	644959	27896	4.33	
Total	29	4180447	4180447	175521	5.18	

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 : Non- linked assets

Name of insurer **Scottish Provident Limited**
 Category of assets **11 SPI Fund**
 Financial year ended **31 December 2007**
 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	206	2993	149	4.61	
Other fixed interest securities	13		2523	141	5.86	
Variable interest securities	14		2		5.72	
UK listed equity shares	15		4392	161	5.93	
Non-UK listed equity shares	16		2300	67	5.05	
Unlisted equity shares	17	203	203			
Other assets	18	13891	1888	98	5.19	
Total	19	14301	14301	616	5.32	

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

Land and buildings	21					
Approved fixed interest securities	22	55402	849157	42180	4.61	4.42
Other fixed interest securities	23	3138	715663	39935	5.86	0.40
Variable interest securities	24		492	27	5.72	
UK listed equity shares	25		1245863	45716	5.93	8.45
Non-UK listed equity shares	26		652514	19092	5.05	6.00
Unlisted equity shares	27	57701	57701			
Other assets	28	4039260	634110	27816	4.39	6.55
Total	29	4155500	4155500	174766	5.19	5.19

Overall return on with-profits assets

Post investment costs but pre-tax	31					4.74
Return allocated to non taxable 'asset shares'	32					4.74
Return allocated to taxable 'asset shares'	33					4.13

Long-term insurance business : Non- linked assets

Name of insurer **Scottish Provident Limited**
 Category of assets **12 Special Fund**
 Financial year ended **31 December 2007**
 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					
Total	19					

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

Land and buildings	21					
Approved fixed interest securities	22		9662	472	4.52	4.59
Other fixed interest securities	23		1705	100	6.11	0.29
Variable interest securities	24		1		5.72	
UK listed equity shares	25		2104	77	5.93	8.78
Non-UK listed equity shares	26		626	26	6.12	
Unlisted equity shares	27					
Other assets	28	24947	10850	80	0.74	6.81
Total	29	24947	24947	755	3.14	5.22

Overall return on with-profits assets

Post investment costs but pre-tax	31					5.08
Return allocated to non taxable 'asset shares'	32					n/a
Return allocated to taxable 'asset shares'	33					4.25

Long-term insurance business : Non- linked assets

Name of insurer **Scottish Provident Limited**
 Category of assets **13 Non Profit Fund**
 Financial year ended **31 December 2007**
 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	48196	260630	11614	4.37	
Other fixed interest securities	13		14614	859	6.11	
Variable interest securities	14	1027	29738	311	1.30	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	417085	161325	12006	7.44	
Total	19	466307	466307	24790	5.29	

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					
Total	29					

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 2007**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	695296	10.87	4.48	4.47

Other approved fixed interest securities	21	427146	6.64	4.67	4.59
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Other fixed interest securities

AAA/Aaa	31	176197	7.00	5.15	5.07
AA/Aa	32	154955	7.95	5.72	5.59
A/A	33	228604	8.17	6.04	5.78
BBB/Baa	34	139436	8.91	6.54	5.88
BB/Ba	35	6746	7.27	9.13	8.47
B/B	36	1155	10.09	6.78	6.12
CCC/Caa	37				
Other (including unrated)	38	27411	11.51	5.65	5.31
Total other fixed interest securities	39	734505	8.10	5.87	5.60

Approved variable interest securities	41	28699	12.54	1.30	1.28
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Other variable interest securities	51	1535	15.06	5.72	5.64
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Total (11+21+39+41+51)	61	1887181	8.86	5.02	4.89
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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 2007**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	477802	8.81	4.51	4.50
Other approved fixed interest securities	21	374349	6.97	4.74	4.64
Other fixed interest securities					
AAA/Aaa	31	172884	6.98	5.14	5.06
AA/Aa	32	151189	7.94	5.72	5.59
A/A	33	223597	8.15	6.03	5.77
BBB/Baa	34	135980	8.90	6.54	5.88
BB/Ba	35	6558	7.27	9.13	8.47
B/B	36	1128	10.07	6.78	6.12
CCC/Caa	37				
Other (including unrated)	38	26850	11.58	5.63	5.29
Total other fixed interest securities	39	718186	8.09	5.86	5.59
Approved variable interest securities	41				
Other variable interest securities	51	494	15.06	5.72	5.64
Total (11+21+39+41+51)	61	1570830	8.05	5.18	5.03

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 2007**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	9181	9.01	4.51	4.50
Other approved fixed interest securities	21	481	7.68	4.86	4.86
Other fixed interest securities					
AAA/Aaa	31	346	7.93	5.36	5.28
AA/Aa	32	393	8.36	5.82	5.69
A/A	33	523	8.81	6.27	6.01
BBB/Baa	34	361	9.34	6.65	5.99
BB/Ba	35	20	7.27	9.13	8.47
B/B	36	3	10.86	7.02	6.36
CCC/Caa	37				
Other (including unrated)	38	59	8.13	6.68	6.25
Total other fixed interest securities	39	1705	8.60	6.11	5.82
Approved variable interest securities	41				
Other variable interest securities	51	1	15.06	5.72	5.64
Total (11+21+39+41+51)	61	11368	8.90	4.76	4.71

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 2007**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	208313	15.66	4.41	4.39

Other approved fixed interest securities	21	52317	4.30	4.21	4.21
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Other fixed interest securities

AAA/Aaa	31	2967	7.93	5.36	5.28
AA/Aa	32	3372	8.36	5.82	5.69
A/A	33	4484	8.81	6.27	6.01
BBB/Baa	34	3095	9.34	6.65	5.99
BB/Ba	35	168	7.27	9.13	8.47
B/B	36	25	10.86	7.02	6.36
CCC/Caa	37				
Other (including unrated)	38	503	8.13	6.68	6.25
Total other fixed interest securities	39	14614	8.60	6.11	5.82

Approved variable interest securities	41	28699	12.54	1.30	1.28
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Other variable interest securities	51	1040	15.06	5.72	5.64
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Total (11+21+39+41+51)	61	304982	13.08	4.17	4.14
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Long-term insurance business : Summary of mathematical reservesName of insurer **Scottish Provident Limited**Total business / subfund **10 Long Term Fund**Financial year ended **31 December 2007**Units **£000**

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

Gross

Form 51 - with-profits	11	1163556	275454	612453	2051463	2258849
Form 51 - non-profit	12	82704	888572	209218	1180494	1245093
Form 52	13	132232	585001	48470	765703	858218
Form 53 - linked	14	437050	507947	74307	1019305	1114456
Form 53 - non-linked	15	13669	7169	3685	24523	24424
Form 54 - linked	16					
Form 54 - non-linked	17		29005		29005	28611
Total	18	1829210	2293148	948134	5070492	5529651

Reinsurance - external

Form 51 - with-profits	21	2552		111	2663	3291
Form 51 - non-profit	22	69768	446088	314	516170	597664
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25	157			157	108
Form 54 - linked	26					
Form 54 - non-linked	27		17198		17198	17600
Total	28	72477	463286	425	536187	618663

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32		224469	197825	422294	
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37		11392		11392	
Total	38		235862	197825	433686	

Net of reinsurance

Form 51 - with-profits	41	1161003	275454	612343	2048800	2255558
Form 51 - non-profit	42	12936	218015	11079	242031	647430
Form 52	43	132232	585001	48470	765703	858218
Form 53 - linked	44	437050	507947	74307	1019305	1114456
Form 53 - non-linked	45	13513	7169	3685	24366	24315
Form 54 - linked	46					
Form 54 - non-linked	47		415		415	11011
Total	48	1756734	1594000	749884	4100619	4910987

Long-term insurance business : Summary of mathematical reservesName of insurer **Scottish Provident Limited**Total business / subfund **21 SPI Fund**Financial year ended **31 December 2007**

Units

£000

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

Gross

Form 51 - with-profits	11	1148714	275454	612453	2036621	2240486
Form 51 - non-profit	12	2250	10902	792	13944	14707
Form 52	13	132226	576887	47675	756788	850766
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	1283190	863243	660921	2807353	3105958

Reinsurance - external

Form 51 - with-profits	21	2471		111	2582	3216
Form 51 - non-profit	22	202		(8)	193	260
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	2673		102	2775	3476

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					
Total	38					

Net of reinsurance

Form 51 - with-profits	41	1146243	275454	612343	2034039	2237269
Form 51 - non-profit	42	2048	10902	800	13751	14447
Form 52	43	132226	576887	47675	756788	850766
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	1280517	863243	660819	2804578	3102482

Long-term insurance business : Summary of mathematical reservesName of insurer **Scottish Provident Limited**Total business / subfund **22 Special Fund**Financial year ended **31 December 2007**Units **£000**

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

Gross

Form 51 - with-profits	11	14841		14841	18363
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				
Total	18	14841		14841	18363

Reinsurance - external

Form 51 - with-profits	21	81		81	75
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				
Total	28	81		81	75

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				
Total	38				

Net of reinsurance

Form 51 - with-profits	41	14761		14761	18288
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				
Total	48	14761		14761	18288

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 2007**

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	80454	877670	208426	1166550	1230387
Form 52	13	6	8114	794	8915	7452
Form 53 - linked	14	437050	507947	74307	1019305	1114456
Form 53 - non-linked	15	13669	7169	3685	24523	24424
Form 54 - linked	16					
Form 54 - non-linked	17		29005		29005	28611
Total	18	531179	1429905	287213	2248298	2405329

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	69566	446088	323	515977	597404
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25	157			157	108
Form 54 - linked	26					
Form 54 - non-linked	27		17198		17198	17600
Total	28	69723	463286	323	533332	615112

Reinsurance - intra-group

Form 51 - with-profits	31					
Form 51 - non-profit	32		224469	197825	422294	
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37		11392		11392	
Total	38		235862	197825	433686	

Net of reinsurance

Form 51 - with-profits	41					
Form 51 - non-profit	42	10888	207113	10279	228280	632983
Form 52	43	6	8114	794	8915	7452
Form 53 - linked	44	437050	507947	74307	1019305	1114456
Form 53 - non-linked	45	13513	7169	3685	24366	24315
Form 54 - linked	46					
Form 54 - non-linked	47		415		415	11011
Total	48	461457	730758	89066	1281280	1790217

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 2007**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	2973	56228	488				30890
120	Conventional endowment with-profits OB savings	113357	2742541	62077				1111252
205	Miscellaneous conventional with-profits	366	5637	0				4920
210	Additional reserves with-profits OB							1653
435	Miscellaneous non-profit	1331	31904	482				2250
435	Miscellaneous non-profit (per annum)		6840					

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 2007**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
100	Conventional whole life with-profits OB		2307	34				1083
120	Conventional endowment with-profits OB savings		2375	48				901
210	Additional reserves with-profits OB							488
435	Miscellaneous non-profit		1044	40				202
435	Miscellaneous non-profit (per annum)		1159					

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 2007**
 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)	7866	63075	525				101139
165	Conventional deferred annuity with-profits (without cash option) (per annum)	6823	27217	890				174315
210	Additional reserves with-profits OB							
390	Deferred annuity non-profit	204	117					10536
390	Deferred annuity non-profit (per annum)		241					
435	Miscellaneous non - profit		873	144				144
435	Miscellaneous non - profit (per annum)		1646					
440	Additional reserves non-profit OB (GAO reserves on NP contracts)							222

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 2007**
 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
100	Conventional whole life assurance with-profits OB	1568	58149	1855				16904
120	Conventional endowment with-profits OB savings	32110	305855	12418				238098
205	Miscellaneous conventional with-profits	626	1359					1046
210	Additional reserves with-profits OB							1043
165	Conventional deferred annuity with-profits (with cash option)	13532	185887	5589				190302
165	Conventional deferred annuity with-profits (without cash option) (per annum)	12730	26720	4756				165062
390	Deferred annuity non-profit (per annum)		53					727
435	Miscellaneous non-profit	513	37705	268				(150)
435	Miscellaneous non - profit (per annum)		319					
440	Additional reserves non-profit OB (GAO reserves on NP contracts) (per annum)							215

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 2007**
 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		679	3				49
120	Conventional endowment with-profits OB savings		133	5				62
435	Miscellaneous non-profit		6556	6				(8)

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 2007**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	86	478	6				266
120	Conventional endowment with-profits OB savings	1341	17504	402				14575
205	Miscellaneous conventional with-profits							

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 2007**
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
120	Conventional endowment with-profits OB savings		117	1				81

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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 2007**
 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	5112	34788	443				20398
325	Level term assurance	53491	6896335	17642				6304
330	Decreasing term assurance	39243	3630090	11111				(1201)
340	Accelerated critical illness (guaranteed premiums)	41955	3367697	19401				8943
345	Accelerated critical illness (reviewable premiums)	11329	707645	4691				770
350	Stand-alone critical illness (guaranteed premiums)	21825	2307423	11005				20330
355	Stand-alone critical illness (reviewable premiums)	217	26764	123				259
360	Income protection non-profit (guaranteed premiums) (per annum)	10948	92793	2163				9086
380	Miscellaneous protection rider (per annum)		38788	1939				5092
395	Annuity non-profit (PLA) (per annum)	969	688					5144
435	Miscellaneous non-profit	366	3901	1				4663
435	Miscellaneous non - profit (per annum)	671	320					666
440	Additional reserves non-profit OB							

