

# PA (GI) Limited

(formerly Phoenix Assurance Limited)  
(A member of the Resolution plc group)

Registered Office: Edward Pavilion, Albert Dock, Liverpool, Merseyside, L3 4SL

## Annual FSA Insurance Returns for the year ended 31st December 2005



(Appendices 9.1 , 9.2 , 9.3 , 9.4 , 9.6 )

**Statement of solvency - general insurance business**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

Adjusted solo solvency calculation

R1	Company registration number 71805	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2005	
			As at end of this financial year		As at end of the previous year	
			1		2	

**Capital resources**

Capital resources arising outside the long-term insurance fund	11	6210	62499
Capital resources allocated toward long-term insurance business arising outside the long-term insurance fund	12	3010	59299
Capital resources available to cover general business capital resources requirement (11-12)	13	3200	3200

**Guarantee Fund**

Guarantee Fund requirement	21	2030	2087
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	1170	1113

**Minimum capital requirement (MCR)**

General insurance capital requirement	31	2853	2853
Base capital resources requirement	33	2030	2087
Individual minimum capital requirement	34	2853	2853
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34 + 35)	36	2853	2853
Excess (deficiency) of available capital resources to cover 50% of MCR	37	1774	1774
Excess (deficiency) of available capital resources to cover 75% of MCR	38	1061	1061

**Capital resources requirement (CRR)**

Capital resources requirement	41	2853	2853
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42	347	347

**Contingent liabilities**

Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		
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**Covering sheet to Form 1**

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

..... **G L SINGLETON** **DIRECTOR**

..... **R CRAINE** **DIRECTOR**

..... **R E K GREENFIELD** **DIRECTOR**

**29 March 2006**

**Statement of solvency - long-term insurance business**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

Group solvency calculation

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R2</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
			As at end of this financial year		As at end of the previous year		
			<b>1</b>		<b>2</b>		

**Capital resources**

Capital resources arising within the long-term insurance fund	<b>11</b>			<b>351112</b>
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	<b>12</b>		<b>3010</b>	<b>59299</b>
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	<b>13</b>		<b>3010</b>	<b>410411</b>

**Guarantee Fund**

Guarantee Fund requirement	<b>21</b>		<b>2030</b>	<b>52067</b>
Excess (deficiency) of available capital resources to cover guarantee fund requirement	<b>22</b>		<b>980</b>	<b>358344</b>

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	<b>31</b>			
Resilience capital requirement	<b>32</b>			
Base capital resources requirement	<b>33</b>		<b>2030</b>	
Individual minimum capital requirement	<b>34</b>		<b>2030</b>	<b>115834</b>
Capital requirements of regulated related undertakings	<b>35</b>			
Minimum capital requirement (34 + 35)	<b>36</b>		<b>2030</b>	<b>115834</b>
Excess (deficiency) of available capital resources to cover 50% of MCR	<b>37</b>		<b>1995</b>	<b>352494</b>
Excess (deficiency) of available capital resources to cover 75% of MCR	<b>38</b>		<b>1488</b>	<b>323536</b>

**Enhanced capital requirement**

With-profits insurance capital component	<b>39</b>			
Enhanced capital requirement	<b>40</b>			<b>115834</b>

**Capital resources requirement (CRR)**

Capital resources requirement (greater of 36 and 40)	<b>41</b>		<b>2030</b>	<b>115834</b>
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	<b>42</b>		<b>980</b>	<b>294577</b>

**Contingent liabilities**

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

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>		Total as at the end of the previous year <b>4</b>		

**Core tier one capital**

Permanent share capital	<b>11</b>		3000	3000	15865
Profit and loss account and other reserves	<b>12</b>	3200	10	3210	464925
Share premium account	<b>13</b>				46501
Positive valuation differences	<b>14</b>				
Fund for future appropriations	<b>15</b>				187552
Core tier one capital in related undertakings	<b>16</b>				
Core tier one capital (sum of 11 to 16)	<b>19</b>	3200	3010	6210	714843

**Tier one waivers**

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

**Other tier one capital**

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

<b>Total tier one capital before deductions (19+24+25+26+27+28)</b>	<b>31</b>	3200	3010	6210	714843
Investments in own shares	<b>32</b>				
Intangible assets	<b>33</b>				
Amounts deducted from technical provisions for discounting	<b>34</b>				
Other negative valuation differences	<b>35</b>				63501
Deductions in related undertakings	<b>36</b>				7214
Deductions from tier one (32 to 36)	<b>37</b>				70715
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>	3200	3010	6210	644128

**Components of capital resources**

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
	General insurance business <b>1</b>	Long-term insurance business <b>2</b>	Total as at the end of this financial year <b>3</b>			Total as at the end of the previous year <b>4</b>	

**Tier two capital**

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

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

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

**Components of capital resources**

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R3</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
	General insurance Business <b>1</b>	Long-Term insurance Business <b>2</b>	Total as at the end of this financial year <b>3</b>		Total as at the end of the previous year <b>4</b>		

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	<b>71</b>					
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>	3200	3010	6210	644128	
Inadmissible assets other than intangibles and own shares	<b>73</b>				3349	
Assets in excess of market risk and counterparty limits	<b>74</b>				227168	
Deductions for related ancillary services undertakings	<b>75</b>					
Deductions for regulated non-insurance related undertakings	<b>76</b>					
Deductions of ineligible surplus capital	<b>77</b>					
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>	3200	3010	6210	413611	

**Available capital resources for PRU tests**

Available capital resources for guarantee fund requirement	<b>81</b>	3200	3010	6210	413611	
Available capital resources for 50% MCR requirement	<b>82</b>	3200	3010	6210	413611	
Available capital resources for 75% MCR requirement	<b>83</b>	3200	3010	6210	413611	

**Financial engineering adjustments**

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

**Calculation of general insurance capital requirement - premiums amount and brought forward amount**
Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

General insurance business

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R11	71805	GL	31	12	2005	£000
			This financial year 1		Previous year 2	
Gross premiums written	11		2095		4665	
Premium taxes and levies (included in line 11)	12					
Premiums receivable net of taxes and levies (11-12)	13		2095		4665	
Premiums for classes 11, 12 or 13 (included in line 13)	14					
Premiums for "actuarial health insurance" (included in line 13)	15					
<b>Sub-total A</b> (13 + 1/2 14 - 2/3 15)	16		2095		4665	
Gross premiums earned	21		2386		5109	
Premium taxes and levies (included in line 21)	22					
Premiums earned net of taxes and levies (21-22)	23		2386		5109	
Premiums for classes 11, 12 or 13 (included in line 23)	24					
Premiums for "actuarial health insurance" (included in line 23)	25					
<b>Sub-total H</b> (23 + 1/2 24 - 2/3 25)	26		2386		5109	
<b>Sub-total I</b> (higher of sub-total A and sub-total H)	30		2386		5109	
<b>Adjusted Sub-total I</b> 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	429		920	
		Excess (if any) over 50M EURO x 0.02	33			
<b>Sub-total J</b> (32-33)	34		429		920	
Claims paid in period of 3 financial years	41		6706		11136	
Claims outstanding carried forward at the end of the 3 year period		For insurance business accounted for on an underwriting year basis	42		82785	
		For insurance business accounted for on an accident year basis	43		786	
Claims outstanding brought forward at the beginning of the 3 year period		For insurance business accounted for on an underwriting year basis	44		36811	
		For insurance business accounted for on an accident year basis	45			
<b>Sub-total C</b> (41+42+43-44-45)	46		53466		65518	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47		53466		65518	
<b>Sub-total D</b> (46-47)	48					
<b>Reinsurance ratio</b> (Sub-total D / sub-total C or, if more, 50% or, if less, 100%)	49		50.00		50.00	
<b>Premiums amount</b> Sub-total J x <b>reinsurance ratio</b>	50		215		460	
Provisions for claims outstanding (before discounting and net of reinsurance)	51					
<b>Brought forward amount</b> (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)	52		2853			
Greater of lines 50 and 52	53		2853		460	



