

London Life Linked Assurances Limited

Registered in England - No 1396188

Registered Office

The Pearl Centre
Lynch Wood
Peterborough
PE2 6FY

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



(Appendices 9.1, 9.3, 9.4, 9.6)

London Life Linked Assurances Limited

Year ended 31st December 2005

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Statement of solvency - long-term insurance businessName of insurer **London Life Linked Assurances Limited**

Global business

Financial year ended **31st December 2005**

Solo solvency calculation

Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R2	1396188	GL	31	12	2005	£000
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	As at end of this financial year	As at end of the previous year
	1	2

Capital resources

Capital resources arising within the long-term insurance fund	11	700	
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	5570	9694
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	6270	9694

Guarantee Fund

Guarantee Fund requirement	21	2030	2087
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	4240	7607

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	1167	1163
Resilience capital requirement	32	800	1060
Base capital resources requirement	33	2030	2087
Individual minimum capital requirement	34	2030	2223
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34 + 35)	36	2030	2223
Excess (deficiency) of available capital resources to cover 50% of MCR	37	5255	8582
Excess (deficiency) of available capital resources to cover 75% of MCR	38	4748	8027

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	2030	2223

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	2030	2223
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	4240	7471

Contingent liabilities

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

Name of insurer **London Life Linked Assurances Limited**

Global business

Financial year ended **31st December 2005**

..... **I W Laughlin** **Managing Director**

..... **J S Moss** **Director**

..... **G S Felston** **Director**

Date: 31st March 2006

Components of capital resources

Name of insurer **London Life Linked Assurances Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	1396188	GL	31	12	2005	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4		

Core tier one capital

Permanent share capital	11		2000	2000	2000
Profit and loss account and other reserves	12		4270	4270	8266
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		6270	6270	10266

Tier one waivers

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

Other tier one capital

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

Total tier one capital before deductions (19+24+25+26+27+28)	31		6270	6270	10266
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				572
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				572
Total tier one capital after deductions (31-37)	39		6270	6270	9694

Components of capital resources

Name of insurer **London Life Linked Assurances Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	1396188	GL	31	12	2005	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4		

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and securities	46				
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49				
Fixed term preference shares	51				
Other tier two instruments	52				
Lower tier two capital in related undertakings	53				
Lower tier two capital (51+52+53)	59				
Total tier two capital before restrictions (49+59)	61				
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69				

Components of capital resources

Name of insurer **London Life Linked Assurances Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	1396188	GL	31	12	2005	£000
	General insurance Business 1	Long-Term insurance Business 2	Total as at the end of this financial year 3			Total as at the end of the previous year 4	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72		6270		6270	9694
Inadmissible assets other than intangibles and own shares	73					
Assets in excess of market risk and counterparty limits	74					
Deductions for related ancillary services undertakings	75					
Deductions for regulated non-insurance related undertakings	76					
Deductions of ineligible surplus capital	77					
Total capital resources after deductions (72-73-74-75-76-77)	79		6270		6270	9694

Available capital resources for PRU tests

Available capital resources for guarantee fund requirement	81		6270		6270	9694
Available capital resources for 50% MCR requirement	82		6270		6270	9694
Available capital resources for 75% MCR requirement	83		6270		6270	9694

Financial engineering adjustments

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

Analysis of admissible assets

Name of Insurer **London Life Linked Assurances 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			
	R13	1396188	GL	31	12	2005	£000	1
Investments						As at the end of this financial year 1	As at the end of the previous year 2	
Land and buildings				11				
Investments in group undertakings and participating interests								
UK insurance dependants	shares			21				
	debts and loans			22				
Other insurance dependants	shares			23				
	debts and loans			24				
Non-insurance dependants	shares			25				
	debts and loans			26				
Other group undertakings	shares			27				
	debts and loans			28				
Participating interests	shares			29				
	debts and loans			30				
Other financial investments								
Equity shares				41				
Other shares and other variable yield participations				42				
Holdings in collective investment schemes				43		5325		6415
Rights under derivative contracts				44				
Fixed interest securities	Approved			45				
	Other			46				
Variable interest securities	Approved securities			47				
	Other			48				
Participation in investment pools				49				
Loans secured by mortgages				50				
Loans to public or local authorities and nationalised industries or undertakings				51				
Loans secured by policies of insurance issued by the company				52				
Other loans				53				
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		697		3620
	More than one month withdrawal			55				
Other financial investments				56				