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 2007**
 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		530	6				346
325	Level term assurance		4493307	8893				12901
330	Decreasing term assurance		2425923	5570				4936
340	Accelerated critical illness (guaranteed premiums)		2523278	12603				18128
345	Accelerated critical illness (reviewable premiums)		537200	2974				3341
350	Stand-alone critical illness (guaranteed premiums)		1809971	7597				22876
355	Stand-alone critical illness (reviewable premiums)		20149	81				280
360	Income protection non-profit (guaranteed premiums) (per annum)		70512	1475				6246
380	Miscellaneous protection rider (per annum)		2658	133				513

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 2007**
 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
325	Level term assurance	16586	1265143	4478				3149
380	Miscellaneous protection rider (per annum)		10310	516				2062
390	Deferred annuity non-profit (per annum)	4871	11531	36				176017
400	Annuity non-profit (CPA)	29060	50463					690735
435	Miscellaneous non-profit	2977	41410	161				4645
435	Miscellaneous non - profit (per annum)		3953					
440	Additional reserves non-profit OB							1062

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 2007**
 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		18563	42				45
400	Annuity non-profit (CPA)		35621					445123
435	Miscellaneous non - profit (per annum)		4597	230				919

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 2007**
 Units **£000**
 UK Pension / Reinsurance ceded internal

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
400	Annuity non-profit (CPA)		14842					224469

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 2007**
 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	1506	107315	477				539
330	Decreasing term assurance	10866	122885	598				(4)
400	Annuity non-profit (per annum)	2454	13668					198438
435	Miscellaneous non-profit	1993	55724	337				9094
435	Miscellaneous non - profit (per annum)		2005					289
440	Additional reserves non-profit OB							71

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 2007**
 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		28859	147				296
330	Decreasing term assurance		9746	49				3
435	Miscellaneous non-profit		172	3				24

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 2007**
 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		13668					197825

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 2007**
 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)	3072	69106		69106	69106		69106
500	Life UWP single premium (Kendal version)	2817	59383		59383	59351		59351
510	Life UWP endowment regular premium - savings	246	12890	357	3176	3211		3211
575	Miscellaneous UWP	13	83		83	57	500	557

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 2007**
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	60008	453759	3766	453133	465400		465400
555	Group deposit administration with-profits	41	79798	714	79798	79798	30338	110136
571	Trustee Investment Plan UWP	17	1252		1252	1351		1351

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 2007**
 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
500	Life UWP single premium	167	6179		6179	6179		6179
505	Life UWP whole life regular premium	8	83	14	83	81		81
525	Individual pensions UWP	1516	25829	1073	25829	24507	9467	33975
535	Group money purchase pensions UWP	4	566		566	566		566
555	Group deposit administration with-profits	3	4476	52	4476	4476	1995	6471
575	Miscellaneous UWP	139	504	61	504	405		405

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 2007**
 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)						2	2
500	Life UWP single premium (Kendal version)						4	4

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 2007**
 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
510	Life UWP endowment regular premium - savings		340	3				

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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 2007**
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						8048	8048
571	Trustee investment plan UWP						67	67

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 2007**
 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
525	Individual pensions 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 2007**
 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						2	2
525	Individual pensions UWP						640	640
575	Miscellaneous UWP						96	96
610	Additional reserves UWP						57	57

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 2007**
 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
525	Individual pensions 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 2007**
 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)	3864	72262		72262	72262	3	72265
700	Life property linked single premium (Kendal Version)	10079	183931		179125	179125	24	179149
700	Life property linked single premium	1498	20697		19524	19524	14	19538
710	Life property linked whole life regular premium	37847	4332238	23506	85675	85576	13361	98936
715	Life property linked endowment regular premium - savings	2852	101157	2141	47105	47105	7	47112
795	Miscellaneous property linked	2705	43865	384	33202	33202	87	33289
795	Miscellaneous property linked (per annum)	43	257		257	257	174	431

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 2007**
 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			157	157

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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 2007**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	43590	510177	5514	507183	499419	3350	502769
755	Trustee investment plan	73	5591		5591	5591	435	6026
790	Miscellaneous protection rider (per annum)		355	11			64	64
795	Miscellaneous property linked	277	6460	182	3082	2937	679	3616
800	Additional reserves property linked						2640	2640

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 2007**
 Units **£000**
 UK Pension / Reinsurance ceded external

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

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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 2007**
 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
700	Life property linked single premium	1577	29299		31844	31844	1316	33160
710	Life property linked whole life regular premium	5074	396558	1193	3524	3524	845	4369
725	Individual pensions property linked	1171	20898	813	30702	30702	382	31084
735	Group money purchase pensions property linked	207	5075	44	4926	4926	127	5053
795	Miscellaneous property linked	4604	112269	425	3311	3311	19	3330
800	Additional reserves property linked						997	997

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 2007**
 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
710	Life property linked whole life 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 2007**
 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
905	Index linked annuity (per annum)	449	1426				29005	29005

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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 2007**
 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
905	Index linked annuity (per annum)		939				17198	17198

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 2007**
 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
905	Index linked annuity (per annum)		487				11392	11392

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 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	04 - life - other managed fund	699879	Accumulation	1.00	265.6838	288.1000	8.44
Margetts Income Fund	04 - life - other managed fund	126192	Accumulation	1.00	244.6910	250.5000	2.37
Margetts Growth Pension Fund	14 - individual pension - other managed fund	650959	Accumulation	1.00	349.4799	374.0000	7.02
Henderson Deposit Fund	04 - life - other managed fund	1144665	Accumulation	0.84	332.6226	348.8675	4.88
Henderson European Fund	06 - life - overseas equity	3044731	Accumulation	0.94	712.2496	755.0000	6.00
Henderson Far East Fund	06 - life - overseas equity	3108631	Accumulation	0.98	776.5723	874.6000	12.62
Henderson Fixed Interest Fund	04 - life - other managed fund	129266	Accumulation	0.90	55.9893	51.5073	(8.01)
Henderson Global Managed Fund	06 - life - overseas equity	14258803	Accumulation	0.90	811.8500	830.2664	2.27
Henderson North American Fund	06 - life - overseas equity	520783	Accumulation	0.90	485.3851	470.5987	(3.05)
Henderson UK Equity Fund	05 - life - UK equity	4296241	Accumulation	0.90	523.3422	515.3256	(1.53)
Henderson Deposit Pension Fund	14 - individual pension - other managed fund	177978	Accumulation	0.90	500.0445	529.0342	5.80
Henderson European Pension Fund	16 - individual pension - overseas equity	479972	Accumulation	0.93	1193.5481	1329.6158	11.40
Henderson Far Eastern Pension Fund	16 - individual pension - overseas equity	734358	Accumulation		738.7788	839.7928	13.67
Henderson Fixed Interest Pension Fund	14 - individual pension - other managed fund	198251	Accumulation	0.89	623.7853	603.5875	(3.24)
Henderson Managed Pension Fund	12 - individual pension - balanced managed fund	32917	Accumulation	0.97	905.4721	922.1155	1.84
Henderson North American Pension Fund	16 - individual pension - overseas equity	365156	Accumulation	0.91	538.9967	568.5869	5.49
Henderson Special Situations Pension Fund	15 - individual pension - UK equity	950860	Accumulation	0.91	838.7391	860.8194	2.63
Henderson UK Equity Pension Fund	15 - individual pension - UK equity	894652	Accumulation	0.90	1144.9414	1121.8403	(2.02)

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 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	04 - life - other managed fund	23354144	Accumulation	0.92	409.5578	425.0721	3.79
Bradford & Bingley Select Managed Fund	04 - life - other managed fund	4274	Accumulation	0.89	221.3480	217.8000	(1.60)
UK Blue Chip Fund	05 - life - UK equity	4526906	Accumulation	0.97	246.0238	253.8000	3.16
Balanced Growth Managed Fund	02 - life - balanced managed fund	83995874	Accumulation	0.94	1443.1624	1483.5032	2.80
Cash Fund	04 - life - other managed fund	3424780	Accumulation	0.88	499.2154	517.9092	3.74
SP Aberdeen Fixed Interest Fund	04 - life - other managed fund	3283100	Accumulation	0.91	359.0212	357.9000	(0.31)
Cautious Managed Fund	04 - life - other managed fund	8101316	Accumulation	0.89	272.8318	269.8000	(1.11)
Equity Income Distribution Fund	05 - life - UK equity	7983463	Accumulation	0.91	139.6467	142.1000	1.76
Equity Fund	06 - life - overseas equity	5530029	Accumulation	0.89	1496.1152	1543.0000	3.13
European Fund	06 - life - overseas equity	7849391	Accumulation	0.98	359.1250	390.5000	8.74
Extra Income Fund	05 - life - UK equity	12935606	Accumulation	0.91	840.6916	855.1000	1.71
Far Eastern Fund	06 - life - overseas equity	6164292	Accumulation	0.89	899.1019	997.0000	10.89
Fixed Interest Fund	04 - life - other managed fund	4600073	Accumulation		864.2373	894.4000	3.49
High Income Fund	04 - life - other managed fund	63102594	Accumulation		1682.4489	1726.0000	2.59
High Yield Distribution Fund	04 - life - other managed fund	7833847	Accumulation		107.6246	104.3000	(3.09)
International Fund	06 - life - overseas equity	2457455	Accumulation		538.6005	553.7000	2.80
Managed Distribution Fund	02 - life - balanced managed fund	26852719	Accumulation		125.5852	122.7086	(2.29)
Managed Growth Fund	02 - life - balanced managed fund	27211247	Accumulation	0.94	178.8363	184.2728	3.04

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 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	02 - life - balanced managed fund	17156	Accumulation	0.89	106.4015	100.7263	(5.33)
North American Fund	06 - life - overseas equity	3230581	Accumulation	0.91	911.0661	1007.2000	10.55
Preference and Fixed Interest Fund	04 - life - other managed fund	674864	Accumulation	0.91	280.4187	278.2000	(0.79)
Property Fund	07 - life - property	2897301	Accumulation	0.96	711.9979	649.8000	(8.74)
Recovery Fund	05 - life - UK equity	2217190	Accumulation	0.94	330.1261	338.8000	2.63
UK Mid Cap Fund	05 - life - UK equity	11751707	Accumulation	0.98	1663.9753	1578.1050	(5.16)
LTC	04 - life - other managed fund	252712	Accumulation	1.02	130.8452	134.7000	2.95
Technology Fund	06 - life - overseas equity	5447102	Accumulation	0.92	1154.2262	1293.5000	12.07
Adventurous Managed Pension Fund	11 - individual pension - stock market managed fund	48317652	Accumulation		492.2605	508.7759	3.36
UK Blue Chip Pension Fund	15 - individual pension - UK equity	3184419	Accumulation		304.1922	319.8422	5.14
Balanced Growth Managed Pension Fund	12 - individual pension - balanced managed fund	135661889	Accumulation		1796.9739	1851.2732	3.02
Building Society Pension Fund	14 - individual pension - other managed fund	3006660	Accumulation		653.9744	694.8392	6.25
Cautious Managed Pension Fund	13 - individual pension - defensive managed fund	8868080	Accumulation		352.2184	355.6120	0.96
Equity Pension Fund	16 - individual pension - overseas equity	13942253	Accumulation		2180.1398	2243.1792	2.89
European Pension Fund	16 - individual pension - overseas equity	9034314	Accumulation	1.00	469.6099	515.8839	9.85
Extra Income Pension Fund	15 - individual pension - UK equity	14902513	Accumulation		1092.9486	1107.3241	1.32
Far Eastern Pension Fund	16 - individual pension - overseas equity	10064716	Accumulation		1014.7217	1144.3440	12.77
Fixed Interest Pension Fund	14 - individual pension - other managed fund	3749746	Accumulation		1595.9666	1668.1508	4.52

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 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 - individual pension - other managed fund	53974814	Accumulation		2020.9081	2070.1770	2.44
International Pension Fund	16 - individual pension - overseas equity	3036930	Accumulation		536.0601	551.1436	2.81
Managed Cash Pension Fund	14 - individual pension - other managed fund	3438196	Accumulation		314.5852	331.3064	5.32
Managed Growth Pension Fund	12 - individual pension - balanced managed fund	14736961	Accumulation		205.8869	212.2009	3.07
SP Aberdeen Fixed Interest Pension Fund	14 - individual pension - other managed fund	1496045	Accumulation		465.7785	460.1802	(1.20)
North American Pension Fund	16 - individual pension - overseas equity	2804281	Accumulation		760.5071	847.0279	11.38
Preference and Fixed Interest Pension Fund	14 - individual pension - other managed fund	1227620	Accumulation		354.6489	352.9436	(0.48)
Property Pension Fund	17 - individual pension - property	2663893	Accumulation		1046.0755	927.8864	(11.30)
Recovery Pension Fund	15 - individual pension - UK equity	3078986	Accumulation		420.7963	433.0616	2.91
UK Mid Cap Pension Fund	15 - individual pension - UK equity	16653270	Accumulation		1590.2595	1490.8972	(6.25)
Technology Pension Fund	16 - individual pension - overseas equity	4792144	Accumulation		832.8394	950.0761	14.08
Americas Performance Fund	06 - life - overseas equity	76097	Accumulation		244.0228	270.4000	10.81
Blue Chip Fund	06 - life - overseas equity	32764344	Accumulation		335.1852	351.9000	4.99
Cash Fund	04 - life - other managed fund	991993	Accumulation		274.4727	286.5000	4.38
Equity Fund	06 - life - overseas equity	2114722	Accumulation		508.8078	521.9000	2.57
Europe Performance Fund	06 - life - overseas equity	589405	Accumulation		331.6744	361.8000	9.08
Far East Performance Fund	06 - life - overseas equity	223757	Accumulation		218.2429	245.3000	12.40
Fixed Interest Fund	04 - life - other managed fund	1684031	Accumulation		503.2189	512.7000	1.88