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

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

Long-term insurance business

	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
R11	71805	GL	31	12	2005	£000
			This financial year 1		Previous year 2	
Gross premiums written	11					17680
Premium taxes and levies (included in line 11)	12					
Premiums receivable net of taxes and levies (11-12)	13					17680
Premiums for classes 11, 12 or 13 (included in line 13)	14					
Premiums for "actuarial health insurance" (included in line 13)	15					
<b>Sub-total A</b> (13 + 1/2 14 - 2/3 15)	16					17680
Gross premiums earned	21					17680
Premium taxes and levies (included in line 21)	22					
Premiums earned net of taxes and levies (21-22)	23					17680
Premiums for classes 11, 12 or 13 (included in line 23)	24					
Premiums for "actuarial health insurance" (included in line 23)	25					
<b>Sub-total H</b> (23 + 1/2 24 - 2/3 25)	26					17680
<b>Sub-total I</b> (higher of sub-total A and sub-total H)	30					17680
<b>Adjusted Sub-total I</b> 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				3182
	Excess (if any) over 50M EURO x 0.02	33				
<b>Sub-total J</b> (32-33)	34					3182
Claims paid in period of 3 financial years	41					41423
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42				52684
	For insurance business accounted for on an accident year basis	43				
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44				43241
	For insurance business accounted for on an accident year basis	45				
<b>Sub-total C</b> (41+42+43-44-45)	46					50866
Amounts recoverable from reinsurers in respect of claims included in Sub-total C	47					2286
<b>Sub-total D</b> (46-47)	48					48580
<b>Reinsurance ratio</b> (Sub-total D / sub-total C or, if more, 50% or, if less, 100%)	49					95.51
<b>Premiums amount</b> Sub-total J x <b>reinsurance ratio</b>	50					3039
Provisions for claims outstanding (before discounting and net of reinsurance)	51					52278
<b>Brought forward amount</b> (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)	52					4368
Greater of lines 50 and 52	53					4368

## Calculation of general insurance capital requirement - claims amount and result

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

General insurance business

		Company registration number	GL/UK/CM	Period ended			Units	
		R12	71805	GL	31	12	2005	£000
					This financial year		Previous year	
					1		2	
Reference period (No. of months) See PRU7.2.63R		11			36		36	
Claims paid in reference period		21			6706		11136	
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	22			82785		78794	
	For insurance business accounted for on an accident year basis	23			786		862	
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	24			36811		25274	
	For insurance business accounted for on an accident year basis	25						
Claims incurred in reference period (21+22+23-24-25)		26			53466		65518	
Claims incurred for classes 11, 12 or 13 (included in 26)		27			366		607	
Claims incurred for "actuarial health insurance" (included in 26)		28						
<b>Sub-total E</b> (26 + 1/2 27 - 2/3 28)		29			53649		65822	
<b>Sub-total F</b> - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)		31			17883		21941	
Division of sub-total F (gross adjusted claims amount)	X 0.26	32			4650		5705	
	Excess (if any) over 35M EURO x 0.03	33						
<b>Sub-total G</b> (32 - 33)		39			4650		5705	
<b>Claims amount</b> Sub-total G x reinsurance ratio (11.49)		41			2325		2853	
Higher of <b>premiums amount</b> and <b>brought forward amount</b> (11.53)		42			2853		460	
<b>General insurance capital requirement</b> (higher of lines 41 and 42)		43			2853		2853	

**Calculation of general insurance capital requirement - claims amount and result**

 Name of insurer **PA (GI) Limited**

Global business

 Financial year ended **31st December 2005**

Long-term insurance business

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R12</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
			This financial year <b>1</b>		Previous year <b>2</b>		
Reference period (No. of months) See PRU7.2.63R		<b>11</b>					<b>36</b>
Claims paid in reference period		<b>21</b>					<b>41423</b>
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis	<b>22</b>					<b>52684</b>
	For insurance business accounted for on an accident year basis	<b>23</b>					
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis	<b>24</b>					<b>43241</b>
	For insurance business accounted for on an accident year basis	<b>25</b>					
Claims incurred in reference period (21+22+23-24-25)		<b>26</b>					<b>50866</b>
Claims incurred for classes 11, 12 or 13 (included in 26)		<b>27</b>					
Claims incurred for "actuarial health insurance" (included in 26)		<b>28</b>					
<b>Sub-total E</b> (26 + 1/2 27 - 2/3 28)		<b>29</b>					<b>50866</b>
<b>Sub-total F</b> - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)		<b>31</b>					<b>16955</b>
Division of sub-total F (gross adjusted claims amount)	X 0.26	<b>32</b>					<b>4408</b>
	Excess (if any) over 35M EURO x 0.03	<b>33</b>					
<b>Sub-total G</b> (32 - 33)		<b>39</b>					<b>4408</b>
<b>Claims amount</b> Sub-total G x reinsurance ratio (11.49)		<b>41</b>					<b>4210</b>
Higher of <b>premiums amount</b> and <b>brought forward amount</b> (11.53)		<b>42</b>					<b>4368</b>
<b>General insurance capital requirement</b> (higher of lines 41 and 42)		<b>43</b>					<b>4368</b>

**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>1</b>
<b>Investments</b>						As at the end of this financial year <b>1</b>		As at the end of the previous year <b>2</b>
Land and buildings				<b>11</b>				
<b>Investments in group undertakings and participating interests</b>								
UK insurance dependants	shares			<b>21</b>				15505
	debts and loans			<b>22</b>				
Other insurance dependants	shares			<b>23</b>				
	debts and loans			<b>24</b>				
Non-insurance dependants	shares			<b>25</b>				4000
	debts and loans			<b>26</b>				
Other group undertakings	shares			<b>27</b>				
	debts and loans			<b>28</b>				
Participating interests	shares			<b>29</b>				
	debts and loans			<b>30</b>				
<b>Other financial investments</b>								
Equity shares				<b>41</b>		78		66
Other shares and other variable yield participations				<b>42</b>				
Holdings in collective investment schemes				<b>43</b>		2601		3671
Rights under derivative contracts				<b>44</b>				
Fixed interest securities	Approved			<b>45</b>		3524		3155
	Other			<b>46</b>				50001
Variable interest securities	Approved securities			<b>47</b>				
	Other			<b>48</b>				
Participation in investment pools				<b>49</b>				
Loans secured by mortgages				<b>50</b>				
Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>				
Loans secured by policies of insurance issued by the company				<b>52</b>				
Other loans				<b>53</b>				13000
Bank and approved credit & financial institution deposits	One month or less withdrawal			<b>54</b>				
	More than one month withdrawal			<b>55</b>				
Other financial investments				<b>56</b>				

**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>1</b>
							As at the end of this financial year 1	As at the end of the previous year 2
Deposits with ceding undertakings				<b>57</b>				
Assets held to match linked liabilities			Index linked	<b>58</b>				
			Property linked	<b>59</b>				
<b>Reinsurers' share of technical provisions</b>								
Provision for unearned premiums				<b>60</b>		3243		3676
Claims outstanding				<b>61</b>		83526		79656
Provision for unexpired risks				<b>62</b>				
Other				<b>63</b>				
<b>Debtors and salvage</b>								
Direct insurance business			Policyholders	<b>71</b>				
			Intermediaries	<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Reinsurance			Accepted	<b>74</b>				
			Ceded	<b>75</b>				63
Dependants			Due in 12 months or less	<b>76</b>				
			Due in more than 12 months	<b>77</b>				
Other			Due in 12 months or less	<b>78</b>				747
			Due in more than 12 months	<b>79</b>				
<b>Other assets</b>								
Tangible assets				<b>80</b>				
Deposits not subject to time restriction on withdrawal with approved institutions				<b>81</b>		946		3248
Cash in hand				<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Accrued interest and rent				<b>84</b>				26
Deferred acquisition costs (general business only)				<b>85</b>				
Other prepayments and accrued income				<b>86</b>				
<b>Deductions from the aggregate value of assets</b>								
				<b>87</b>				
<b>Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)</b>								
				<b>89</b>		93918		176814

**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

Category of assets **Total other than long term insurance business assets**

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	71805	GL	31	12	2005	£000	1

	As at the end of this financial year <b>1</b>	As at the end of the previous year <b>2</b>
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**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 market risk and counterparty limits (as per line 89 above)	<b>91</b>	93918	176814
Assets in excess of market and counterparty limits	<b>92</b>		227168
Capital resources requirement deduction of regulated related undertakings	<b>93</b>		36040
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>94</b>		
Inadmissible assets of regulated related insurance undertakings	<b>95</b>		
Book value of related ancillary services undertakings	<b>96</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>97</b>		
Deferred acquisition costs excluded from line 89	<b>98</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>99</b>		
Other asset adjustments (may be negative)	<b>100</b>		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	<b>101</b>	93918	

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>102</b>		
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**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>10</b>
<b>Investments</b>						As at the end of this financial year 1		As at the end of the previous year 2
Land and buildings				<b>11</b>				23150
<b>Investments in group undertakings and participating interests</b>								
UK insurance dependants	shares			<b>21</b>				
	debts and loans			<b>22</b>				
Other insurance dependants	shares			<b>23</b>				
	debts and loans			<b>24</b>				
Non-insurance dependants	shares			<b>25</b>				13161
	debts and loans			<b>26</b>				
Other group undertakings	shares			<b>27</b>				
	debts and loans			<b>28</b>				
Participating interests	shares			<b>29</b>				
	debts and loans			<b>30</b>				
<b>Other financial investments</b>								
Equity shares				<b>41</b>				157183
Other shares and other variable yield participations				<b>42</b>				
Holdings in collective investment schemes				<b>43</b>				54124
Rights under derivative contracts				<b>44</b>				5586
Fixed interest securities	Approved			<b>45</b>				623861
	Other			<b>46</b>				248892
Variable interest securities	Approved securities			<b>47</b>				46975
	Other			<b>48</b>				1381
Participation in investment pools				<b>49</b>				
Loans secured by mortgages				<b>50</b>				296
Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>				
Loans secured by policies of insurance issued by the company				<b>52</b>				514
Other loans				<b>53</b>				
Bank and approved credit & financial institution deposits	One month or less withdrawal			<b>54</b>				
	More than one month withdrawal			<b>55</b>				
Other financial investments				<b>56</b>				