Analysis of admissible assets

Name of insurer **London Life Linked Assurances 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			
	R13	1396188	GL	31	12	2005	£000	1
							As at the end of this financial year 1	As at the end of the previous year 2
Deposits with ceding undertakings				57				
Assets held to match linked liabilities			Index linked	58				
			Property linked	59				
Reinsurers' share of technical provisions								
Provision for unearned premiums				60				
Claims outstanding				61				
Provision for unexpired risks				62				
Other				63				
Debtors and salvage								
Direct insurance business			Policyholders	71				
			Intermediaries	72				
Salvage and subrogation recoveries				73				
Reinsurance			Accepted	74				
			Ceded	75				
Dependents			Due in 12 months or less	76				
			Due in more than 12 months	77				
Other			Due in 12 months or less	78				
			Due in more than 12 months	79				
Other assets								
Tangible assets				80				
Deposits not subject to time restriction on withdrawal with approved institutions				81		2		10
Cash in hand				82				
Other assets (particulars to be specified by way of supplementary note)				83				
Accrued interest and rent				84				
Deferred acquisition costs				85				
Other prepayments and accrued income				86				
Deductions from the aggregate value of assets				87				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				89		6024		10045

Analysis of admissible assets

Name of insurer **London Life Linked Assurances Limited**
 Global business
 Financial year ended **31st December 2005**
 Category of assets **Total other than long term insurance business assets**

R13	Company registration number 1396188	GL/UK/CM GL	Period ended			Units £000	Category of assets 1
			day	month	year		
			31	12	2005		

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

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	6024	10045
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	6024	

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 **London Life Linked Assurances 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			
	R13	1396188	GL	31	12	2005	£000	10
Investments						As at the end of this financial year 1		As at the end of the previous year 2
Land and buildings				11				
Investments in group undertakings and participating interests								
UK insurance dependants	shares			21				
	debts and loans			22				
Other insurance dependants	shares			23				
	debts and loans			24				
Non-insurance dependants	shares			25				
	debts and loans			26				
Other group undertakings	shares			27				
	debts and loans			28				
Participating interests	shares			29				
	debts and loans			30				
Other financial investments								
Equity shares				41				
Other shares and other variable yield participations				42				
Holdings in collective investment schemes				43		5845		6765
Rights under derivative contracts				44				
Fixed interest securities	Approved			45				
	Other			46				
Variable interest securities	Approved securities			47				
	Other			48				
Participation in investment pools				49				
Loans secured by mortgages				50				
Loans to public or local authorities and nationalised industries or undertakings				51				
Loans secured by policies of insurance issued by the company				52				
Other loans				53				
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		843		98
	More than one month withdrawal			55				
Other financial investments				56				

Analysis of admissible assets

Name of insurer **London Life Linked Assurances 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			
	R13	1396188	GL	31	12	2005	£000	10
							As at the end of this financial year 1	As at the end of the previous year 2
Deposits with ceding undertakings				57				
Assets held to match linked liabilities			Index linked	58				
			Property linked	59		166174		158226
Reinsurers' share of technical provisions								
Provision for unearned premiums				60				
Claims outstanding				61				
Provision for unexpired risks				62				
Other				63				
Debtors and salvage								
Direct insurance business			Policyholders	71		4		
			Intermediaries	72				
Salvage and subrogation recoveries				73				
Reinsurance			Accepted	74				
			Ceded	75				
Dependants			Due in 12 months or less	76				
			Due in more than 12 months	77				
Other			Due in 12 months or less	78		342		340
			Due in more than 12 months	79				
Other assets								
Tangible assets				80				
Deposits not subject to time restriction on withdrawal with approved institutions				81		61		409
Cash in hand				82				
Other assets (particulars to be specified by way of supplementary note)				83				
Accrued interest and rent				84		36		17
Deferred acquisition costs				85				
Other prepayments and accrued income				86				
Deductions from the aggregate value of assets				87				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				89		173305		165855

Analysis of admissible assets

Name of insurer **London Life Linked Assurances Limited**
 Global business
 Financial year ended **31st December 2005**
 Category of assets **Total long term insurance business assets**

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	1396188	GL	31	12	2005	£000	10

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

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	173305	165855
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	173305	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102	342	340

Long term insurance business liabilities and marginsName of insurer **London Life Linked Assurances Limited**

Global business

Financial year ended **31st December 2005**Fund **Total long term insurance business**

			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	168692	161798
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	700	
Long term insurance business fund carried forward (11 to 13)		14	169392	161798
Claims outstanding	Gross amount	15	125	1110
	Reinsurers' share	16		
	Net (15-16)	17	125	1110
Provisions	Taxation	21		
	Other	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37	1953	272
	Other	38	1665	2675
Accruals and deferred income		39	170	
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49	3913	4057
Excess of the value of net admissible assets		51		
Total liabilities and margins		59	173305	165855
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	1655	2651
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	166174	158226
Total liabilities (11+12+49)		71	172605	165855
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	700	
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	173305	