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 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	04 - life - other managed fund	369060	Accumulation	1.00	346.8635	349.5000	0.76
International Fund	06 - life - overseas equity	1830138	Accumulation		412.9831	427.7000	3.56
Managed Fund	02 - life - balanced managed fund	27595834	Accumulation		474.9860	487.4000	2.61
Money Market Fund	04 - life - other managed fund	3434767	Accumulation		180.9169	189.9000	4.97
Property Fund	07 - life - property	1885486	Accumulation		560.7756	509.8000	(9.09)
Worldwide Performance Fund	06 - life - overseas equity	208755	Accumulation	1.00	218.6065	226.1000	3.43
Pension Americas Performance Fund	16 - individual pension - overseas equity	362042	Accumulation		297.5371	334.7715	12.51
Pension Blue Chip Fund	15 - individual pension - UK equity	4708776	Accumulation		390.4702	412.2779	5.58
Pension Building Society Fund	16 - individual pension - overseas equity	2362920	Accumulation		331.2810	347.3456	4.85
Pension Cash Fund	14 - individual pension - other managed fund	3313384	Accumulation	1.00	441.6995	457.6000	3.60
Pension Equity Fund	16 - individual pension - overseas equity	11830593	Accumulation		701.3728	722.3812	3.00
Pension Europe Performance Fund	16 - individual pension - overseas equity	1935850	Accumulation		391.9099	435.2558	11.06
Pension Far East Performance Fund	16 - individual pension - overseas equity	2079522	Accumulation		275.6670	310.2694	12.55
Pension Fixed Interest Fund	14 - individual pension - other managed fund	1287331	Accumulation		841.1103	826.7675	(1.71)
Pension Index linked Fund	14 - individual pension - other managed fund	934566	Accumulation		422.9749	455.9729	7.80
Pension International Fund	16 - individual pension - overseas equity	4997820	Accumulation		554.5232	577.4515	4.13
Pension Managed Fund	12 - individual pension - balanced managed fund	106418326	Accumulation	1.00	673.4998	694.6838	3.15
Pension Property Fund	17 - individual pension - property	6087794	Accumulation		813.0035	717.1466	(11.79)

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 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 - individual pension - overseas equity	720066	Accumulation	1.00	248.1590	255.3012	2.88
MANAGED	04 - life - other managed fund	6395995	Accumulated		3.1508	3.1076	(1.37)
EQUITY	06 - life - overseas equity	1309843	Accumulated		3.2643	2.8334	(13.20)
GILT	04 - life - other managed fund	267763	Accumulated		3.0965	3.1910	3.05
CASH	04 - life - other managed fund	128875	Accumulated		1.7851	1.8187	1.88
WORLDWIDE OPPORTUNITIES	04 - life - other managed fund	196635	Accumulated		2.2965	2.2955	(0.04)
CAUTIOUS MANAGED	03 - life - defensive managed fund	7546261	Accumulated		1.0819	1.0657	(1.50)
MASTER	04 - life - other managed fund	9281266	Accumulated		2.4319	2.3986	(1.37)
IRISH EQUITY	04 - life - other managed fund	1107012	Accumulated	1.00	4.6194	3.5810	(22.48)
INTERNATIONAL EQUITY	04 - life - other managed fund	1147129	Accumulated	1.00	2.0219	2.0210	(0.04)
FIXED INTEREST	04 - life - other managed fund	73124	Accumulated	1.00	1.8303	1.8862	3.06
SECURE	04 - life - other managed fund	2608379	Accumulated	1.00	1.2816	1.3059	1.90
GLOBAL CHAMPIONS	04 - life - other managed fund	376082	Accumulated	1.25	0.6633	0.6714	1.22
TECHNOLOGY	14 - individual pension - other managed fund	1358601	Accumulated	1.25	0.2273	0.2206	(2.94)
PENSION ADVENTUROUS MANAGED	14 - individual pension - other managed fund	5409645	Accumulated		1.6708	1.6707	(0.01)
PENSION BALANCED MANAGED	14 - individual pension - other managed fund	13458827	Accumulated		4.8903	4.7572	(2.72)
PENSION CAUTIOUS MANAGED	14 - individual pension - other managed fund	861897	Accumulated		1.6421	1.5975	(2.71)
PENSION IRISH EQUITY	14 - individual pension - other managed fund	1023252	Accumulated	1.00	8.4755	5.9494	(29.80)

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 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 - individual pension - other managed fund	54976	Accumulated	1.00	1.6321	1.5691	(3.86)
PENSION NORTH AMERICAN STOCKMARKET	14 - individual pension - other managed fund	201067	Accumulated	1.00	1.2093	1.2466	3.08
PENSION EUROPEAN STOCKMARKET	14 - individual pension - other managed fund	1156810	Accumulated	1.00	2.6392	2.6834	1.68
PENSION FAR EASTERN STOCKMARKET	14 - individual pension - other managed fund	168142	Accumulated	1.00	1.6721	1.7296	3.43
PENSION JAPAN STOCKMARKET	14 - individual pension - other managed fund	143237	Accumulated	1.00	0.8917	0.7124	(20.11)
PENSION GLOBAL CHAMPIONS	14 - individual pension - other managed fund	522762	Accumulated	1.25	0.7581	0.7757	2.32
PENSION TECHNOLOGY	04 - life - other managed fund	402241	Accumulated	1.25	0.3224	0.3161	(1.94)
PENSION WORLD STOCKMARKET	06 - life - overseas equity	538053	Accumulated		1.6392	1.6237	(0.95)
PENSION FIXED INTEREST	06 - life - overseas equity	477117	Accumulated	1.00	3.2606	3.3630	3.14
PENSION GUARANTEED DEPOSIT	04 - life - other managed fund	2534408	Accumulated	1.00	2.0182	2.0750	2.81
PENSION KBC MANAGED	06 - life - overseas equity	2261784	Accumulated	1.25	1.0753	1.0155	(5.56)
PENSION KBC IRISH EQUITY	06 - life - overseas equity	245628	Accumulated	1.25	1.6915	1.2119	(28.35)
PENSION KBC BALANCED MANAGED	02 - life - balanced managed fund	418195	Accumulated	0.90	1.0121	0.9350	(7.61)
PENSION KBC EUROLAND EQUITY	05 - life - UK equity	113665	Accumulated	0.90	1.1164	1.1488	2.90
PENSION KBC EURO BALANCED	14 - individual pension - other managed fund	142719	Accumulated	0.90	0.9435	0.9420	(0.16)
PENSION KBC TOP PICKS	16 - individual pension - overseas equity	160605	Accumulated	0.90	0.7552	0.6795	(10.02)
PENSION MST EURO GLOBAL BALD	16 - individual pension - overseas equity	798266	Accumulated	0.50	0.7750	0.7940	2.44
PENSION MST GLOBAL EQUITY FUND	14 - individual pension - other managed fund	81897	Accumulated	1.15	0.9185	0.9566	4.14

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 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 - individual pension - balanced managed fund	13571	Accumulated	1.15	0.9893	1.0080	1.89
PENSION KBC MANAGED	16 - individual pension - overseas equity	2088058	Accumulated	1.25	1.1258	1.1034	(1.99)
ANAM GUARANTEED DEPOSIT	15 - individual pension - UK equity	1672354	Accumulated	0.65	1.0243	1.0569	3.18
ANAM CAUTIOUS MANAGED	15 - individual pension - UK equity	843118	Accumulated	0.65	1.1098	1.0834	(2.37)
ANAM BALANCED MANAGED	04 - life - other managed fund	539583	Accumulated	0.65	1.1935	1.1648	(2.41)
ANAM EUROPEAN EQUITY	04 - life - other managed fund	157664	Accumulated	0.65	1.1672	1.1909	2.03
AAM TECHNOLOGY	04 - life - other managed fund	321999	Accumulated	0.90	0.4597	0.4523	(1.61)
ANAM WORLD EQUITY	04 - life - other managed fund	92913	Accumulated	0.65	1.0546	1.0492	(0.51)
KBC IRISH EQUITY	05 - life - UK equity	64341	Accumulated	0.65	1.6379	1.1907	(27.30)
ANAM UK EQUITY	02 - life - balanced managed fund	44747	Accumulated	0.65	0.9633	0.9296	(3.50)
ANAM JAPAN EQUITY	04 - life - other managed fund	1166428	Accumulated	0.65	0.9951	0.8057	(19.03)
SELEXIS MANAGED	04 - life - other managed fund	1424438	Accumulated	0.90	1.0793	1.0542	(2.33)
AAM GLOBAL CHAMPIONS	04 - life - other managed fund	310867	Accumulated	0.90	0.8952	0.9214	2.93
ANAM ADVENTUROUS MANAGED	05 - life - UK equity	369660	Accumulated	0.65	1.0142	1.0173	0.30
ANAM FAR EASTERN EQUITY	06 - life - overseas equity	51036	Accumulated	0.65	1.5200	1.5881	4.48
ANAM FIXED INTEREST	06 - life - overseas equity	124785	Accumulated	0.65	1.1643	1.2103	3.95
ANAM NORTH AMERICAN EQUITY	05 - life - UK equity	37988	Accumulated	0.65	0.8384	0.8683	3.58
MST EURO GLOBAL BALANCED MANAGED	04 - life - other managed fund	96504	Accumulated	1.15	0.7923	0.8124	2.54

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2007**
 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	04 - life - other managed fund	50090	Accumulated	1.25	0.9179	0.9551	4.05
MST EURO GLOBAL BOND	06 - life - overseas equity	35587	Accumulated	1.25	0.9874	1.0058	1.86
KBCAM MANAGED	04 - life - other managed fund	1386450	Accumulated	0.90	1.0121	0.9351	(7.61)
KBCAM EURO MANAGED	04 - life - other managed fund	73222	Accumulated	0.90	0.9458	0.9463	0.06
KBCAM TOP PICKS	04 - life - other managed fund	85586	Accumulated	0.90	0.7552	0.6795	(10.02)
KBCAM EUROLAND EQUITY	06 - life - overseas equity	27100	Accumulated	0.90	1.1171	1.1531	3.22
MST GLOBAL EQUITY SELECT	02 - life - balanced managed fund	67209	Accumulated	0.90	0.6748	0.7035	4.25
MST EURO GLOBAL BOND SELECT	02 - life - balanced managed fund	97560	Accumulated	1.25	0.7390	0.7537	1.99
KBC EUROLAND EQUITY SELECT	02 - life - balanced managed fund	92521	Accumulated	1.00	0.8985	0.9231	2.74
KBC EURO BALANCED SELECT	06 - life - overseas equity	289326	Accumulated	1.00	0.7823	0.7818	(0.06)
KBC BALANCED MGD SELECT	04 - life - other managed fund	64098	Accumulated	1.00	0.8968	0.8293	(7.53)
KBC TOP PICKS SELECT	07 - life - property	62245	Accumulated	1.00	0.7955	0.7166	(9.92)
KBCAM FALLEN ANGELS	05 - life - UK equity	181994	Accumulated	1.25	0.9398	0.8713	(7.28)
KBCAM MANAGED FUND	05 - life - UK equity	149055	Accumulated	1.25	0.7025	0.7172	2.10

Long-term insurance business: analysis of valuation interest rateName of insurer **Scottish Provident Limited**Subfund **21 SPI Fund**Financial year ended **31 December 2007**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, 4.05%	1144458	4.05	4.64	5.37
UK, L&GA, With-Profit, Form 51 assurances, 4.60%	620	4.60	4.60	5.37
UK, L&GA, With-Profit, Form 52 assurances, 4.05%	131726	4.05	4.64	5.37
UK, L&GA, Non-Profit, Form 51 assurances, 3.15%	1047	3.15	3.61	5.37
UK, Pens, With-Profit, Form 51 assurances, 4.60%	275458	4.60	4.60	5.37
UK, Pens, With-Profit, Form 52 assurances, 4.60%	577389	4.60	4.60	5.37
UK, Pens, Non-Profit, Form 51 assurances, 4.10%	6932	4.10	4.10	5.37
OS, L&GA, With-Profit, Form 51 assurances, 3.15%	33	3.15	3.94	4.84
OS, L&GA, With-Profit, Form 51 assurances, 3.50%	254891	3.50	4.38	4.84
OS, L&GA, With-Profit, Form 51 assurances, 4.35%	1014	4.35	4.35	4.84
OS, L&GA, With-Profit, Form 52 assurances, 3.50%	6825	3.50	4.38	4.84
OS, L&GA, Non-Profit, Form 51 assurances, 3.15%	(151)	3.15	3.94	4.84
OS, Pens, With-Profit, Form 51 assurances, 4.35%	355578	4.35	4.35	4.84
OS, Pens, With-Profit, Form 52 assurances, 4.35%	40878	4.35	4.35	4.84
Miscellaneous	8410			5.25
Total	2805107			