**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>10</b>
						As at the end of this financial year 1		As at the end of the previous year 2
Deposits with ceding undertakings				<b>57</b>				4894
Assets held to match linked liabilities			Index linked	<b>58</b>				73654
			Property linked	<b>59</b>				18438
<b>Reinsurers' share of technical provisions</b>								
Provision for unearned premiums				<b>60</b>				
Claims outstanding				<b>61</b>				
Provision for unexpired risks				<b>62</b>				
Other				<b>63</b>				
<b>Debtors and salvage</b>								
Direct insurance business			Policyholders	<b>71</b>				1000
			Intermediaries	<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Reinsurance			Accepted	<b>74</b>				1866
			Ceded	<b>75</b>				18247
Dependants			Due in 12 months or less	<b>76</b>				
			Due in more than 12 months	<b>77</b>				
Other			Due in 12 months or less	<b>78</b>				31181
			Due in more than 12 months	<b>79</b>				
<b>Other assets</b>								
Tangible assets				<b>80</b>				
Deposits not subject to time restriction on withdrawal with approved institutions				<b>81</b>				11043
Cash in hand				<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Accrued interest and rent				<b>84</b>				11705
Deferred acquisition costs (general business only)				<b>85</b>				
Other prepayments and accrued income				<b>86</b>				
Deductions from the aggregate value of assets				<b>87</b>				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				<b>89</b>				1347151



**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Total long term insurance business assets**

R13	Company registration number 71805	GL/UK/CM GL	Period ended			Units £000	Category of assets 10
			day	month	year		
			31	12	2005		

						As at the end of this financial year 1	As at the end of the previous year 2
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**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 market risk and counterparty limits (as per line 89 above)	91		1347151
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98		
Reinsurers' share of technical provisions excluded from line 89	99		
Other asset adjustments (may be negative)	100		
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 100)	101		

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		
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**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Participation**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>11</b>
<b>Investments</b>						As at the end of this financial year 1		As at the end of the previous year 2
Land and buildings				<b>11</b>				23150
<b>Investments in group undertakings and participating interests</b>								
UK insurance dependants	shares			<b>21</b>				
	debts and loans			<b>22</b>				
Other insurance dependants	shares			<b>23</b>				
	debts and loans			<b>24</b>				
Non-insurance dependants	shares			<b>25</b>				
	debts and loans			<b>26</b>				
Other group undertakings	shares			<b>27</b>				
	debts and loans			<b>28</b>				
Participating interests	shares			<b>29</b>				
	debts and loans			<b>30</b>				
<b>Other financial investments</b>								
Equity shares				<b>41</b>				157183
Other shares and other variable yield participations				<b>42</b>				
Holdings in collective investment schemes				<b>43</b>				17560
Rights under derivative contracts				<b>44</b>				
Fixed interest securities	Approved			<b>45</b>				84237
	Other			<b>46</b>				29472
Variable interest securities	Approved securities			<b>47</b>				7919
	Other			<b>48</b>				145
Participation in investment pools				<b>49</b>				
Loans secured by mortgages				<b>50</b>				
Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>				
Loans secured by policies of insurance issued by the company				<b>52</b>				249
Other loans				<b>53</b>				
Bank and approved credit & financial institution deposits	One month or less withdrawal			<b>54</b>				
	More than one month withdrawal			<b>55</b>				
Other financial investments				<b>56</b>				

**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Participation**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>11</b>
						As at the end of this financial year 1		As at the end of the previous year 2
Deposits with ceding undertakings				<b>57</b>				
Assets held to match linked liabilities			Index linked	<b>58</b>				
			Property linked	<b>59</b>				
<b>Reinsurers' share of technical provisions</b>								
Provision for unearned premiums				<b>60</b>				
Claims outstanding				<b>61</b>				
Provision for unexpired risks				<b>62</b>				
Other				<b>63</b>				
<b>Debtors and salvage</b>								
Direct insurance business			Policyholders	<b>71</b>				<b>177</b>
			Intermediaries	<b>72</b>				
Salvage and subrogation recoveries				<b>73</b>				
Reinsurance			Accepted	<b>74</b>				
			Ceded	<b>75</b>				<b>518</b>
Dependants			Due in 12 months or less	<b>76</b>				
			Due in more than 12 months	<b>77</b>				
Other			Due in 12 months or less	<b>78</b>				<b>1639</b>
			Due in more than 12 months	<b>79</b>				
<b>Other assets</b>								
Tangible assets				<b>80</b>				
Deposits not subject to time restriction on withdrawal with approved institutions				<b>81</b>				<b>1637</b>
Cash in hand				<b>82</b>				
Other assets (particulars to be specified by way of supplementary note)				<b>83</b>				
Accrued interest and rent				<b>84</b>				<b>1426</b>
Deferred acquisition costs (general business only)				<b>85</b>				
Other prepayments and accrued income				<b>86</b>				
Deductions from the aggregate value of assets				<b>87</b>				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				<b>89</b>				<b>325312</b>

**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Participation**

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	71805	GL	31	12	2005	£000	11

	As at the end of this financial year <b>1</b>	As at the end of the previous year <b>2</b>
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**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 market risk and counterparty limits (as per line 89 above)	<b>91</b>		325312
Assets in excess of market and counterparty limits	<b>92</b>		
Capital resources requirement deduction of regulated related undertakings	<b>93</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>94</b>		
Inadmissible assets of regulated related insurance undertakings	<b>95</b>		
Book value of related ancillary services undertakings	<b>96</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>97</b>		
Deferred acquisition costs excluded from line 89	<b>98</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>99</b>		
Other asset adjustments (may be negative)	<b>100</b>		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	<b>101</b>		

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>102</b>		
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**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Non-participation**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>12</b>
<b>Investments</b>						As at the end of this financial year 1		As at the end of the previous year 2
Land and buildings				<b>11</b>				
<b>Investments in group undertakings and participating interests</b>								
UK insurance dependants	shares			<b>21</b>				
	debts and loans			<b>22</b>				
Other insurance dependants	shares			<b>23</b>				
	debts and loans			<b>24</b>				
Non-insurance dependants	shares			<b>25</b>				13161
	debts and loans			<b>26</b>				
Other group undertakings	shares			<b>27</b>				
	debts and loans			<b>28</b>				
Participating interests	shares			<b>29</b>				
	debts and loans			<b>30</b>				
<b>Other financial investments</b>								
Equity shares				<b>41</b>				
Other shares and other variable yield participations				<b>42</b>				
Holdings in collective investment schemes				<b>43</b>				36564
Rights under derivative contracts				<b>44</b>				5586
Fixed interest securities	Approved			<b>45</b>				539624
	Other			<b>46</b>				219420
Variable interest securities	Approved securities			<b>47</b>				39056
	Other			<b>48</b>				1236
Participation in investment pools				<b>49</b>				
Loans secured by mortgages				<b>50</b>				296
Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>				
Loans secured by policies of insurance issued by the company				<b>52</b>				265
Other loans				<b>53</b>				
Bank and approved credit & financial institution deposits	One month or less withdrawal			<b>54</b>				
	More than one month withdrawal			<b>55</b>				
Other financial investments				<b>56</b>				

**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Non-participation**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>	<b>12</b>
							As at the end of this financial year 1	As at the end of the previous year 2
Deposits with ceding undertakings				<b>57</b>				4894
Assets held to match linked liabilities			Index linked	<b>58</b>				73654
			Property linked	<b>59</b>				18438

**Reinsurers' share of technical provisions**

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

**Debtors and salvage**

Direct insurance business	Policyholders	<b>71</b>		823
	Intermediaries	<b>72</b>		
Salvage and subrogation recoveries		<b>73</b>		
Reinsurance	Accepted	<b>74</b>		1866
	Ceded	<b>75</b>		17729
Dependants	Due in 12 months or less	<b>76</b>		
	Due in more than 12 months	<b>77</b>		
Other	Due in 12 months or less	<b>78</b>		29542
	Due in more than 12 months	<b>79</b>		

**Other assets**

Tangible assets	<b>80</b>		
Deposits not subject to time restriction on withdrawal with approved institutions	<b>81</b>		9406
Cash in hand	<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)	<b>83</b>		
Accrued interest and rent	<b>84</b>		10279
Deferred acquisition costs (general business only)	<b>85</b>		
Other prepayments and accrued income	<b>86</b>		
Deductions from the aggregate value of assets	<b>87</b>		
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	<b>89</b>		1021839