Long-term insurance business: analysis of valuation interest rateName of insurer **Scottish Provident Limited**Subfund **31 Non Profit Fund**Financial year ended **31 December 2007**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, 3.15%	(30648)	3.15	3.94	4.49
UK, L&GA, Non-Profit, Form 51 assurances, 4.05%	20707	4.05	4.05	4.49
UK, L&GA, Non-Profit, Form 51 assurances, 4.10%	3219	4.10	4.10	4.49
UK, L&GA, Non-Profit, Form 51 annuities, 4.75%	6237	4.75	4.75	5.47
UK, Pens, Non-Profit, Form 51 assurances, 3.90%	3104	3.90	3.90	4.49
UK, Pens, Non-Profit, Form 51 assurances, 4.10%	176164	4.10	4.10	4.49
UK, Pens, Non-Profit, Form 51/54 annuities, 4.75%	21585	4.75	4.75	5.47
OS, L&GA, Non-Profit, Form 51 assurances, 3.15%	238	3.15	3.94	4.16
OS, L&GA, Non-Profit, Form 51 assurances, 3.90%	963	3.90	3.90	4.16
OS, L&GA, Non-Profit, Form 51 annuities, 4.00%	282	4.00	4.00	4.16
OS, L&GA, Non-Profit, Form 51 annuities, 4.20%	1103	4.20	4.20	5.47
OS, Pens, Non-Profit, Form 51 assurances, 3.90%	397	3.90	3.90	4.16
OS, Pens, Non-Profit, Form 51 annuities, 4.00%	3885	4.00	4.00	4.16
OS, Pens, Non-Profit, Form 51 annuities, 4.20%	637	4.20	4.20	5.47
UK, L&GA, Non-Profit, Form 52-53 ster res, 3.25%	11234	3.25	4.06	4.49
UK, Pens, Non-Profit, Form 52-53 ster res, 4.05%	11942	4.05	4.05	4.49
OS, L&GA, Non-Profit, Form 52-53 ster res, 3.15%	2215	3.15	3.94	4.16
OS, Pens, Non-Profit, Form 52-53 ster res, 3.95%	1211	3.95	3.95	4.16
Miscellaneous	27501			4.45
Total	261976			

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 2007**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	4405885	5228848
Bonus payments in anticipation of a surplus	12	123110	106560
Transfer to non-technical account	13	122027	102179
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	4651023	5437588
Mathematical reserves	21	4100619	4910987
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	550404	526600

Composition of surplus

Balance brought forward	31	317861	353880
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	232543	172720
Total	39	550404	526600

Distribution of surplus

Bonus paid in anticipation of a surplus	41	123110	106560
Cash bonuses	42		
Reversionary bonuses	43	530	
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	123640	106560
Net transfer out of fund / part of fund	47	122027	102179
Total distributed surplus (46+47)	48	245667	208739
Surplus carried forward	49	304737	317861
Total (48+49)	59	550404	526600

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 2007**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	2975951	3282204
Bonus payments in anticipation of a surplus	12	121760	105435
Transfer to non-technical account	13	9027	7179
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	3106739	3394818
Mathematical reserves	21	2804578	3102482
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	302160	292336

Composition of surplus

Balance brought forward	31	179722	186776
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	150	125
Surplus arising since the last valuation	34	122289	105435
Total	39	302160	292336

Distribution of surplus

Bonus paid in anticipation of a surplus	41	121760	105435
Cash bonuses	42		
Reversionary bonuses	43	530	
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	122290	105435
Net transfer out of fund / part of fund	47	9027	7179
Total distributed surplus (46+47)	48	131317	112614
Surplus carried forward	49	170843	179722
Total (48+49)	59	302160	292336

Percentage of distributed surplus allocated to policyholders

Current year	61	93.13	93.63
Current year - 1	62	93.63	94.12
Current year - 2	63	94.12	93.56
Current year - 3	64	93.56	91.08

Long-term insurance business : Distribution of surplus

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2007**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	24712	28973
Bonus payments in anticipation of a surplus	12	1350	1125
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	150	125
Subtotal (11 to 14)	15	26212	30223
Mathematical reserves	21	14761	18288
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	11451	11935

Composition of surplus

Balance brought forward	31	10685	11489
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	766	446
Total	39	11451	11935

Distribution of surplus

Bonus paid in anticipation of a surplus	41	1350	1125
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	1350	1125
Net transfer out of fund / part of fund	47	150	125
Total distributed surplus (46+47)	48	1500	1250
Surplus carried forward	49	9951	10685
Total (48+49)	59	11451	11935

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 2007**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	1405222	1917672
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	113000	95000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	1518222	2012672
Mathematical reserves	21	1281280	1790217
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	236942	222455

Composition of surplus

Balance brought forward	31	127455	155615
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	109488	66840
Total	39	236942	222455

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	95000
Total distributed surplus (46+47)	48	113000	95000
Surplus carried forward	49	123942	127455
Total (48+49)	59	236942	222455

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 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	6339	874	n/a	CWP	N	6339
Endowment assurance	15	12242	1408	n/a	CWP	N	12242
Endowment assurance	20	23281	4804	n/a	CWP	N	23281
Endowment assurance	25	40002	8993	n/a	CWP	N	40002
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	27262	3650	n/a	UWP	N	27262
Regular premium pension	15	52423	7414	n/a	UWP	N	52423
Regular premium pension	20	110668	n/a	n/a	CWP	N	RWI
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	15282	n/a	n/a	UWP	N	15282
Single premium pension	15	28469	5229	n/a	UWP	N	28469
Single premium pension	20	55299	n/a	n/a	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	5986	826	n/a	CWP	N	15243
Endowment assurance	15	11362	1307	n/a	CWP	N	21102
Endowment assurance	20	21152	4365	n/a	CWP	N	29256
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	14774	2359	n/a	UWP	Y	14922
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	13907	0	1375	UWP	Y	15282

Long-term insurance capital requirementName of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2007**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%	24815	24815		12	41
Classes I (other), II and IX	13	0.15%	108	108	0.50	0	59
Classes I (other), II and IX	14	0.3%	15268774	7342292		22903	24406
Classes III, VII and VIII	15	0.3%	3692381	1162445	0.50	5539	7355
Total	16		18986078	8529661		28454	31861

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					2976	2976
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	3950119	3037980	0.85	33576	37588
Classes III, VII and VIII (investment risk)	33	1%	19875	19875	1.00	199	260
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	26911	26911	1.00	269	299
Classes III, VII and VIII (other)	35	25%				2609	996
Class IV (other)	36	1%	88541	30807	0.85	753	535
Class V	37	1%					
Class VI	38	1%					
Total	39					37405	39678

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	3950119	3037980	0.85	100728	112763
Classes III, VII and VIII (investment risk)	43	3%	19875	19875	1.00	596	779
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	26911	26911			
Classes III, VII and VIII (other)	45	0%	985577	985577			
Class IV (other)	46	3%	88541	30807	0.85	2258	1605
Class V	47	0%					
Class VI	48	3%					
Total	49		5071022	4101149		103582	115147

Long term insurance capital requirement	51					172418	189662
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Abstract of Valuation Report on Scottish Provident Limited

1. Introduction

1.1 The date to which the investigation relates is 31 December 2007.

1.2 The date to which the previous investigation related was 31 December 2006.

1.3 Not applicable.

2. Product range

There have been no significant changes to the product range during the year. 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 28 January 2007	No MVA applied to this business.	Business written between 1 January 1998 and 31 December 1999
29 January to 4 November 2007	No MVA applied to this business.	Business written between 1 January 1998 and 31 December 1999
5 November 2007 onwards	No MVA applied to this business.	Business written between 1 January 1998 and 31 December 1999

No market value reductions applied to the Irish with-profit funds throughout the valuation period.

3.2 There have been no changes to premiums on reviewable protection policies during the year. Changes were permitted but did not take place on £734,409,361 of business (gross benefit amount).

3.3 Not applicable.

3.4 Policy fees were increased by 3.62% in January 2007.

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 (a) 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.
Bid-Offer Spread	The difference between Bid and Offer Prices; this ranged from 5-6% throughout the year on all funds except for the Secure 100 Life fund, and funds in which Irish Selexis products may invest, where the Bid-Offer Spread was 0%.

Method used for creation and cancellation of units

The majority of the internal linked funds are managed by Resolution Asset Management (RAM). The pricing basis depends on whether the unit-linked fund is expanding or contracting. The company reviews the pricing basis regularly. Generally, funds are considered to be expanding unless they have been in decline for three consecutive months prior to the review. However, a change to the pricing basis may also be triggered by a transaction that is large relative to the size of the fund and in the opposite direction to the longer-term cash flow (e.g. a significant cancellation when the long term cash flow is positive). The Bare Price is equal to the Creation Price when the valuation is on an offer basis and to the Cancellation Price when it is on a bid basis.

The assets for the Group Pension Dedicated Fund are valued at the month end on a middle close basis. The prices of assets for this fund are actual middle market prices.

The assets for the Broker Managed Funds are consistently valued using a bid-price basis, using the bid price at the close of business on the previous working day. The Henderson Life Funds consist of two asset groups: collective investment schemes that are valued using the price at noon on the pricing date, and other underlying assets that are valued consistently using a bid-price basis using the bid price at the close of business on the previous working day.

The Henderson Pension Funds invest in collective investment schemes that are valued using the price at noon on the pricing date.

In Ireland, all investment is done through collective investment schemes and cash on deposit. The collective investment schemes are valued using the price at 11am or 12pm on the pricing date.

The Company has accepted reinsurance in respect of linked business written by Scottish Mutual International and this business is invested in the Irish pension funds. No account is taken of these reinsurance transactions when determining the pricing basis applicable to direct business written in these funds, with net reinsurance creations or cancellations being carried out using the prices determined based on direct business.

Method used for allocation and deallocation of units

The quoted Bid Price for a particular day is the rounded Bare Price (rounded down to 0.1p). The quoted Offer Price equals the quoted Bid Price adjusted for the Bid-Offer Spread (Offer Price = Bid Price * 1/(1-Bid-Offer Spread)), and rounded up by no more than 1% for UK funds or rounded to the nearest 0.1% for Irish funds.

For the majority of funds, the prices used for transactions on a particular day are determined based on the asset position of the fund at 12pm on the same day. The exceptions to this are as follows:

- Assets for the Group Pension Dedicated Fund, which are valued at the month end;
- Assets for the Broker Managed Funds, which are valued at close of business of the previous working day;
- Non collective investment scheme assets for the Henderson Life Funds, which are valued at close of business of the previous working day;
- Assets for the Irish funds, which are valued at 11am or 12pm on the same day.

All funds use Forward Pricing, 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.

(b) Not applicable.

(c) The internal linked funds managed by RAM invest predominantly in RAM collective investment schemes, which consist of 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 £520,438.

Tax on realised investment gains £87,796.

Tax charge on unrealised investment gains £711,569.

Linked pensions:

Income tax deducted £416,670.

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 is settled during the 1st Quarter following the year-end 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 2007 were as follows:

	UK	Republic of Ireland
All realised gains	17.25%	17.5%
All realised losses	16.75%	17.5%
Unrealised gains	17.25%	17.5%
Unrealised losses	16.75%	17.5%

- 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 2007	01 Jan-30 June	1 July -31 Dec
CGT - Realised Gains	19.25%	17.25%
CGT - Realised Losses	19.25%	16.75%
CGT - Unrealised Gains	17.25%	17.25%
CGT - Unrealised Losses	17.25%	16.75%

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 COBS 21.3, 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 Resolution Asset Management (RAM) collective investment fund, units are purchased at the creation price and sold at the cancellation price. A rebate is only payable if the underlying RAM collective has an annual management charge that exceeds the annual management charge payable on the insurer's fund. No renewal commission is payable by RAM.

4. Valuation basis (other than for special reserves)

4.1 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.

4.2 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	4.05%	3.50%	3.75%	3.05%
Conventional with-profits pension assurances	4.60%	4.35%	4.25%	3.80%
Conventional non-profit assurances (other than term assurance) (life and pensions)	4.05%	3.90%	4.00%	3.60%
Conventional non-profit life term assurances	3.15%	3.15%	3.15%	2.90%
Conventional non-profit and index-linked immediate annuities	4.75%	4.20%	4.20%	3.70%
Unitised with-profits life assurances	4.05%	3.50%	3.75%	3.05%
Unitised with-profits pensions other than Simplified Pension Investment Plan	4.60%	4.35%	4.25%	3.80%
Simplified Pension Investment Plan (unitised with-profits)	4.60%	4.35%	4.25%	3.80%
Sterling reserves on unitised with-profits and unit-linked business (Life)	3.25%	3.15%	3.25%	2.90%
Sterling reserves on unitised with-profits and unit-linked business (Pension)	4.05%	3.95%	4.05%	3.65%

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.

4.3 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%.
- 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; 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.