**Analysis of admissible assets**

Name of insurer **PA (GI) Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Non-participation**

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	71805	GL	31	12	2005	£000	12

	As at the end of this financial year <b>1</b>	As at the end of the previous year <b>2</b>
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**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 market risk and counterparty limits (as per line 89 above)	<b>91</b>		1021839
Assets in excess of market and counterparty limits	<b>92</b>		
Capital resources requirement deduction of regulated related undertakings	<b>93</b>		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	<b>94</b>		
Inadmissible assets of regulated related insurance undertakings	<b>95</b>		
Book value of related ancillary services undertakings	<b>96</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>97</b>		
Deferred acquisition costs excluded from line 89	<b>98</b>		
Reinsurers' share of technical provisions excluded from line 89	<b>99</b>		
Other asset adjustments (may be negative)	<b>100</b>		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	<b>101</b>		

Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>102</b>		
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**Long term insurance business liabilities and margins**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**Fund **Summary**Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus		11	939368
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus/(valuation deficit)		13	1000
Long term insurance business fund carried forward (11 to 13)		14	940368
Claims outstanding	Gross amount	15	8345
	Reinsurers' share	16	
	Net (15-16)	17	8345
Provisions	Taxation	21	4447
	Other	22	534
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	618
	Reinsurance ceded	33	4007
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	
Creditors	Taxation	37	2348
	Other	38	35940
Accruals and deferred income		39	432
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	56671
Excess of the value of net admissible assets		51	350112
Total liabilities and margins		59	1347151
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	13027
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	20680
Total liabilities (11+12+49)		71	996039
Increase to liabilities - DAC related		72	
Reinsurers' share of technical provisions		73	
Other adjustments to liabilities (may be negative)		74	
Capital and reserves and fund for future appropriations		75	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		76	



**Long term insurance business liabilities and margins**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**Fund **Participation**Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus		11	128486
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus/(valuation deficit)		13	500
Long term insurance business fund carried forward (11 to 13)		14	128986
Claims outstanding	Gross amount	15	1824
	Reinsurers' share	16	
	Net (15-16)	17	1824
Provisions	Taxation	21	3253
	Other	22	
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	531
	Reinsurance ceded	33	1286
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	
Creditors	Taxation	37	1922
	Other	38	225
Accruals and deferred income		39	379
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	9420
Excess of the value of net admissible assets		51	186906
Total liabilities and margins		59	325312

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		9
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71		137906
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

**Long term insurance business liabilities and margins**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**Fund **Non-participation**Units **£000**

		As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus		11	810882
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12	
Balance of surplus/(valuation deficit)		13	500
Long term insurance business fund carried forward (11 to 13)		14	811382
Claims outstanding	Gross amount	15	6521
	Reinsurers' share	16	
	Net (15-16)	17	6521
Provisions	Taxation	21	1194
	Other	22	534
Deposits received from reinsurers		23	
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	87
	Reinsurance ceded	33	2721
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions		36	
Creditors	Taxation	37	426
	Other	38	35715
Accruals and deferred income		39	53
Provision for "reasonably foreseeable adverse variations"		41	
Total other insurance and non-insurance liabilities (17 to 41)		49	47251
Excess of the value of net admissible assets		51	163206
Total liabilities and margins		59	1021839
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	13018
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	20680
Total liabilities (11+12+49)		71	858133
Increase to liabilities - DAC related		72	
Reinsurers' share of technical provisions		73	
Other adjustments to liabilities (may be negative)		74	
Capital and reserves and fund for future appropriations		75	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)		76	

**Liabilities (other than long term insurance business)**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	<b>R15</b>	<b>71805</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2005</b>	<b>£000</b>
				As at the end of this financial year		As at the end of the previous year	
				<b>1</b>	<b>2</b>		

**Technical provisions (gross amount)**

Provision for unearned premiums	<b>11</b>	3243	3676
Claims outstanding	<b>12</b>	83571	79656
Provision for unexpired risks	<b>13</b>		
Equalisation provisions	Credit business	<b>14</b>	
	Other than credit business	<b>15</b>	
Other gross technical provisions	<b>16</b>		
Total gross technical provisions (11 to 16)	<b>19</b>	86814	83332

**Provisions and creditors**

Provisions	Taxation	<b>21</b>		
	Other risks and charges	<b>22</b>		
Deposits received from reinsurers		<b>31</b>		
Creditors	Direct insurance business	<b>41</b>		
	Reinsurance accepted	<b>42</b>		
	Reinsurance ceded	<b>43</b>		
Debenture loans	Secured	<b>44</b>		
	Unsecured	<b>45</b>		
Amounts owed to credit institutions		<b>46</b>		
Creditors	Taxation	<b>47</b>		2551
	Recommended dividend	<b>48</b>		59500
	Other	<b>49</b>	894	4972
Accruals and deferred income		<b>51</b>		
Total (19 to 51)		<b>59</b>	87708	150355
Provision for "reasonably foreseeable adverse variations"		<b>61</b>		
Cumulative preference share capital		<b>62</b>		
Subordinated loan capital		<b>63</b>		
Total (59 to 63)		<b>69</b>	87708	150355

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	<b>71</b>		4000
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Reinsurers' share of DAC	<b>81</b>		
Amounts deducted from technical provisions for discounting	<b>82</b>		
Other adjustments (may be negative)	<b>83</b>		
Capital and reserves	<b>84</b>	6210	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69+81-82+83+84)	<b>85</b>	93918	

**Profit and loss account (non-technical account)**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**

		Company registration number	GL/UK/CM	Period ended			Units	
				day	month	year		
		R16	71805	GL	31	12	2005	£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					31005	
Investment income	Income	14		16664			10175	
	Value re-adjustments on investments	15		819				
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18					381	
	Loss on the realisation of investments	19		83			1810	
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		(3327)				
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29		14073			38989	
Tax on profit or loss on ordinary activities		31		1887			2551	
Profit or loss on ordinary activities after tax (29-31)		39		12186			36438	
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		12186			36438	
Dividends (paid and proposed)		51		243485			148442	
Profit or loss retained for the financial year (49-51)		59		(231299)			(112004)	

**Analysis of derivative contracts**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	71805	GL	31	12	2005	£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				
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35					5586		4975
Adjustments for variation margin		41							
Total (11 to 41)		49					5586		4975

**Analysis of derivative contracts**

Name of insurer **PA (GI) Limited**  
 Global business  
 Financial year ended **31st December 2005**  
 Category of assets **Non-participation**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	71805	GL	31	12	2005	£000	12
		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35					5586		4975
Adjustments for variation margin		41							
Total (11 to 41)		49					5586		4975

**Long-term insurance business : Revenue account**Name of insurer **PA (GI) Limited**Name and number of fund/Summary **Summary**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
<b>Income</b>			
Earned premiums	11	66882	72571
Investment income receivable before deduction of tax	12	55614	90670
Increase (decrease) in the value of non-linked assets brought into account	13	41000	(20605)
Increase (decrease) in the value of linked assets	14	5916	2088
Other income	15		
<b>Total income</b>	<b>19</b>	<b>169412</b>	<b>144724</b>
<b>Expenditure</b>			
Claims incurred	21	130182	96158
Expenses payable	22	21739	15442
Interest payable before deduction of tax	23	1762	2165
Taxation	24	(4289)	3168
Other expenditure	25		269
Transfer to (from) non technical account	26		31005
<b>Total expenditure</b>	<b>29</b>	<b>149394</b>	<b>148207</b>
Business transfers-in	31		
Business transfers-out	32	960386	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(940368)	(3483)
Fund brought forward	49	940368	943851
Fund carried forward (39+49)	59		940368

**Long-term insurance business : Revenue account**Name of insurer **PA (GI) Limited**Name and number of fund/Summary **Participation**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
<b>Income</b>			
Earned premiums	11	3974	3753
Investment income receivable before deduction of tax	12	13169	13175
Increase (decrease) in the value of non-linked assets brought into account	13	6495	14645
Increase (decrease) in the value of linked assets	14		
Other income	15		
<b>Total income</b>	<b>19</b>	<b>23638</b>	<b>31573</b>
<b>Expenditure</b>			
Claims incurred	21	45923	34434
Expenses payable	22	768	1003
Interest payable before deduction of tax	23	905	651
Taxation	24	3123	1290
Other expenditure	25		
Transfer to (from) non technical account	26		
<b>Total expenditure</b>	<b>29</b>	<b>50719</b>	<b>37378</b>
Business transfers-in	31		
Business transfers-out	32	101905	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(128986)	(5805)
Fund brought forward	49	128986	134791
Fund carried forward (39+49)	59		128986