4.4 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	92% AM92 / 115% AF92 ult (smoker status unknown) 74% AM92 / 92% AF92 ult (known non-smoker) 147% AM92 / 184% 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	92% AM92 / 115% 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 plus allowance for AIDS of 33% of R6A projection for male lives only – see below
Unit-linked and unitized 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	74% AM92 / 92% AF92 ult (known non-smoker) 147% AM92 / 184% 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:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
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	0.002927	0.002927	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:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000382	0.000652	0.000174	0.000259
35	0.000411	0.000644	0.000271	0.000451
45	0.000953	0.001571	0.000674	0.001246
55	0.002405	0.005826	0.001766	0.003585

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:

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000430	0.000604	0.000216	0.000401
35	0.000461	0.000596	0.000336	0.000697
45	0.001053	0.001465	0.000836	0.001925
55	0.002688	0.005402	0.002192	0.005541

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 PMA92mc / PFA92mc (with future improvement factors varying by age and calendar year) in possession	At age 65: <ul style="list-style-type: none"> • 28.0 (male currently age 45) • 26.2 (male currently age 55) • 29.7 (female currently age 45) • 28.1 (female currently age 55) 	No mortality in deferment Age-dependant % of PMA92mc / PFA92mc (with 1%pa underpin in mortality improvement) in possession
Deferred annuities (UK group)	88% AM92 / 110% AF92 ult in deferment Age-dependant % of PMA92mc / PFA92mc (with future improvement factors varying by age and calendar year) in possession		92% AM92 / 115% AF92 ult in deferment Age-dependant % of PMA92mc / PFA92mc (with 1%pa underpin in mortality improvement) in possession
Annuities in payment (UK and overseas)	Age-dependant % of PMA92mc / PFA92mc (with future improvement factors varying by age and calendar year)	23.9 (male age 65) 14.2 (male age 75) 26.2 (female age 65) 16.1 (female age 75)	Age-dependant % of PMA92mc / PFA92mc (with 1% underpin improvement)
Simplified Pensions Investment Plan (UK and overseas)	No mortality in deferment Age-dependant % of PMA92mc / PFA92mc (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 1%pa underpin in mortality improvement) in possession
Linked deferred annuities and group pensions (overseas)	No mortality in deferment Age-dependant % of PMA92mc / PFA92mc (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 1%pa underpin in mortality improvement) in possession

4.5 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	0.000978	0.001090	0.000863	0.000968
35	0.001024	0.001569	0.001316	0.002029
45	0.002331	0.004827	0.002726	0.005872
55	0.007461	0.013467	0.007645	0.013980

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	0.000737	0.000602	0.000534
35	0.000880	0.001361	0.001301	0.001588
45	0.001980	0.004273	0.002740	0.004671
55	0.007251	0.013286	0.007443	0.010773

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	0.001012	0.001251	0.000766	0.000947
35	0.001070	0.001815	0.001211	0.002061
45	0.002349	0.005376	0.002489	0.005915
55	0.007413	0.014809	0.006766	0.013646

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

Critical Illness (no TPD)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000583	0.000721	0.000493	0.000610
35	0.000819	0.001389	0.001188	0.002020
45	0.001888	0.004280	0.002476	0.005882
55	0.006513	0.012995	0.006505	0.013120

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

4.6 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	£39.76	€48.15	£37.15	€44.99
– Paid-up / single premium	£29.81	€36.13	£27.86	€33.76
CWP pensions (code 165):				
– Premium-paying	£169.86	€172.09	£158.72	€160.80
– Paid-up / single premium	£121.32	€122.93	£113.36	€114.86
Term assurance (code 325 / 330):				
– Premium-paying	£25.84	€60.90	£25.32	€59.20
– Paid-up / single premium	£18.08	€42.63	£17.72	€41.44
Critical illness (code 340/345/350/355):				
– Premium-paying	£25.84	N/A	£25.32	N/A
– Paid-up / single premium	£18.08	N/A	£17.72	N/A
Annuity non-profit (CPA) (code 400):	£45.96	€52.50	£45.04	€51.03
UWP bond (code 500):	£14.96	€42.63	£14.66	€41.44
UWP savings endowment (code 510):				
– Premium-paying	£24.25	N/A	£23.76	N/A
– Paid-up / single premium	£16.97	N/A	£16.63	N/A
UWP pension (code 525):				
– Premium-paying	£166.89	€74.99	£68.03	€72.89
– Paid-up / single premium	£116.82	€52.50	£47.62	€51.03
UL bond (code 700):	£14.96	€42.63	£14.66	€41.44
UL savings endowment (code 715):				
– Premium-paying	£24.25	N/A	£23.76	N/A
– Paid-up / single premium	£16.97	N/A	£16.63	N/A
UL pension (code 725):				
– Premium-paying	£166.89	€74.99	£68.03	€72.89
– Paid-up / single premium	£116.82	€52.50	£47.62	€51.03

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.

4.7 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	5.55% p.a.	5.50% p.a.	5.60% p.a.	5.00% p.a.
– Net	4.44% p.a.	4.40% p.a.	4.48% p.a.	4.00% p.a.
Expense inflation	5.50% p.a.	5.50% p.a.	5.30% p.a.	5.30% p.a.
Policy fee inflation	3.50% p.a.	3.50% p.a.	3.30% p.a.	3.30% p.a.

4.8 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.

4.9 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%	9.4%	9.0%	9.0%
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.

4.10 Not applicable.

4.11 For linked contracts, the profits and losses that would have resulted at 31 December 2007, 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.

4.12 Not applicable.

5. Options and guarantees

5.1 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%	40%	40%
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	£384.0m	£85.4m	£47.8m
Outstanding durations	0 to 411 months	0 to 168 months	0 to 566 months
Guarantee reserve	£92.6m	£31.2m	£9.5m
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.

5.2 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 65th 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	£147m	0 to 434 months	£15.8m	£103m	n/a	£4.6m	No
Step-up Investment Plan	£68.2m	0 to 431 months	£17.2m	£129m	n/a	£6.6m	No
UK Early Option Mortgage Plans	£29.7m	0 to 297 months	£3.3m	£89.1m	n/a	£5.6m	No
Irish Options Plus Endowment Plan	£16.1m	0 to 446 months	£1.6m	£13.8m	n/a	£0.5m	No
Irish Capital Options	£72.1m	0 to 267 months	£4.1m	£102m	n/a	£9.2m	No
Irish Bonus Mortgage Plan	£12.8m	0 to 303 months	£0.8m	£18.8m	n/a	£1.3m	No
Deferred annuities (SEDA)	£338m	0 to 581 months	£1.2m	£29.1m	n/a	£5.6m	No
UK Capital Investment Bonds	£69.1m	43 - 911 months	n/a	£69.1m	On quinquennial anniversaries	£0.0m	No
Irish With-Profits Bonds	£6.2m	160-972 months	n/a	£6.2m	n/a	£0.0m	No

5.3 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.
- Buy-Back Option – gives policyholders the option, exercisable on the occurrence of certain prescribed events, to effect further assurances without evidence of good health.
- A combination of the two Options.

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
- 100% for Buy-Back Options
- 100% when both Renewal and Buy-Back Options are selected together.

Product name	In-force premium	Sum assured	Description of option	Guarantee reserve
Self Assurance	£1.9m	£522m	Renewal – renew policy on maturity. Buy-Back – effect further cover with no underwriting.	£0.48m

5.4 Other guarantees and options

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

6. Expense reserves

6.1 The aggregate amount of expense loadings expected to arise in the next 12 months to meet ongoing expenses from existing business is £28.9m. This is composed of:

- £4.0m from implicit allowances
- £0.7m from explicit allowances for investment expenses
- £24.1m from explicit allowances for other maintenance expenses

6.2 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).

6.3 The respective amount of maintenance expenses at line 14 of Form 43 is £29.2m.

6.4 The company is no longer writing new business and so there is no requirement for a new business expense overrun reserve.

6.5 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.

6.6 Not applicable.

7. Mismatching reserves

7.1

Currency in which benefits are payable	Mathematical reserves from Form 14 (excluding liabilities for property-linked benefits)	Currency in which assets are denominated	Matching assets
Pounds sterling	£2,405.7m	Pounds sterling	£2,405.7m
Euros	€919.8m	Euros	€919.8m

The table above is calculated at a company level.

7.2 Not applicable.

7.3 No currency mismatch reserve is required. Assets match liabilities by currency at a company level.

7.4 Not applicable.

7.5 Not applicable.

7.6 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

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

9.2 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	£462,321,666	Not applicable
Phoenix Pensions Ltd	Longevity and investment risk (with expense rebate) under a subset of UK non-profit pensions annuities.	£228,008,573	No such arrangement exists	Closed	Nil	£235,861,575	Not applicable
Phoenix Pensions Ltd	Longevity and investment risk (with expense rebate) under all Irish non-profit pensions annuities.	£182,497,715	No such arrangement exists	Closed	Nil	£197,824,616	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.	£37,522,778	No such arrangement exists	Closed	Nil	£61,867,434	Not applicable.

Notes:

- (l) All of the reinsurers listed above are authorised to carry on insurance business in the UK.
- (m) None of the reinsurers listed above is a connected company of the insurer.
- (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	£1,402.6m	0%	0%	0%
Conventional individual deferred annuities and pure endowments (pensions)	£631.4m	0%	0%	0%
Simplified Pension Investment Funding Plan Tranche 5	£39.1m	5.25%	0%	5.25%
Simplified Pension Investment Funding Plan Tranche 6	£34.6m	4.5%	0%	4.5%
Simplified Pension Investment Funding Plan Tranche 7	£36.2m	4.25% UK 4% Ireland	0%	3%
Special Fund assurances	£14.8m	0%	0%	0%
Unitised Life Series I	£69.1m	3%	3%	3%
Unitised Life Series II	£63.1m	0%	0%	0%
Irish Unitised Life Fund	£6.8m	0%	0%	0%
Unitised Pensions Series I	£341.8m	4%	4%	4%
Unitised Pensions Series II	£124.9m	0%	0%	0%
Irish Unitised Pensions Series I	£13.3m	4%	4%	4%
Irish Unitised Pensions Series II & III	£21.1m	0%	0%	0%

SCOTTISH PROVIDENT LIMITED (SPL)

Abstract of Valuation Report for Realistic Valuation

31 December 2007

1. Introduction

The current valuation date is 31 December 2007.

The previous valuation date was 31 December 2006.

An interim valuation was carried out at 30 June 2007.

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 £25m).

2. Assets

(1) – (5) Not applicable.

3. With-profits benefit reserve liabilities

(1) Breakdown of methods used to calculate With-profits benefits reserve -

Product	Method	With-profits Benefits Reserve (£'000)	Future Policy Related Liabilities (£'000)	Total Policy Liabilities (£'000)
Whole life assurance	Prospective	81,443	13,709	95,151
Endowment	Retrospective	1,932,825	300,778	2,233,604
Unitised with-profits Life	Retrospective	171,620	22,931	194,551
Other	Retrospective	57,708	9,714	67,422
Life Total		2,243,596	347,132	2,590,728
Deferred annuity – with GCO	Retrospective	227,133	125,958	353,091
Deferred annuity – without GCO	Retrospective	285,512	105,233	390,745
Pure Endowment - with GAO	Retrospective	10,125	9,207	19,331
Unitised with-profits Pension	Retrospective	551,563	85,526	637,088
SPI Funding	Retrospective	86,991	44,550	131,541
Pensions Total		1,161,323	370,474	1,531,797
Total		3,404,919	717,606	4,122,525

For the purpose of completing the above table the products have been split between life and pensions and conventional and unitised.

The conventional life business has been split further into -

- Whole Life assurance (these are the only contracts where the benefit reserve is calculated prospectively)
- Endowment (this covers the main life contracts written in the fund)
- Other (this covers the smaller contracts for which the guarantees and options are only modelled approximately)

The conventional pensions business has been split further into -

- Deferred annuity - with cash option
- Deferred annuity - without cash option
- Pure Endowment - with GAO
- SPI Funding (group deposit administration business)

(2) Not applicable

(3) See (1) above.

(4) See (1) above.

4. With-profits benefit reserve – retrospective method

(1) All the retrospective with-profits benefit reserves are based on asset shares.

	Proportion valued on an individual basis	Proportion valued on a grouped basis
<u>Life</u>		
Endowment	100%	0%
Unitised with-profits	100%	0%
Other Life	100%	0%
<u>Pensions</u>		
Deferred annuity - with cash option	100%	0%
Deferred annuity - without cash option	100%	0%
Pure Endowment - with GAO	100%	0%
Unitised with-profits	100%	0%
SPI Funding	100%	0%

(2) There have been no significant changes in the valuation method.

(3) The charges borne by the SPI Fund and the Special 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 proportion to 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.

	(£000)
Acquisition expenses	42
Maintenance expenses	15,762
Initial commission	138
Renewal commission	2,298
Other expenses	680
Total	18,920

(4) Regular adjustments to asset shares may take place going forward due to the need to rebalance the hedge asset purchased to cover a substantial part of the guarantees within the With-profit fund as well as distributing profits and losses emerging. During June 2007 the existing Hedge was sold and a new Hedge purchased. The costs incurred in purchasing the new Hedge were charged to the asset shares. This led to a 0.25% reduction to the SPI conventional asset shares and a 0.25% reduction to SPI unitised asset shares. During 2007, no augmentations or charges were made to the Special Fund. During 2006, no augmentations or charges were made to the SPI Fund or the Special Fund.

(5) 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) The average ratio of total claims paid to with-profits benefit reserve for those claims (plus any miscellaneous surplus or deficit) over the preceding three financial years is given below.

Financial Year	Claim Payout Ratio
2005	103.3%
2006	102.9%
2007	103.5%

(7) Investment returns for year to date (i.e. 31 December 2006 to 31 December 2007) -

Contribution to total returns	UK	Irish
Fixed Interest	1.09%	0.40%
UK Equities	2.86%	0.02%
International Equities	0.55%	2.92%
Cash	0.68%	0.71%
Other	0.00%	0.00%
Total	5.19%	4.05%

(Irish return in Euros; UK return in Sterling)

5. With-profits benefit reserve – prospective method

The benefit reserve for the Whole of Life policies are calculated using bonus reserve valuations based on the following assumptions.

(a) Risk Discount Rate	5.00%
(b) Investment Returns	5.00%
(c) Expense Inflation	4.25%
(d) Future Bonus Rates	

Reversionary Bonus Rate 0%

Terminal Bonus Rates

Term	UK	Irish
5	3%	20%
10	16%	28%
15	14%	42%
20	26%	54%
25	31%	73%
30	59%	115%
35	100%	157%
40	115%	182%
46+	165%	235%

(e) Expenses

UK In-force Expenses	£39.76
UK Paid-up Expenses	£29.81
IRE In-force Expenses	€ 48.15
IRE Paid-up Expenses	€ 36.13
€ / £ Exchange rate	1.3615

(f) Decrements

Mortality

Male Non-smoker	90%	TM92_MNS
Male Smoker	95%	TM92_MS
Female Non-smoker	90%	TF92_FNS
Female Smoker	80%	TF92_FS

Persistency 0% lapses

6. Cost of guarantees, options and smoothing

(1) Not applicable

(2) Valuation methods to calculate costs of guarantees, options and smoothing

(a) The following table shows the types of guarantees applicable to SPL with-profit contracts, the valuation method used to value them and the extent of whole portfolio being captured.