**Long-term insurance business : Revenue account**Name of insurer **PA (GI) Limited**Name and number of fund/Summary **Non-participation**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
<b>Income</b>			
Earned premiums	11	62908	68818
Investment income receivable before deduction of tax	12	42445	77495
Increase (decrease) in the value of non-linked assets brought into account	13	34505	(35250)
Increase (decrease) in the value of linked assets	14	5916	2088
Other income	15		
<b>Total income</b>	<b>19</b>	<b>145774</b>	<b>113151</b>
<b>Expenditure</b>			
Claims incurred	21	84259	61724
Expenses payable	22	20971	14439
Interest payable before deduction of tax	23	857	1514
Taxation	24	(7412)	1878
Other expenditure	25		269
Transfer to (from) non technical account	26		31005
<b>Total expenditure</b>	<b>29</b>	<b>98675</b>	<b>110829</b>
Business transfers-in	31		
Business transfers-out	32	858481	
Increase (decrease) in fund in financial year (19-29+31-32)	39	(811382)	2322
Fund brought forward	49	811382	809060
Fund carried forward (39+49)	59		811382

**Long term insurance business : Analysis of premiums**Name of insurer **PA (GI) Limited**Total business/subfund **Summary**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Regular premiums	11	58443	9843	(11)	68275	75223
Single premiums	12	(1)	3325		3324	2763
<b>Reinsurance - external</b>						
Regular premiums	13	2315	164		2479	3080
Single premiums	14					
<b>Reinsurance - intra-group</b>						
Regular premiums	15	2238			2238	2335
Single premiums	16					
<b>Net of reinsurance</b>						
Regular premiums	17	53890	9679	(11)	63558	69808
Single premiums	18	(1)	3325		3324	2763
<b>Total</b>						
Gross	19	58442	13168	(11)	71599	77986
Reinsurance	20	4553	164		4717	5415
Net	21	53889	13004	(11)	66882	72571

**Long term insurance business : Analysis of premiums**Name of insurer **PA (GI) Limited**Total business/subfund **Participation**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Regular premiums	11	1015	2967		3982	3776
Single premiums	12					
<b>Reinsurance - external</b>						
Regular premiums	13	8			8	23
Single premiums	14					
<b>Reinsurance - intra-group</b>						
Regular premiums	15					
Single premiums	16					
<b>Net of reinsurance</b>						
Regular premiums	17	1007	2967		3974	3753
Single premiums	18					
<b>Total</b>						
Gross	19	1015	2967		3982	3776
Reinsurance	20	8			8	23
Net	21	1007	2967		3974	3753

**Long term insurance business : Analysis of premiums**Name of insurer **PA (GI) Limited**Total business/subfund **Non-participation**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Regular premiums	11	57428	6876	(11)	64293	71447
Single premiums	12	(1)	3325		3324	2763
<b>Reinsurance - external</b>						
Regular premiums	13	2307	164		2471	3057
Single premiums	14					
<b>Reinsurance - intra-group</b>						
Regular premiums	15	2238			2238	2335
Single premiums	16					
<b>Net of reinsurance</b>						
Regular premiums	17	52883	6712	(11)	59584	66055
Single premiums	18	(1)	3325		3324	2763
<b>Total</b>						
Gross	19	57427	10201	(11)	67617	74210
Reinsurance	20	4545	164		4709	5392
Net	21	52882	10037	(11)	62908	68818

**Long term insurance business : Analysis of claims**Name of insurer **PA (GI) Limited**Total business/subfund **Summary**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Death or disability lump sums	11	31975	2302	2210	36487	37670
Disability periodic payments	12					
Surrender or partial surrender	13	35903	24645	190	60738	13542
Annuity payments	14	201	21382	15	21598	22953
Lump sums on maturity	15	18994	766		19760	32434
<b>Total</b>	16	87073	49095	2415	138583	106599
<b>Reinsurance - external</b>						
Death or disability lump sums	21	2141	100		2241	2335
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
<b>Total</b>	26	2141	100		2241	2335
<b>Reinsurance - intra-group</b>						
Death or disability lump sums	31	1418			1418	1572
Disability periodic payments	32					
Surrender or partial surrender	33	2998			2998	4440
Annuity payments	34					
Lump sums on maturity	35	1744			1744	2094
<b>Total</b>	36	6160			6160	8106
<b>Net of reinsurance</b>						
Death or disability lump sums	41	28416	2202	2210	32828	33763
Disability periodic payments	42					
Surrender or partial surrender	43	32905	24645	190	57740	9102
Annuity payments	44	201	21382	15	21598	22953
Lump sums on maturity	45	17250	766		18016	30340
<b>Total</b>	46	78772	48995	2415	130182	96158

**Long term insurance business : Analysis of claims**Name of insurer **PA (GI) Limited**Total business/subfund **Participation**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Death or disability lump sums	11	3492			3492	2005
Disability periodic payments	12					
Surrender or partial surrender	13	28943			28943	6227
Annuity payments	14					
Lump sums on maturity	15	13564			13564	26252
<b>Total</b>	16	45999			45999	34484
<b>Reinsurance - external</b>						
Death or disability lump sums	21	76			76	50
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
<b>Total</b>	26	76			76	50
<b>Reinsurance - intra-group</b>						
Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
<b>Total</b>	36					
<b>Net of reinsurance</b>						
Death or disability lump sums	41	3416			3416	1955
Disability periodic payments	42					
Surrender or partial surrender	43	28943			28943	6227
Annuity payments	44					
Lump sums on maturity	45	13564			13564	26252
<b>Total</b>	46	45923			45923	34434

**Long term insurance business : Analysis of claims**Name of insurer **PA (GI) Limited**Total business/subfund **Non-participation**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Death or disability lump sums	11	28483	2302	2210	32995	35665
Disability periodic payments	12					
Surrender or partial surrender	13	6960	24645	190	31795	7315
Annuity payments	14	201	21382	15	21598	22953
Lump sums on maturity	15	5430	766		6196	6182
<b>Total</b>	16	41074	49095	2415	92584	72115
<b>Reinsurance - external</b>						
Death or disability lump sums	21	2065	100		2165	2285
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
<b>Total</b>	26	2065	100		2165	2285
<b>Reinsurance - intra-group</b>						
Death or disability lump sums	31	1418			1418	1572
Disability periodic payments	32					
Surrender or partial surrender	33	2998			2998	4440
Annuity payments	34					
Lump sums on maturity	35	1744			1744	2094
<b>Total</b>	36	6160			6160	8106
<b>Net of reinsurance</b>						
Death or disability lump sums	41	25000	2202	2210	29412	31808
Disability periodic payments	42					
Surrender or partial surrender	43	3962	24645	190	28797	2875
Annuity payments	44	201	21382	15	21598	22953
Lump sums on maturity	45	3686	766		4452	4088
<b>Total</b>	46	32849	48995	2415	84259	61724

## Long term insurance business : Analysis of expenses

Name of insurer **PA (GI) Limited**Total business/subfund **Summary**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Commission - acquisition	11	185	4		189	334
Commission - other	12	3130	31		3161	3508
Management - acquisition	13	8			8	(75)
Management - maintenance	14	5129	87		5216	7345
Management - other	15	12915	272		13187	4606
<b>Total</b>	<b>16</b>	<b>21367</b>	<b>394</b>		<b>21761</b>	<b>15718</b>
<b>Reinsurance - external</b>						
Commission - acquisition	21	11	4		15	26
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>	<b>11</b>	<b>4</b>		<b>15</b>	<b>26</b>
<b>Reinsurance - intra-group</b>						
Commission - acquisition	31					
Commission - other	32	7			7	250
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>	<b>7</b>			<b>7</b>	<b>250</b>
<b>Net of reinsurance</b>						
Commission - acquisition	41	174			174	308
Commission - other	42	3123	31		3154	3258
Management - acquisition	43	8			8	(75)
Management - maintenance	44	5129	87		5216	7345
Management - other	45	12915	272		13187	4606
<b>Total</b>	<b>46</b>	<b>21349</b>	<b>390</b>		<b>21739</b>	<b>15442</b>



**Long term insurance business : Analysis of expenses**Name of insurer **PA (GI) Limited**Total business/subfund **Participation**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Commission - acquisition	11	7			7	18
Commission - other	12	635			635	759
Management - acquisition	13					
Management - maintenance	14	127			127	227
Management - other	15					
<b>Total</b>	16	769			769	1004
<b>Reinsurance - external</b>						
Commission - acquisition	21	1			1	1
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	26	1			1	1
<b>Reinsurance - intra-group</b>						
Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	36					
<b>Net of reinsurance</b>						
Commission - acquisition	41	6			6	17
Commission - other	42	635			635	759
Management - acquisition	43					
Management - maintenance	44	127			127	227
Management - other	45					
<b>Total</b>	46	768			768	1003