Products	Type of guarantees & valuation method	No of individual contracts	No of model points used
<u>UK Conventional WP Life Business</u>			
Endowment insurance	See Note 1	8,363	93
Endowment insurance - Selected Period Investment	See Note 1	209,574	149
Endowment insurance - Extra Option Mortgage Plan	See Note 1	56,098	117
Endowment insurance - Low Start Extra Option Mortgage Plan	See Note 1	15,500	64
Other modelled CWP Life Business	See Note 1	12,063	153
UK Conventional WP Life Business Total		301,598	576
<u>UK Conventional WP Pensions Business</u>			
Deferred annuity - with cash option	See Note 1&2	6,470	273
Pure endowment	See Note 1&2	1,491	57
Deferred annuity - without cash option	See Note 1	15,699	666
UK Conventional WP Pensions Business Total		23,660	996
<u>UK Unitised Life Business</u>			
Whole Life Assurance - Capital Investment Bond (Edinburgh version)	See Note 1	29,501	5
Whole Life Assurance - Capital Investment Bond / With Profits Bond	See Note 1	26,212	1
Other modelled UWP Life Business	See Note 1	472	1
UK Unitised Life Business Total		56,185	7
<u>UK Unitised Pension Business</u>			
Endowment Assurance - Accolade Pension Plans	See Note 1	117,201	398
Endowment Assurance - New Style Pension Plans	See Note 1	34,323	357
Other modelled UWP Pens Business	See Note 1	20,188	203
UK Unitised Pension Business Total		171,712	958
<u>Irish Conventional WP Life Business</u>			
Irish Life CWP Endowment insurance - Capital Options	See Note 1	66,016	237
Irish Conventional WP Life Business Total		66,016	237
<u>Irish Conventional WP Pensions Business</u>			
Irish Pension CWP Deferred annuity - with cash option	See Note 1&2	13,594	384
Irish Pension CWP Deferred annuity - without cash option	See Note 1	16,487	719
Irish Conventional WP Pensions Business Total		30,081	1,103
Total		649,252	3,877

Notes on valuation method:

Note 1 - Valuation of cash guarantees

The cost of cash guarantee is the excess of expected payment at guarantee date over its corresponding asset share. The asset share on guarantee date is heavily dependent on future investment performance of the with profit fund. The future likely economic variables are estimated by Monte Carlo simulation – risk neutral approach. The asset share at guarantee date can then be estimated for each model point.

For policies with MVA-free guarantees, the present value of this cost is multiplied by the likely take up rate. The take up on the MVA-free date depends on the money-ness of the option. Refer to Section (7) for the take up rate assumed for each money-ness band.

This calculation is done for each scenario and the value of cash guarantees is derived by taking the average of the individual scenario values.

Note 2 - Valuation of GAOs

GAO products give policyholders the option to convert the accumulated fund to annuity at terms guaranteed at outset. Policyholders are likely to exercise the option when the prevailing market interest rate at conversion is lower than the implied guaranteed rate. The GAO cost is the excess of guaranteed annuity that can be converted from the fund at retirement over the equivalent market annuity. The future likely interest rate at conversion is estimated by stochastic Monte Carlo simulation – risk neutral approach. The annuity price has allowed for improvement of mortality.

The present value of this cost is multiplied by the likely GAO take up rate. The GAO take up rate depends on the money-ness of the option. Refer to Section (7) for the take up rate assumed for each money-ness band.

This calculation is done for each scenario and then the value of GAOs is derived by taking the average of the individual scenario values.

(b) Details of grouping process

(i) No with-profits contract has been valued on an individual basis.

(ii) All with-profits contracts have been valued on a grouped basis.

(iii) The number of individual contracts and the number of model points used to represent them are shown in the table above. The individual policy data is grouped by product code, annuity factor, terminal bonus series, reversionary bonus series, early retirement option indicator, pencode, money-ness bands, outstanding policy term bands, and product class. The values of guarantees, using closed form approximations, are compared before and after grouping to ensure the model points are a good representation of the individual policy data.

(c) Not Applicable

(3) Significant changes to valuation methods

At December 2006 there was a discrepancy between the basis used to value the cost of guarantees and the market value of the Hedge asset that was used to cover these guarantees. A calibration adjustment was applied to the modelled cost of guarantees to scale them up and bring them into line with the market value of the Hedge. At December 2007, following a restructuring of the Hedge, the discrepancy is now negligible and so no calibration adjustment is required.

At December 2006 the hedged liabilities were valued on a bid basis and the un-hedged liabilities on an offer basis. At December 2007, as a result of the Hedge restructuring and the removal of the calibration adjustment, all liabilities are now valued on a mid basis.

(4) Details of valuation methods

(a) A full stochastic approach is used to value the guarantees.

(i) All guarantees are valued in the stochastic model. GAO and MVA free guarantees are predominately in the money. Remaining guarantees vary by duration and policy size.

(ii) Asset Model

The stochastic Monte Carlo simulation – risk neutral approach of valuation is based on stochastic economic output generated by the Economic Scenario Generator (ESG). The ESG creates a 3000 scenarios file of each asset model. The parameters for each asset are based on the standard calibrations supplied by Barrie & Hibbert.

Details of the asset model and calibration parameters used are as follows:

Nominal interest rates are modelled using a Monthly Libor Market Model (LMM). The model is calibrated to price at the money swaption implied volatilities with greatest attention paid to options on 20-year swaps. The calibration of nominal interest rates to fit the market price of swaptions has assumed a gilts curve +10bp to derive the risk free rate. The gilt yield curves & swaption implied volatility data are tabulated below.

Government gilt yield+10 bps (%)

Term	GBP	EUR
2	4.46	4.20
3	4.60	4.32
4	4.66	4.44
5	4.69	4.54
6	4.69	4.62
7	4.68	4.69
8	4.66	4.74
9	4.63	4.78
10	4.59	4.81
20	4.12	4.85

Swaption Implied Volatility (%) – (20-year swaps) fit of the asset model to the market data

Term	GBP		EUR	
	Market	Model	Market	Model
1	12.40	11.58	11.80	11.49
2	11.70	11.49	11.50	11.40
3	11.30	11.39	11.40	11.31
4	11.10	11.30	11.20	11.21
5	10.90	11.22	11.10	11.11
7	10.90	11.08	10.90	10.92
10	10.80	10.93	10.50	10.64
15	10.90	10.83	10.20	10.22
20	10.90	10.83	9.90	9.88
25	11.00	10.87	9.60	9.62
30	10.80	10.91	9.50	9.43

Expense inflation is modelled deterministically, currently set at 4.50% per annum.

A multi-factor model models equity and property returns. The fund holds no property and therefore property volatilities and yields are not relevant. The equity volatilities are calibrated to implied volatilities of traded option prices. The Monthly Time-step Local Volatility model is used for the UK and the Constant Volatility model is used for the EU. The approach is consistent with the rest of the Resolution group.

The fit of the asset model to the market data is as follows:

Local Volatility Equity Model – Only for GBP

Strike/Share	0.8		1		1.2	
Term (yrs)	Market	Model	Market	Model	Market	Model
3	26.16	25.04	22.5	22.34	19.73	20.17
5	25.95	25.09	23.56	23.3	21.2	21.95
10	27.14	26.12	25.48	25.19	24.01	24.41

Constant Volatility Equities Models – For EUR

Term (Yrs)	EUR Equities	
	Market	Model
2	21.70	27.50
5	24.80	27.40
10	27.30	27.30

The equity dividend yields are shown below:

Market	GBP	EUR
Dividend Yield	3.69%	3.28%

Corporate bonds are modelled using a JLT Credit Calibration. The model is calibrated to fit gilt yield+ 10 basis points and all corporate bonds held are assumed to be grade A.

Spreads (bps) of A bond

Term (yrs)	GBP		EUR	
	Market	Model	Market	Model
1	115.05	60.05	69.40	39.93
2	107.41	76.34	67.77	50.59
3	102.61	88.70	69.77	59.63
4	100.78	97.88	73.38	67.17
5	104.71	104.48	81.25	73.29
10	109.64	116.51	84.17	89.52
15	109.90	116.03	89.87	94.58
20	117.93	113.07	90.61	96.01
25	122.53	109.77	109.10	96.02
30	129.91	106.63	116.85	95.36

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

(iii) UK FSA Asset Table

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	K	0.75				1				1.5			
N	Duration (n)	5	15	25	35	5	15	25	35	5	15	25	35
R	Annualised compound equivalent of the risk free rate assumed for the period (r)	4.62%	4.65%	4.48%	4.30%	x	x	x	x	x	x	x	x
1	Risk-Free Zero Coupon Bond	£797,716	£505,912	£334,616	£228,980	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	£98,863	£242,872	£332,188	£402,639	£211,494	£393,672	£506,850	£588,701	£564,884	£756,306	£898,103	£993,370
3	FTSE All Share Index (p=0.8)	£87,175	£192,416	£240,813	£272,598	£188,978	£315,337	£369,924	£401,453	£510,841	£612,241	£665,495	£684,360
4	Property (p=1)	£30,203	£102,550	£158,696	£220,732	£131,253	£234,612	£307,997	£384,426	£523,279	£603,623	£687,152	£771,759
5	Property (p=0.8)	£23,185	£65,994	£91,411	£119,146	£107,627	£162,704	£189,250	£219,740	£464,287	£452,234	£456,493	£473,328
6	15yr Risk-Free ZCBs (p=1)	£3,432	£6,991	£6,960	£10,940	£56,217	£60,777	£67,199	£106,740	£499,641	£500,046	£499,158	£520,169
7	15yr Risk-Free ZCBs (p=0.8)	£2,096	£2,674	£1,667	£1,368	£38,357	£22,231	£11,826	£10,713	£434,511	£312,526	£222,121	£191,454
8	15yr Corporate Bonds (p=1)	£6,401	£14,551	£22,889	£35,107	£68,918	£85,832	£101,245	£133,710	£498,692	£501,842	£500,164	£525,308
9	15yr Corporate Bonds (p=0.8)	£4,343	£6,068	£6,677	£8,243	£49,829	£38,919	£33,716	£34,725	£433,632	£317,810	£238,702	£211,574
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	£51,455	£152,234	£222,456	£289,130	£153,249	£289,989	£378,700	£458,843	£526,608	£650,660	£752,329	£844,893
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	£42,803	£110,059	£146,090	£176,882	£131,107	£216,559	£255,228	£288,079	£468,949	£504,758	£527,664	£548,518
12	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)	£46,967	£139,699	£202,920	£264,106	£144,293	£271,696	£352,781	£424,326	£519,441	£626,999	£721,891	£799,960
13	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)	£38,699	£99,376	£130,088	£158,175	£122,885	£201,520	£234,361	£263,105	£460,842	£480,172	£498,080	£510,220
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)	£18,478	£69,519	£111,495	£159,633	£100,776	£184,518	£241,674	£303,868	£503,989	£553,622	£608,213	£672,129
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)	£13,439	£41,484	£58,273	£77,485	£80,098	£120,136	£136,989	£158,795	£441,328	£397,603	£381,243	£385,618
16	Sterling Receiver Swaptions	L =15				L = 20				L=25			
		6.72%	7.31%	6.32%	4.90%	8.56%	9.13%	7.78%	6.00%	10.24%	10.68%	9.00%	6.92%

Notes to Table

The above table was based on 3000 scenarios and was produced using a similar model to that used for valuing the liabilities.

Row 1 shows the value of cash payments of £1,000,000 due n years after the valuation date.

Rows 2 to 15 inclusive have been completed for the appropriate asset classes to show the value of a put option on a portfolio worth £1,000,000 on the valuation date exercisable n years after the valuation date with strike price of $K*£1,000,000*(1+r*p)^n$.

15 year bonds have been taken to mean rolling bonds traded to maintain the 15 year duration at all future dates. The corporate bonds have been assumed to be rolling AA rated zero coupon bonds.

Row 16 shows the value of sterling receiver swaptions with a strike of 5% exercisable n years after the valuation date with swap durations on exercise of L years. The values have been expressed as a percentage of nominal. The values of swaptions in Row 16 are based on swaptions with monthly payments.

In carrying out the calculations required to complete the table above, where appropriate, we have assumed that the options for which a value is to be included in the table are options, which where appropriate, are based on underlying asset portfolios which are continuously rebalanced to the stated proportions. The table above reflects the value that the liability model would produce for such options.

In each case the options have been valued with reinvestment of any dividend income into the FTSE All Share Index.

Tax has been ignored in all calculations.

All options have been assumed to be European-style.

(iv) The initial dividend yield assumed for the United Kingdom is 3.69%. The EU territories have initial dividend yields of 3.28%. Property rental yield is not applicable, as the With Profit Fund does not hold any property as at 31 December 2007.

(v) The following tables show entries (K=1 only) for the risk free rate, line 1 and 2 for economies where the With Profit Fund has significant asset exposure. They are denominated in the appropriate respective currency and based on 3000 scenarios.