**Long term insurance business : Analysis of expenses**Name of insurer **PA (GI) Limited**Total business/subfund **Non-participation**Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Gross</b>						
Commission - acquisition	11	178	4		182	316
Commission - other	12	2495	31		2526	2749
Management - acquisition	13	8			8	(75)
Management - maintenance	14	5002	87		5089	7118
Management - other	15	12915	272		13187	4606
<b>Total</b>	16	20598	394		20992	14714
<b>Reinsurance - external</b>						
Commission - acquisition	21	10	4		14	25
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	26	10	4		14	25
<b>Reinsurance - intra-group</b>						
Commission - acquisition	31					
Commission - other	32	7			7	250
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	36	7			7	250
<b>Net of reinsurance</b>						
Commission - acquisition	41	168			168	291
Commission - other	42	2488	31		2519	2499
Management - acquisition	43	8			8	(75)
Management - maintenance	44	5002	87		5089	7118
Management - other	45	12915	272		13187	4606
<b>Total</b>	46	20581	390		20971	14439

## Long term insurance business : Linked funds balance sheet

Name of insurer **PA (GI) Limited**

Total business

Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		<b>1</b>	<b>2</b>
<b>Internal linked funds (excluding cross investment)</b>			
Directly held assets (excluding collective investment schemes)	11		78
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13		
<b>Total assets (excluding cross investment) (11+12+13)</b>	14		78
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16		
Other liabilities	17		
<b>Total net assets (14-15-16-17)</b>	18		78
<b>Directly held linked assets</b>			
Value of directly held linked assets	21		
<b>Total</b>			
Value of directly held linked assets and units held (18+21)	31		78
Surplus units	32		
Deficit units	33		
<b>Net unit liability (31-32+33)</b>	34		78

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

Name of insurer **PA (GI) Limited**

Total business

Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		<b>1</b>	<b>2</b>
<b>Income</b>			
Value of total creation of units	11		
Investment income attributable to the funds before deduction of tax	12	4	3
Increase (decrease) in the value of investments in the financial year	13	41	20
Other income	14		
<b>Total income</b>	19	45	23
<b>Expenditure</b>			
Value of total cancellation units	21		26
Charges for management	22	5	2
Charges in respect of tax on investment income	23		
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26	118	
<b>Total expenditure</b>	29	123	28
Increase (decrease) in funds in financial year (19-29)	39	(78)	(5)
Internal linked fund brought forward	49	78	83
Internal linked funds carried forward (39 + 49)	59		78

## **PA (GI) LIMITED**

### **APPENDIX 9.4**

#### **Valuation Report on the ordinary long-term business of PA (GI) Limited under the rules of the Integrated Prudential Sourcebook for Insurers, IPRU(INS).**

## **1**

1.1 The date of the valuation was 31st December 2005.

1.2 The latest previous valuation, under Rule 9.4, related to 31st December 2004.

On the 31st December 2005, the whole of the business within the long term fund was transferred under Part VII of the Financial Services and Markets Act 2000 to Phoenix Life Limited (formerly Royal & Sun Alliance Linked Insurances Limited).

There is no long term business within the fund.

1.3 There were no interim valuations (for the purposes of rule 9.4) carried out since the previous valuation date.

**Long term insurance business : Summary of new business**Name of insurer **PA (GI) Limited**

Total business

Financial year ended **31st December 2005**Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
<b>Number of new policyholders/scheme members for direct insurance business</b>						
Regular premium business	11		3		3	
Single premium business	12		187		187	
<b>Total</b>	13		190		190	
<b>Amount of new regular premiums</b>						
Direct insurance business	21					
External reinsurance	22					
Intra-group reinsurance	23		2		2	
<b>Total</b>	24		2		2	
<b>Amount of new single premiums</b>						
Direct insurance business	25		2999		2999	
External reinsurance	26					
Intra-group reinsurance	27					
<b>Total</b>	28		2999		2999	

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

Name of insurer **PA (GI) Limited**

Total business

Financial year ended **31st December 2005**

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

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

Name of insurer **PA (GI) Limited**

Total business

Financial year ended **31st December 2005**

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
400	Annuity non-profit (CPA)			179	2883
905	Index linked annuity			8	116



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

Name of insurer **PA (GI) Limited**

Total business

Financial year ended **31st December 2005**

Units **£000**

UK Pension / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
325	Level term assurance	3	2		

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

Name of insurer **PA (GI) Limited**

Total business

Financial year ended **31st December 2005**

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

**Long term insurance business : distribution of surplus**Name of insurer **PA (GI) Limited**Total business/subfund **Summary**Financial year ended **31st December 2005**Units **£000**

		<b>Financial year</b>	<b>Previous year</b>
		<b>1</b>	<b>2</b>
<b>Valuation result</b>			
Fund carried forward	11		940368
Bonus payments in anticipation of a surplus	12	11141	7469
Transfer to non-technical account	13		31005
Transfer to other funds/parts of funds	14	27237	
Subtotal (11 to 14)	15	38378	978842
Mathematical reserves	21		936712
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29	38378	42130
<b>Composition of Surplus</b>			
Balance brought forward	31	1000	1000
Transfer from non-technical account	32		
Transfer from other funds/parts of funds	33		
Surplus arising since the last valuation	34	37378	41130
Total	39	38378	42130
<b>Distribution of Surplus</b>			
Bonus paid in anticipation of a surplus	41	11141	7469
Cash bonuses	42		
Reversionary bonuses	43		2656
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	11141	10125
Net transfer out of fund/part of fund	47	27237	31005
Total distributed surplus (46+47)	48	38378	41130
Surplus carried forward	49		1000
Total (48+49)	59	38378	42130
<b>Percentage of distributed surplus allocated to policyholders</b>			
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 **PA (GI) Limited**Total business/subfund **Participation**Financial year ended **31st December 2005**Units **£000**

		<b>Financial year</b>	<b>Previous year</b>
		<b>1</b>	<b>2</b>
<b>Valuation result</b>			
Fund carried forward	11		128986
Bonus payments in anticipation of a surplus	12	11141	7469
Transfer to non-technical account	13		
Transfer to other funds/parts of funds	14	2837	
Subtotal (11 to 14)	15	13978	136455
Mathematical reserves	21		125830
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29	13978	10625
<b>Composition of Surplus</b>			
Balance brought forward	31	500	500
Transfer from non-technical account	32		
Transfer from other funds/parts of funds	33		
Surplus arising since the last valuation	34	13478	10125
Total	39	13978	10625
<b>Distribution of Surplus</b>			
Bonus paid in anticipation of a surplus	41	11141	7469
Cash bonuses	42		
Reversionary bonuses	43		2656
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	11141	10125
Net transfer out of fund/part of fund	47	2837	
Total distributed surplus (46+47)	48	13978	10125
Surplus carried forward	49		500
Total (48+49)	59	13978	10625
<b>Percentage of distributed surplus allocated to policyholders</b>			
Current year	61	79.70	100.00
Current year - 1	62	100.00	100.00
Current year - 2	63	100.00	100.00
Current year - 3	64	100.00	100.00

**Long term insurance business : distribution of surplus**

Name of insurer **PA (GI) Limited**  
 Total business/subfund **Non-participation**  
 Financial year ended **31st December 2005**  
 Units **£000**

		<b>Financial year</b>	<b>Previous year</b>
		<b>1</b>	<b>2</b>
<b>Valuation result</b>			
Fund carried forward	11		811382
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		31005
Transfer to other funds/parts of funds	14	24400	
Subtotal (11 to 14)	15	24400	842387
Mathematical reserves	21		810882
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29	24400	31505
<b>Composition of Surplus</b>			
Balance brought forward	31	500	500
Transfer from non-technical account	32		
Transfer from other funds/parts of funds	33		
Surplus arising since the last valuation	34	23900	31005
Total	39	24400	31505
<b>Distribution of Surplus</b>			
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	24400	31005
Total distributed surplus (46+47)	48	24400	31005
Surplus carried forward	49		500
Total (48+49)	59	24400	31505
<b>Percentage of distributed surplus allocated to policyholders</b>			
Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

**Long term insurance capital requirement**Name of insurer **PA (GI) Limited**

Global business

Financial year ended **31st December 2005**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
<b>Insurance death risk capital component</b>							
Classes I, II and IX	11	0.1%					50
Classes I, II and IX	12	0.15%					
Classes I, II and IX	13	0.3%					33860
Classes III, VII and VIII	14	0.3%					9
<b>Total</b>	15						33920
<b>Insurance health risk capital component</b>							
Class IV and supplementary classes 1 and 2	21						4368
<b>Insurance expense risk capital component</b>							
Classes I, II and IX	31	1%					7122
Classes III, VII and VIII (investment risk)	32	1%					420
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%					149
Classes III, VII and VIII (other)	34	25%					
Class IV	35	1%					2065
Class V	36	1%					
Class VI	37	1%					
<b>Total</b>	38						9756
<b>Insurance market risk capital component</b>							
Classes I, II and IX	41	3%					21365
Classes III, VII and VIII (investment risk)	42	3%					1261
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%					
Classes III, VII and VIII (other)	44	0%					
Class IV	45	3%					6195
Class V	46	0%					
Class VI	47	3%					
<b>Total</b>	48						28822
<b>Long term insurance capital requirement</b>	51						76866

## Returns under the Accounts and Statements Rules

### Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31st December 2005

#### NOTES TO APPENDIX 9.1

##### **\*0101\* Modification of Rules 9.15, 9.17, 9.19, 9.20 and 9.21.**

The FSA, on the application of the firm, made a direction in March 2005 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to waive the firm's obligation, under IPRU (INS), to prepare forms 21 to 36.

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

The reconciliation of the net admissible assets to total capital resources after deductions is as follows:

	2005 £000's
Form 13 line 89 Total other than long term business assets	93,918
Form 13 line 89 Total long term business assets	
Less the sum of lines 11, 12 and 49 of Form 14	
Less Form 15 line 69	87,708
Form 13 line 93 Total other than long term business assets, Capital resource requirement of subsidiary undertakings	
Total Capital resources after deductions (Form 3 line 79)	<u>6,210</u>

##### **\*0303\* Allocation of capital items between general and long term insurance business**

The amount of £3,200k shown in Form 3 line 12 column 1 represents shareholders' assets which have been allocated to cover general insurance business capital resources requirements.

##### **\*1105\* Differences between brought forward and carried forward amounts**

The brought forward amounts for claims outstanding represent those carried forward at the end of 2001 revalued in the case of foreign currency denominated amounts to 2005 rates of exchange.

##### **\*1301\* OLTB: Aggregate value of certain investments.**

The Company held at 31 December 2005 £78k (2004 £50,063k) in unlisted securities.

##### **\*1302\* OLTB: Hybrid securities.**

The aggregate value of hybrid securities held by the Company at 31 December 2004 was £2k.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31st December 2005

#### **\*1304\* OLTB: Set off**

#### **\*1310\* LTB: Set off**

- a) In accordance with Appendix 9.1, paragraph 8 of the Interim Prudential Sourcebook for Insurers, amounts shown in Forms 13, 14 and 15 have been calculated by netting amounts due to any one person against amounts due from that person.
- b) Interfund balances which exist between the shareholders' funds and life funds have been adjusted by allocating appropriate cash and deposit balances.

#### **\*1305\* OLTB: Counterparty limits**

#### **\*1311\* LTB: Counterparty limits**

The maximum permitted limit to an approved and other than approved counterparty is the limit consistent with the requirement on admissibility of assets unless the Company agrees otherwise.

#### **\*1306\* Counterparty exposure at the end of the financial year**

#### **\*1312\* Counterparty exposure at the end of the financial year**

At 31 December 2004 the Company had an interest bearing loan with its immediate parent company of £194,444k.

#### **\*1308\* LTB: Aggregate value of certain investments**

The Company held at 31 December 2004 £3,267k in unlisted securities and listed securities not readily realisable, the majority of which were listed securities not readily realisable.

#### **\*1309\* LTB: Hybrid securities**

The aggregate value of hybrid securities held by the Company at 31 December 2004 was £26k.

#### **\*1401\* Provision for reasonably foreseeable adverse variations**

#### **\*1501\* Provision for reasonably foreseeable adverse variations**

No provision for adverse changes has been made as liabilities are matched to assets.

#### **\*1402\* Details of charges over assets, contingent liabilities etc**

#### **\*1502\* Details of charges over assets, contingent liabilities etc**

At 31 December 2004, Form 14 line 21 includes an amount of £4,447k in respect of a prospective liability for tax on unrealised capital gains calculated in accordance with Financial Reporting Standard 19, and so no additional mathematical reserve has been included on form 14, line 51.

At 31 December 2005 there were no other contingent liabilities, guarantees, indemnities or contractual commitments effected by the Company other than in the ordinary course of its insurance business.



## Returns under the Accounts and Statements Rules

### Supplementary Notes

PA (GI) Limited

Global Business

Financial year ended 31st December 2005

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

In accordance with Appendix 9.1 paragraph 5(2) of the Interim Prudential Sourcebook for Insurers, long-term business amounts of income and expenditure in foreign currencies are translated to sterling at prevailing rates at the date of the transactions.

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

On 31 December 2005, the majority of the shareholders funds of the Company were transferred to that of Phoenix Life Limited (formerly Royal & Sun Alliance Linked Insurances Limited) for a £nil consideration in accordance with the terms of a scheme under Part VII of the Financial Services and Markets Act 2000 approved by the High Court on 31 October 2005. The value of such was £62,693k.

On 6 December 2005 following Court approval the Company reduced its share capital by the cancellation and extinction of ordinary and deferred shares and share premium. This reduction was effected by cancelling the capital paid up on 1,020,782 ordinary shares. The value of such was £59,366k.

#### **\*1700\* Omission of forms**

Form 17 for other than long term has not been prepared as all entries, including comparatives, would be nil.

#### **\*1701\* Derivative contracts**

There has been no excess variation margin received due to market movements that has subsequently been partly or wholly reversed.

**Returns under the Accounts and Statements Rules**

**Supplementary Notes**

**PA (GI) Limited**

**Global Business**

**Financial year ended 31st December 2005**

**NOTES TO APPENDIX 9.2**

**\*2000\* Omission of forms**

Form 20 has not been prepared as all entries, including comparatives would be nil.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### PA (GI) Limited

#### Global Business

Financial year ended 31st December 2005

### NOTES TO APPENDIX 9.3

#### **\*4002\* Other income and expenditure**

Other expenditure shown on Form 40, line 25 relates to costs arising from the decision to close to new business in 2002, together with the out-turn of provisions established prior to 2005 in respect of previous business improvement programmes. These costs arise from fundamental reorganisations of the business.

#### **\*4004\* Business Transfer out**

On 31 December 2005, the long term business was transferred to that of Phoenix Life Limited (formerly Royal & Sun Alliance Linked Insurance Limited) for a £nil consideration in accordance with the terms of a scheme under Part VII of the Financial Services and Markets Act 2000 approved by the High Court on 31 October 2005. Funds carried forward were part of this transfer to produce the £nil balance.

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

Expenses for each long term fund are part specific and part allocated so as to reflect, as far as possible, actual involvement and work done.

#### **\*4008\* Provision of management services to or by the company**

Arrangements were in force during the financial year for the provision of management services to the Company by Phoenix Life Insurance Services (PLIS), formerly Royal & Sun Alliance Life Insurance Services Limited, Resolution Life Services Limited, Unisys Ltd and F&C Asset Management plc.

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

A number of reinsurance contracts are in place between the Company and other group companies. All these contracts are entered into on "arms length" basis.

An interim dividend of £104.5m was paid to Resolution Life Limited on 27 June 2005 by means of transfer of the whole of the ordinary share capital of Royal & Sun Alliance Linked Insurances Limited (since renamed to Phoenix Life Limited).

A further interim dividend of £139.0m was paid to Resolution Life Limited on 10 August 2005 by means of transfer of the whole of the ordinary share capital of Swiss Life (UK) Group plc (since renamed to SL Liverpool Holding plc).

#### **\*4011\* Expenses payable**

During the year, the company signed a management services agreement with Phoenix Life Insurance Services Ltd (formerly Royal & Sun Alliance Life Insurance Services Ltd, a related company) for the provision of policy administration services and related support functions, together with financial management and reporting services and governance activities, effective from 1 January 2005. The majority of recurring costs associated with the agreement are wholly variable, being determined by in-force policy counts, further reducing the company's exposure to expense risk.

## Returns under the Accounts and Statements Rules

### Supplementary Notes

#### PA (GI) Limited

#### Global Business

Financial year ended 31st December 2005

#### **\*4103\* Financing reinsurance**

A part repayment of the original £85.0m paid in prior years was received in 2005 from another group company of £6.5m (2004 £10.8m). This has been included in regular premiums and has been split £3.3m (2004 £5.2m) life and £3.2m (2004 £5.6m) pensions, shown in Form 41 Line 11, Life and Pension respectively.

#### **\*4401\* Basis of valuation of assets**

Investments and assets held to cover linked liabilities are shown at market value, for which purpose unlisted investments, mortgages and loans are included at directors' valuation and properties at professional valuation. For listed securities the stock exchange values are used. Properties are valued annually at open market value.

#### **\*4502\* Other Expenditure**

On 31 December 2005, the long term business were transferred to that of Phoenix Life Limited (formerly Royal & Sun Alliance Linked Insurance Limited) for a £nil consideration in accordance with the terms of a scheme under Part VII of the Financial Services and Markets Act 2000 approved by the High Court on 31 October 2005. Funds carried forward were part of this transfer to produce the £nil balance.

#### **\*4800\* Omission of forms**

Form 48 has not been prepared as all entries would be nil.

#### **\*4900\* Omission of forms**

Form 49 has not been prepared as all entries would be nil.

#### **\*5100\* Omission of forms**

Form 51 has not been prepared as all entries would be nil.