EU FSA Asset Table (denominated in Euros)

Asset type (EU assets)		K= 1			
n	Duration	5	15	25	35
	Strike price per €1m	1,235,868	1,995,906	3,251,889	5,286,668
r	Annualised compound equivalent of the risk free rate	4.33%	4.72%	4.83%	4.87%
1	Risk-Free Zero Coupon Bond	236,119	404,292	505,290	590,848
2	ESTOXX (p=1)	211,251	317,472	355,389	378,164

(vi) The SPI 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 (Yrs)	Options (£)		Swaptions (£)	
	Market	Model	Market	Model
0.5	470,320	536,650	176,590	28,415
1.5	1,492,548	1,656,911	605,528	377,133
2.5	3,790,155	4,430,153	802,151	676,022
3.5	5,476,815	6,303,193	1,691,604	1,489,481
4.5	5,837,915	6,514,510	1,843,205	1,614,590
5.5	6,252,786	6,879,400	1,553,236	1,378,828
6.5	5,675,138	6,183,237	1,598,081	1,458,936
7.5	4,172,447	4,455,926	3,323,596	3,026,427
8.5	3,914,620	4,162,597	3,458,139	3,124,082
9.5	4,450,486	4,676,269	1,698,586	1,550,560
10.5	4,576,686	4,799,899	1,258,988	1,158,410
11.5	5,598,786	5,859,622	1,199,286	1,149,371
12.5	4,820,642	5,005,206	1,446,915	1,432,098
13.5	3,070,426	3,165,065	1,442,605	1,443,374
14.5	2,404,802	2,470,349	1,310,038	1,343,799
15.5	1,441,246	1,467,057	1,062,403	1,120,784
16.5	1,676,460	1,700,507	556,849	593,862
17.5	2,952,373	2,977,422	512,534	537,154
18.5	2,295,458	2,303,683	388,415	417,652
19.5	10,362,644	10,387,376	2,008,373	2,050,884
Total	80,732,753	85,935,033	27,937,122	25,971,861

Note that the modelled results in the above table are produced using a gilts+10 based calibration. This is what has been used to value the liabilities. If a swaps based calibration is used (this is in line with how the market will actually price these contracts) the discrepancy between the market and modelled values is smaller (-0.26%).

(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, 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 is a martingale and risk neutral.

(viii) The projections of assets and liabilities are carried out on 3,000 scenarios. At 1,000 scenarios, the cost of options and guarantees converges to \pm £3.4M at a 95% confidence interval. When the number of scenarios is increased to 3,000, the cost of options and guarantees converges to \pm £1.8M.

(b) Market cost of hedging
Not applicable

(c) Deterministic approach
Not applicable

(5) It has been assumed that no management actions will be taken, except as discussed in Section 10 for the purpose of the RCM calculation.

(6) SPL Lapse assumptions employed in Realistic Balance Sheet (as % of policies in force)

Policy Year	1	2	3	4	5	6	7	8	9	10	11+
<u>Conventional WP Life Business</u>											
All (excl Irish With-Profit Bond)	6	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Irish With-Profit Bond	3	3	6	6	25	25	25	25	25	25	25
<u>Conventional WP Pensions Business</u>											
All	2	2	2	2	2	2	5	5	5	5	5
<u>Unitised Life Business</u>											
Capital Investment Bond (Edinburgh)	5	9	9	9	10	10	8	8	8	8	8
Capital Investment Bond (Kendal)	3	3	6	6	25	25	25	25	25	25	25
Other	3	3	6	6	25	25	25	25	25	25	25
<u>Unitised Pension Business</u>											
All	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5

The rates of annuitant mortality assumed are age-dependant percentages of PMA92mc/PFA92mc (with future improvement factors varying by age and calendar year).

The assumed take-up rates of guaranteed annuity options are discussed in section 6.7.

(7) Other policyholder actions

SPL – GAO

The following table shows the assumed take up rates for given levels of in the money-ness:

Money-ness Upper limit (%)	Take-up Rate (%)
100	0
140	75
160	85
9999	95

Money-ness in this case is defined as (Market annuity rate / GAO annuity rate) at retirement date for the GAO's – i.e. a figure of more than 100% implies the option is in the money from a policyholder perspective.

SPL – MVA-free options

The following table shows the assumed take up rates for given levels of in the money-ness

Money-ness Upper limit (%)	Take-up Rate (%)
75	100
90	75
100	25
9999	0

Money-ness in this case is defined as (Asset share / Face value of units) on the MVA-free date for the MVA-free options – i.e. a figure of less than 100% implies the option is in the money from a policyholder perspective.

7. Financing costs

There was a subordinate loan within the SPI fund. This debt was redeemed at face value in May 2007.

8. Other long-term insurance liabilities

Description	£m
Discounted Value of Future Transfers to Shareholders	74.45
Excess charges on UWP fund	10.48
Mathematical Reserves in respect of Non-Profit GAOs	9.47
Provision for Data/ IT Legacy issues	1.10
Misselling provisions	1.50
Total	96.99

9. Realistic current liabilities

Description	£m
Regulatory Current Liabilities	100.04
Partial release of de-mutualisation compensation fund	-42.12
Total	57.92

10. Risk capital margin

(a) The risk capital margin is £0m

This is based on the following assumptions.

(i) Market risk scenario - percentage change in equity.

UK and "Non-significant" Overseas Holdings	19.54%
Europe	19.65%
USA	18.28%

A fall in equity was more onerous.

Note that the SPL Funds have not held any real estate since 31 December 2005.

(ii) Market Risk Scenario - nominal change in yields on fixed interest securities

	Nominal Change in Yields	% Change in long term gilt yield
UK and "Non-significant" Overseas Holdings	0.7964%	17.50%
Europe	0.7916%	17.50%
USA	0.7802%	17.50%

A decrease in yields was the most onerous.

(iii) Credit Risk Scenario

Average change in spread for bonds is 0.35%

The percentage change in the asset values is -

(a) Change in value of bonds	-2.77%
(b) Change in value of debts	nil
(c) Change in values of reinsurance	immaterial
(d) Change in value of finance agreements	immaterial
(e) Change in value of other assets	immaterial

(iv) Persistency Risk Scenario

Lapse rates are assumed to drop by 32.5%. This led to a 1.40% increase (£55.7m) in the value of the realistic liabilities.

(v) Correlation between values of Assets and Liabilities

The change in asset value in (iii) is materially independent of the change in liability values in (iv).

(b) Management Actions

(i) The first action available is to release the capital set aside for future asset share augmentations, by setting "Planned enhancements to with-profits benefits reserve" (F19L34) to zero. This covers the deficit and so no further actions are required.

No assumption changes have been made.

(ii) The impact of management actions is to reduce the RCM by £108m.

(iii) No changes have been made to future proportions of equity assets or bonus rates. Annual bonus rates remain unchanged at zero.

(iv) The requirements of INSPRU 1.3.188R would be met if these management actions had been integrated into the protection 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.

(ii) The assets held under the support arrangement are available for transfer into the WPSF should the need arise.

11. Tax

(i) The investment returns allocated to asset shares include an allowance for historic and future anticipated recoverable tax.

(ii) The investment returns allocated to the asset shares in the calculation of the future policy related liabilities have been reduced to allow for tax.

(iii) There is no deferred tax on anticipated recoverable investment losses to reduce regulatory current liabilities (Form19 Line 51).

12. Derivatives

The following structured derivative contracts are held within the With Profits fund at the valuation date to enable the fund to withstand the impact of adverse conditions, including in part Risk Capital Margin market stresses.

They are constructed from at-the-money vanilla OTC derivatives – equity put options, equity futures, interest rate swaps and interest rate swaptions – with outstanding terms ranging from 1 to 20 years

As at 31 December 2007 the total market price of these derivatives, on a bid basis, is £99.8 million. This is split as follows:

Type	GBP (£m)	EUR (£m)	Total (£m)
Swaps	1.0	-6.0	-5.0
Swaptions	8.2	18.7	26.9
Options	59.6	17.3	76.9
Futures	0.8	0.2	1.0
Total	69.6	30.2	99.8

13. Analysis of working capital

	Working capital arising (£M)
Opening Working Capital position (Including planned future enhancements)	145.3
(a) Investment return on the opening working capital	7.9
(b) Mismatched profits and losses	-11.2
(c) Assumption changes	
<i>Non-economic</i>	51.9
<i>Economic</i>	-23.9
<i>Policyholder Actions</i>	0.0
(d) Other Variances	
<i>Non-economic</i>	48.1
<i>Economic</i>	177.1
(e) Impact of new business	0.0
(f) Changes in other liabilities	-164.5
(g) Modelling changes and opening adjustments	81.7
Closing Working Capital position (Including planned future enhancements)	312.4

14. Optional disclosure

Not applicable

Returns under the Accounts and Statements Rules

Supplementary Notes to the Returns

Scottish Provident Limited

Financial year ended 31 December 2007

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

	2007	2006
	£'000	£'000
Net Assets per FSA Return :		
Form 13, Line 89 (other than long-term business)	308,792	264,381
Form 13, Line 89 (long-term business)	5,690,206	6,650,832
Form 14, Line 11	(4,101,150)	(4,910,988)
Form 14, Line 49	(190,277)	(381,045)
Form 15, Line 69	(90,365)	(72,512)
Total Capital Resources after deductions, Form 3, Line 79	1,617,206	1,550,669

***0310* Positive valuation differences**

Net positive valuation differences are analysed below:

		2007	2006
		£'000	£'000
Positive valuation difference			
Adjustment to realistic liabilities in respect of FRS 27	(a)	1,182,138	1,142,750
Deferred tax on sterling reserves	(a)	330	-
Deferred tax on project reserve	(a)	1,764	-
Negative valuation difference			
Excess of staff pension fund surplus over its deficit reduction amount	(b)	-	(1,091)
Sterling Reserves on Investment NDPF	(b)	(1,095)	-
Project Reserve	(b)	(6,300)	-
Net positive valuation differences, Form 3 Line 14		1,176,837	1,141,659

(a) Relates to the positive valuation differences included within line 14 in respect of liabilities where INSPRU valuation is higher than the valuation in IFRS statutory financial statements.

(b) Relates to the negative valuation differences included within line 14 in respect of liabilities where INSPRU valuation is lower than the valuation in IFRS statutory financial statements.

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

	£'000
Form 3, Line 12 Profit & Loss account and other reserves as at 31/12/06	(541,979)
Form 16, Line 59 Profit & Loss retained for the year	134,805
Movement in 2007 non profit reserves	10,686
Form 3, Line 12 Profit & Loss account and other reserves as at 31/12/07	(396,488)

***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 2007 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.

	SHF £'000	LTBF £'000	Total £'000
Resolution plc *			
Unsecured Debt	800,000	2,428	802,428

* Resolution plc is the company's ultimate parent undertaking

***1307* & *1313* Expenses secured by collateral**

Form 13 line 44 includes a hedge asset of £100m held with Goldman Sachs, which is secured by a collateral loan of £106m.

***1308* Unlisted investments**

The aggregate value of unlisted investments included in lines 41, 42 or 46 is nil in the Special With Profit Fund, £99,881,943 in the SPI Fund and £1,027,866 in the Non Profit Fund, comprising entirely of debt.

***1318* Other Asset Adjustments**

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

2007

	SPI £'000	NP £'000	Special £'000	LTF £'000	SHF £'000
Form 13 Line 101					
Offset of assets and liabilities	(36,159)	5,092	(8)	(31,075)	(9,454)
Net derivative variation margin	5,607	-	-	5,607	-
	<u>(30,552)</u>	<u>5,092</u>	<u>(8)</u>	<u>(25,468)</u>	<u>(9,454)</u>

2006

	SPI £'000	NP £'000	Special £'000	LTF £'000	SHF £'000
Form 13 Line 100					
Offset of assets and liabilities	(38,622)	(10,823)	(50)	(49,495)	(7,479)
Net derivative variation margin	29,763	-	-	29,763	-
Inadmissible assets - present value of in force business	-	-	-	-	365,860
Other inadmissible assets	599	3,814	-	4,413	-
	<u>(8,260)</u>	<u>(7,009)</u>	<u>(50)</u>	<u>(15,319)</u>	<u>358,381</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.

***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 other guarantees, indemnities or other contractual commitments have been effected by the Company other than in the ordinary course of its insurance business.
- (d)
 - (i) There may be a requirement to pay compensation to policyholders who were advised by agents of the Company in the purchase of certain mortgage endowment products. A provision of £1.5m is held within technical provisions to cover this.
 - (ii) The company is required under the Financial Services Compensation Scheme to contribute towards levies raised by that scheme on long term insurance business companies for the purpose of assisting policyholders of UK long-term business insurers that may become insolvent. The amount collected may vary, but cannot exceed 0.8% of relevant net premium income in any one financial year of the scheme. The amount levied in the year was £47,540.
 - (iii) 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 2007 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.
 - (iv) On 22 April 1997, SPI Finance plc, a wholly owned subsidiary of the Company, issued £125m 8.75% undated Subordinated Guaranteed Bonds, which are guaranteed by the SPI Fund. The proceeds, after deduction of costs associated with the issue, were lent on to the SPI Fund on terms equal to those applicable to the bonds. The earliest repayment date of the bonds, repayable by SPI Finance plc, is 13 May 2007 and thereafter on each fifth anniversary so long as the bonds are outstanding. The loan and related bonds were repaid on the 11th and 14th of May 2007 respectively.
 - (v) The company and its subsidiaries are registered with HM Revenue & Customs as members of a group for VAT purposes and, as a result, they are jointly & 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 2007 the Group liability was £3m.