#### **\*5200\* Omission of forms**

Form 52 has not been prepared as all entries would be nil.

**Returns under the Accounts and Statements Rules**

**Supplementary Notes**

**PA (GI) Limited**

**Global Business**

**Financial year ended 31st December 2005**

**\*5300\* Omission of forms**

Form 53 has not been prepared as all entries would be nil.

**\*5400\* Omission of forms**

Form 54 has not been prepared as all entries would be nil.

**\*5500\* Omission of forms**

Form 55 has not been prepared as all entries would be nil.

**\*5600\* Omission of forms**

Form 56 has not been prepared as all entries would be nil.

**\*5700\* Omission of forms**

Form 57 has not been prepared as all entries would be nil.

**\*5803\* Percentage of distributed surplus to be allocated to policyholders**

The percentage distributed to policyholders for 2005 is shown as 79.7% in line 61 of the 100% Fund Form 58. This amount represents the bonus payments in anticipation of surplus as a percentage of the total distributed surplus. The remaining 21.3% has been transferred to the 100% Fund within Phoenix Life Limited. Therefore the effective amount attributed to policyholders for 2005 is still 100% as the surplus within the PLL 100% fund is 100% attributable to policyholders

Returns under the Accounts and Statements Rules

**Statement of Additional Information on Derivative Contracts required by Rule 9 of the Interim Prudential Sourcebook for Insurers**

Name of company **PA (GI) Limited**

Financial year ended **31st December 2005**

Name and Number of fund/Summary **Participation**

**Statement pursuant to Rule 9 paragraph 9.29 of the Interim Prudential Sourcebook for Insurers**

- a) The company has investment guidelines which indicate that derivative contracts are used primarily for the purpose of efficient portfolio management or reduction of investment risks which specify the types of derivative contracts which may be used and indicate the processes to be used in selecting and managing derivative contracts. The guidelines also require regular monitoring and reporting of open positions.
- b) The guidelines operated by the Company for the use of derivative contracts do not include any provisions for the use of contracts under which the company has a right or obligation to acquire or dispose of assets which was not, at the time the contract was entered into, reasonably likely to be exercised.
- c) The Company was not a party to any such contracts of the kind described in b) at any time during the financial year.
- d) The derivative assets are valued at market value. There would be no material change in value of any assets on Form 13 if these contracts were closed as at 31 December 2005.
- e) The position under d) would not be different if such options were exercised in such a way as to change the amounts referred to in d) to the maximum extent.
- f) The position under d) would not have been materially different at any other time during the relevant financial year.
- g) The maximum loss which would be incurred by the Company in the event of failure by any one other person to fulfil its obligations under these contracts at the end of the financial year under existing and other foreseeable market conditions was nil.

The maximum loss at any other time during the relevant financial year was nil.

- h) All derivative assets held during the relevant financial year are admissible.
- i) The company received £19,655 during the year in return for granting rights under derivative contracts. Summary of contracts in force during the year were as follows:

Put Option for 318,000 shares in Shell

Returns under the Accounts and Statements Rules

**Statement of Additional Information on Derivative Contracts required by Rule 9 of the Interim Prudential Sourcebook for Insurers**

Name of company **PA (GI) Limited**

Financial year ended **31st December 2005**

Name and Number of fund/Summary **Non-Participation**

**Statement pursuant to Rule 9 paragraph 9.29 of the Interim Prudential Sourcebook for Insurers**

- a) The company has investment guidelines which indicate that derivative contracts are used primarily for the purpose of efficient portfolio management or reduction of investment risks which specify the types of derivative contracts which may be used and indicate the processes to be used in selecting and managing derivative contracts. The guidelines also require regular monitoring and reporting of open positions.
- b) The guidelines operated by the Company for the use of derivative contracts do not include any provisions for the use of contracts under which the company has a right or obligation to acquire or dispose of assets which was not, at the time the contract was entered into, reasonably likely to be exercised.
- c) The Company was not a party to any such contracts of the kind described in b) at any time during the financial year.
- d) The derivative assets are valued at market value. There would be no material change in value of any assets on Form 13 if these contracts were closed as at 31 December 2005.
- e) The position under d) would not be different if such options were exercised in such a way as to change the amounts referred to in d) to the maximum extent.
- f) The position under d) would not have been materially different at any other time during the relevant financial year.
- g) The maximum loss which would be incurred by the Company in the event of failure by any one other person to fulfil its obligations under these contracts at the end of the financial year under existing and other foreseeable market conditions was £nil.

The maximum loss at any other time during the relevant financial year was £11,405,000.

- h) All derivative assets held during the relevant financial year are admissible.
- i) No fixed value consideration was received by the company during the year in return for granting rights under derivative contracts.

Returns under the Accounts and Statements Rules

**Statement of Additional Information on Controllers required by Rule 9.30**

**PA(GI)**

**Global Business**

**Financial year ended 31st December 2005**

**Statement Pursuant to Rule 9 paragraph 9.30 of the Interim Prudential Sourcebook for Insurers**

1. On 29 December 2005 Phoenix Assurance Limited changed its name to PA(GI). With effect from 31 December 2004 the following persons have, to the knowledge of Phoenix Assurance Limited (the Company), been shareholder controllers of the Company in descending order of parentage:

Resolution plc  
Resolution Life Group Limited  
Resolution Life Limited

2. As at 31 December 2005 the shareholder controllers held 100% of the ordinary shares of its immediate subsidiary company together with the whole of the voting power at any general meeting.



**Certificate required by Rule 9.34**

**PA (GI) Limited**

**Global Business**

**Financial year ended: 31 December 2005**

We certify that:

- (1) the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU.
- (2) the directors are satisfied that:
  - (i) throughout the financial year, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) and PRU; and
  - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
- (3) in the directors' opinion, premiums for contracts of long-term insurance business entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular to establish adequate mathematical reserves.
- (4) There are no mathematical reserves as at the end of the financial year, as these were transferred to Phoenix Life Limited 31 December 2005.
- (5) the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management as established, maintained and recorded under COB 6.10.
- (6) the directors have, in preparing the return, taken and paid due regard to:
  - (i) advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
  - (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16R.

G L SINGLETON

R CRAINE

R E K GREENFIELD

.....  
Director

.....  
Director

.....  
Director

**29 March 2006**

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

### **Independent auditors' report to the directors pursuant to Rule 9.35**

#### **PA (GI) Limited**

#### **Global business**

#### **Financial year ended 31st December 2005**

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Chapter 9 of the Interim Prudential Sourcebook for Insurers and the Integrated Prudential Sourcebook ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000

- Forms 1, 2, 3, 11 to 17, 40 to 45, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement");

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

- Forms 46 and 47 (including the supplementary notes);
- the statements required by rules 9.30 and 9.36; and
- the certificate signed in accordance with rule 9.34.

This report is made solely to the insurer's directors, in accordance with rule 9.35 of the Accounts and Statements Rules. 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 report) under the provisions of the Rules. Under rule 9.11 the Forms and the statement 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.

It is our responsibility to form an independent opinion as to whether the Forms and the statement 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' and Bulletin 2004/5 'Supplementary guidance for auditors of insurers in the United Kingdom' 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 and the statement. 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 30 March 2006. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms and the statement.

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 and the statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

**Opinion**

In our opinion the Forms and the statement fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules.

**Ernst & Young LLP**  
**Registered Auditor**  
**London**

**30 March 2006**

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

### **Statement of information on the actuary who has been appointed to perform the with profits actuary function**

**Name of company PA (GI) Limited**

**Global business**

**Financial year ended 31<sup>st</sup> December 2005**

In accordance with Rule 9.36 of the Interim Prudential Sourcebook for Insurers, the Actuary appointed to perform the With-Profits Actuary function of Phoenix Life Limited has been requested to furnish the particulars required in paragraph 1 of the Rule and has accordingly furnished the following statement. The Company has reviewed the requirements of Rule 9.36 and is not aware of any further information to that provided by the Actuary.

#### **Particulars of Shareholdings**

The With-Profits Actuary to the Company had no interest during the period from 1st January 2005 to 31st December 2005 in the share capital of the ultimate holding company.

#### **Particulars of Pecuniary Interests**

There were no contracts of insurance in existence between the With-Profits Actuary and companies in the Resolution group.

#### **Particulars of Remuneration, Benefits, Directors Emoluments, Pensions or Compensation**

The aggregate amount receivable by way of remuneration and the value of other benefits under a contract of employment with Resolution was £142,939 during 2005.

The With-Profits Actuary was a member of the Royal Insurance Group Staff Pension Scheme until 31<sup>st</sup> August 2005 and then joined the Phoenix Life Group Pension Scheme on normal staff terms. The figure shown above excludes the relevant contributions.

Note:

The above information relates to Mr A E Burke the With-Profits Actuary from 1<sup>st</sup> January 2005.