***1405* Other Adjustments to Liabilities**

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

2007

	SPI £'000	NP £'000	Special £'000	Total £'000
Form 14 Line 74				
Offset of assets and liabilities	(36,159)	5,092	(8)	(31,075)
Net derivative variation margin	5,607	-	-	5,607
FRS 27 realistic liabilities	1,172,206	-	9,932	1,182,138
Deferred tax on sterling reserves	-	330	-	330
Deferred tax on project reserve	-	1,764	-	1,764
Sterling Reserves on Investment NDPF	-	(1,095)	-	(1,095)
Project Reserve	-	(6,300)	-	(6,300)
	<u>1,141,654</u>	<u>(209)</u>	<u>9,924</u>	<u>1,151,369</u>

2006

	SPI £'000	NP £'000	Special £'000	Total £'000
Form 14 Line 74				
Offset of assets and liabilities	(38,6229)	(10,823)	(50)	(49,495)
Net derivative variation margin	29,763	-	-	29,763
FRS 27 realistic liabilities	1,132,078	-	10,672	1,142,750
Excess of staff pension fund surplus over its deficit reduction amount	-	(1,091)	-	(1,091)
	<u>1,123,219</u>	<u>(11,194)</u>	<u>10,621</u>	<u>1,121,927</u>

***1507* Other adjustments to liabilities**

	2007 £'000	2006 £'000
Form 15 Line 83		
Deferred tax on present value of in force business	69,169	75,430
Offset of assets and liabilities	(9,454)	(7,479)
	<u>59,715</u>	<u>67,950</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 2007. 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 an amount of £(100)k in respect of recharges in relation to impairment review.

	2007 £'000	2006 £'000
Movement in present value of in force business	(30,366)	(104,379)
Deferred tax on present value of in force business	6,261	13,915
Other expense	(100)	1
	<u>(24,205)</u>	<u>(90,465)</u>

***1700* Derivatives**

Separate sheets for the Special Fund, the Non Profit 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 2007, the variation margin received has been invested in £105,800,000 in holdings in collective investment schemes (included in Form 13 Line 43).

***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 £125m 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. 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.

2007	NP £'000	SPI £'000	Special £'000	Total £'000
Form 40 Line 25 Transfer SWP 1/9th bonus	-	(150)	150	-

2006	NP £'000	SPI £'000	Special £'000	Total £'000
Form 40 Line 25 Transfer SWP 1/9th bonus	-	(125)	125	-
	-	(125)	125	-

***4005* Foreign currency translation**

Assets and liabilities in foreign currencies have been translated using the rate of exchange ruling at 31 December 2007. 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 2007.

***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 Resolution Management Services Limited (RMS) and Resolution Investment Services Limited (RIS).

Charges from these companies were £23m from RMS Limited and £2m from RIS Limited.

In 2006, Abbey National plc retained various pension schemes on acquisition of the Group by Resolution plc. Under the terms of the Sale and Purchase Agreement between Resolution plc and Abbey National plc, Resolution Group was required to make certain payments to those pensions schemes. These costs were paid by Resolution Management Services Limited and £38m of these were recharged to the Company in 2006 along with other staff related costs. The 2007 recharge included £6m credit in this regard following finalisation of these figures.

***4009* Material connected-party transactions**

- At 31 December 2007, claims expense on line 21 includes £3,321,000 in respect of reinsurance accepted from Scottish Mutual International plc, a fellow group company (in 2006 £1,764,000)
- At 31 December 2007, earned premiums on line 11 includes £397,877,000 outward reinsurance premiums to Phoenix Pensions Limited as a result of a new reinsurance treaty set up in 2007.
- At 31 December 2007, the company had entered into other connected party transactions with Resolution plc group companies – refer to note 1306. Resolution plc is the Company's ultimate parent.
- Management services were provided by Resolution plc group 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.

2007		SPI	NP	Total
		£000	£000	£000
Form 42				
Line 13	With Profit Unit Transfers	82,504	(82,504)	-
		<hr/>	<hr/>	<hr/>
		82,504	(82,504)	-
2006		SPI	NP	Total
		£000	£000	£000
Form 42				
Line 13	With Profit Unit Expenses	8,374	(8,374)	-
Line 13	With Profit Unit Transfers	102,805	(102,805)	-
		<hr/>	<hr/>	<hr/>
		111,179	(111,179)	-

***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 26 represents an exchange gain of £7,293,000 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:

Assets backing with-profits liabilities and with-profits capital requirements	Asset Mix (%)
Land and buildings	0%
Approved fixed interest securities	17%
Other fixed interest securities	16%
Variable interest securities	0%
UK listed equity shares	1%
Non-UK listed equity shares	40%
Unlisted equity shares	0%
Other assets	26%
Total	100.0%

***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	7
	435	Miscellaneous non-profit	30
OS Pension With-Profit	390	Deferred annuity non-profit	2
OS Pension Non-Profit	400	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, 3.15%” [in the SPI Fund]

“UK, L&GA, Non-Profit, Form 51 assurances, 3.15%” [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, 3.15%” [in the SPI Fund]

“UK, Pens, Non-Profit, Form 51 assurances, 4.10%” [in the NP Fund]

The total value of these negative liabilities is -£30.8m.

Returns under the Accounts and Statements Rules

Statement required by Rule 9.29

Scottish Provident Ltd

Financial Year ended 31 December 2007

Additional information on derivative contracts

- a The investment guidelines operated by the Company during the period up to 31 December 2007 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 Life Division North 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 Life Division North 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 2007 that was not expected, at the time when the contract was entered into, to be reasonably likely to be exercised.
- d The extent to which any of the amounts recorded on Form 13 would be changed if assets which the Company had a right or obligation to acquire or dispose of under derivative contracts outstanding at the end of the financial year (being in the case of options, only those options which it would have been prudent to assume would be exercised) had been so acquired or disposed of (including collateral):

SPI Fund:

Form 13	£'000
Line 43 Collective inv schemes	(5,817)
Line 44 Derivatives	5,817

- e If such options as were outstanding at 31 December 2007 had been exercised to change the amounts shown in Form 13 to the maximum extent there would be an effect of £284k.
- f There was no material difference between positions at the year end and that during the financial year.
- g No loss would have been incurred by the Company in the event of failure by any one other person to fulfil its obligations under derivative contracts outstanding at the year-end. At other times during the relevant period there may have been a loss but at any time the possible losses are included within the overall monitoring of counterparty exposure and subject to strict internal guidelines. Collateralisation also limits overall exposure.

- h. 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."
- i. The Company did not grant any uncovered rights under derivative contracts during the year.

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 2007

(1) The persons who, to the knowledge of the Company, were controllers at any time during the financial year were:

- (a) Resolution Life Limited;
- (b) Resolution Life Group Limited (ceased to be controller on 17 May 2007);
- (c) Resolution Plc;
- (d) Pearl Assurance plc;
- (e) Pearl Group Limited;
- (f) Sun Capital Investments Limited;
- (g) Hera Investments One Limited;
- (h) Xercise Limited;
- (i) Jambright Limited;
- (j) Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Spencer-Churchill, Marc Jonas;
- (k) TDR Capital Nominees Limited; and
- (l) TDR Capital LLP.

(2) The persons who, to the knowledge of the Company, were controllers at the end of the financial year were:

- (a) Resolution Life Limited

Resolution Life Limited owned 100% of the ordinary share capital of Phoenix Life Assurance Limited, and was able to exercise 100% of the voting power at any general meeting.

- (b) Resolution plc

Resolution plc owned 100% of the ordinary shares of Resolution Life Limited, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking, and was able to exercise 100% of the voting power at any general meeting.

- (c) Pearl Assurance plc

Pearl Assurance plc owned 20.13% of the ordinary share capital of Resolution plc, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking, and was able to exercise 20.13% of the voting power at any general meeting.

- (d) Pearl Group Limited

Pearl Group Limited owned 100% of the ordinary share capital of Pearl Assurance plc and 5.79% of the ordinary share capital of Resolution plc, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking, and was able to exercise 25.92% of the voting power at any general meeting.

- (e) Sun Capital Investments Limited

Sun Capital Investments Limited owned 50% of the ordinary shares of Pearl Group Limited, (who with Pearl Assurance plc, its 100% owned subsidiary), owned 25.92% of the ordinary share capital of Resolution plc, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking and was able to exercise 12.96% 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 2007

(Controllers at the end of the financial year - continued)

(f) Hera Investments One Limited

Hera Investments One Limited owned 50% of the ordinary shares of Pearl Group Limited, (who with Pearl Assurance plc, its 100% owned subsidiary), owned 25.92% of the ordinary share capital of Resolution plc, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking and was able to exercise 12.96% of the voting power at any general meeting.

(g) Xercise Limited

Sun Capital Investments Limited, which is an associate of Xercise Limited within the meaning of section 422 of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 50% of the ordinary shares of Pearl Group Limited, (who with Pearl Assurance plc, its 100% owned subsidiary), owned 25.92% of the ordinary share capital of Resolution plc, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking and was able to exercise 12.96% of the voting power at any general meeting.

(h) Jambright Limited

Hera Investments One Limited which is an associate of Jambright Limited within the meaning of section 422 of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 50% of the ordinary shares of Pearl Group Limited, (who with Pearl Assurance plc, its 100% owned subsidiary), owned 25.92% of the ordinary share capital of Resolution plc, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking and was able to exercise 12.96% of the voting power at any general meeting.

(i) Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Spencer-Churchill, Marc Jonas

Hugh Osmond, Alan McIntosh and Matthew Allen, together with Edward Spencer-Churchill and Marc Jonas, who were associates of Hugh Osmond and Alan McIntosh within the meaning of section 422 of the Financial Services and Markets Act 2000 by virtue of being partners, jointly owned 79.2% of the ordinary shares of Xercise Limited and were able to exercise 79.2% of the voting power at any general meeting. Sun Capital Investments Limited is a subsidiary undertaking of Xercise Limited and owns 50% of the ordinary shares of Pearl Group Limited, (who with Pearl Assurance plc, its 100% owned subsidiary), owned 25.92% of the ordinary share capital of Resolution plc, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking and was able to exercise 12.96% of the voting power at any general meeting.

(j) TDR Capital Nominees Limited

TDR Capital Nominees Limited acted as nominee for the TDR funds, which own 89.4% of the ordinary shares of Jambright Limited and were able to exercise 89.4% of the voting power at any general meeting. Hera Investments One Limited is a subsidiary undertaking of Jambright Limited and owns 50% of the ordinary shares of Pearl Group Limited, (who with Pearl Assurance plc, its 100% owned subsidiary), owned 25.92% of the ordinary

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 2007

(Controllers at the end of the financial year – continued)

share capital of Resolution plc, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking and was able to exercise 12.96% of the voting power at any general meeting.

(k) TDR Capital LLP

TDR Capital Nominees Limited, which is an associate of TDR Capital LLP within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, acted as nominee for the TDR funds, which own 89.4% of the ordinary shares of Jambright Limited and were able to exercise 89.4% of the voting power at any general meeting. Hera Investments One Limited is a subsidiary undertaking of Jambright Limited and owns 50% of the ordinary shares of Pearl Group Limited, (who with Pearl Assurance plc, its 100% owned subsidiary), owned 25.92% of the ordinary share capital of Resolution plc, a company of which Phoenix Life Assurance Limited is a subsidiary undertaking and was able to exercise 12.96% of the voting power at any general meeting.

Returns under the Accounts and Statement Rules

Statement required by Rule 9.36

Scottish Provident Limited

Financial year ended 31 December 2007

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 2007:

- a Mr G Ross held 3,000 shares in Resolution plc as at 31 December 2007:
Mr G Ross's spouse held 30,981 shares in Resolution plc as at 31 December 2007.

- b Aggregate fees and remuneration received by Mr G Ross from Resolution Management Services Limited were £259,534.

- c Other pecuniary benefits:

Mr G Ross is in receipt of a pension from a 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 2007

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, save as disclosed on the attached note to the certificate, 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), GENPRU and INSPRU; 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 actuary function in accordance with SUP 4.3.16AR.

Graham Singleton
Managing Director

Stephen McGee
Director

Kerr Luscombe
Director

March 2008

Note to the certificate required by Rule 9.34(1)

Transfer of asset management

In Q1 2007, there was a transfer of certain assets together with accompanying investment accounting processes from Santander Asset Management to Resolution Asset Management (RAM). Following these transfers, there were issues with the transfer of the accounting records which gave rise to reconciliation differences for a period in 2007.

These reconciliation differences have now been fully investigated and resolved. This is not a continuing issue. Detailed investigations confirm there are no assets missing and the reconciliation differences have not given rise to any TCF concerns or issues with unit pricing.

Management Action

RAM has conducted a very detailed project to identify and investigate the material issues giving rise to the accounting take-on reconciliation differences. The investigation and resolution process was wide-ranging and for some funds included recreation of the accounting records for the entire period in validating and reconciling the final take-on position.

Principles and Practices of Financial Management

We have omitted part of standard wording of the certificate as we are unable to certify that the with profits fund has been managed in accordance with the Principles and Practice of Financial Management, as established, maintained and recorded under COBS 20.3 due to:

a small number of mostly technical breaches, which are not thought to be material and are not thought to have resulted in the unfair treatment of policyholders, as well as a specific target range breach in the Special Fund which has resulted in policyholder detriment and will be rectified. An investigation will be undertaken in this regard.

Independent auditors' report to the directors pursuant to rule 9.35 the Interim Prudential Sourcebook for Insurers

Scottish Provident Limited

Global business

Financial year ended 31 December 2007

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 rule 9.35 of IPRU(INS). 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 27 March 2008. 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 as modified 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

Registered Auditor

Glasgow

27 March 2008