Liabilities (other than long term insurance business)Name of insurer **London Life Linked Assurances Limited**

Global business

Financial year ended **31st December 2005**

R15	Company registration number 1396188	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2005	

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

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47	213	143
	Recommended dividend	48		
	Other	49	240	208
Accruals and deferred income		51	1	
Total (19 to 51)		59	454	351
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	454	351

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	58	26
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Reinsurers' share of DAC	81		
Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	5570	
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)	85	6024	

Profit and loss account (non-technical account)Name of insurer **London Life Linked Assurances Limited**

Global business

Financial year ended **31st December 2005**

R16	Company registration number 1396188	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2005	

			This financial year 1	Previous year 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	697	3620
Investment income	Income	14	285	320
	Value re-adjustments on investments	15		
	Gains on the realisation of investments	16		
Investment charges	Investment management charges, including interest	17	3	11
	Value re-adjustments on investments	18		42
	Loss on the realisation of investments	19		42
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	(33)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	946	3845
Tax on profit or loss on ordinary activities		31	70	70
Profit or loss on ordinary activities after tax (29-31)		39	876	3775
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	876	3775
Dividends (paid and proposed)		51	5000	
Profit or loss retained for the financial year (49-51)		59	(4124)	3775

Long-term insurance business : Revenue accountName of insurer **London Life Linked Assurances Limited**Name and number of fund/Summary **Total long term insurance business**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
Income			
Earned premiums	11	869	1270
Investment income receivable before deduction of tax	12	5600	4802
Increase (decrease) in the value of non-linked assets brought into account	13		
Increase (decrease) in the value of linked assets	14	20630	11694
Other income	15		
Total income	19	27099	17766
Expenditure			
Claims incurred	21	17197	21230
Expenses payable	22	831	809
Interest payable before deduction of tax	23	2	12
Taxation	24	778	(1080)
Other expenditure	25		
Transfer to (from) non technical account	26	697	3620
Total expenditure	29	19505	24591
Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	7594	(6825)
Fund brought forward	49	161798	168623
Fund carried forward (39+49)	59	169392	161798

Long term insurance business : Analysis of premiumsName of insurer **London Life Linked Assurances Limited**Total business/subfund **Total long term insurance 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
Gross						
Regular premiums	11	805			805	1205
Single premiums	12	64			64	70
Reinsurance - external						
Regular premiums	13					
Single premiums	14					
Reinsurance - intra-group						
Regular premiums	15					5
Single premiums	16					
Net of reinsurance						
Regular premiums	17	805			805	1200
Single premiums	18	64			64	70
Total						
Gross	19	869			869	1275
Reinsurance	20					5
Net	21	869			869	1270

Long term insurance business : Analysis of claimsName of insurer **London Life Linked Assurances Limited**Total business/subfund **Total long term insurance 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
Gross						
Death or disability lump sums	11	2961			2961	3938
Disability periodic payments	12					
Surrender or partial surrender	13	14236			14236	17292
Annuity payments	14					
Lump sums on maturity	15					
Total	16	17197			17197	21230
Reinsurance - external						
Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24					
Lump sums on maturity	25					
Total	26					
Reinsurance - intra-group						
Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					
Net of reinsurance						
Death or disability lump sums	41	2961			2961	3938
Disability periodic payments	42					
Surrender or partial surrender	43	14236			14236	17292
Annuity payments	44					
Lump sums on maturity	45					
Total	46	17197			17197	21230

Long term insurance business : Analysis of expensesName of insurer **London Life Linked Assurances Limited**Total business/subfund **Total long term insurance 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
Gross						
Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13					
Management - maintenance	14	831			831	809
Management - other	15					
Total	16	831			831	809
Reinsurance - external						
Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					
Reinsurance - intra-group						
Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					
Net of reinsurance						
Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43					
Management - maintenance	44	831			831	809
Management - other	45					
Total	46	831			831	809

Long term insurance business : Linked funds balance sheet

Name of insurer **London Life Linked Assurances Limited**

Total business

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

		Financial year	Previous year
		1	2
Internal linked funds (excluding cross investment)			
Directly held assets (excluding collective investment schemes)	11	8765	10682
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	157421	147568
Total assets (excluding cross investment) (11+12+13)	14	166186	158250
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16		
Other liabilities	17	12	24
Total net assets (14-15-16-17)	18	166174	158226
Directly held linked assets			
Value of directly held linked assets	21		
Total			
Value of directly held linked assets and units held (18+21)	31	166174	158226
Surplus units	32		
Deficit units	33		
Net unit liability (31-32+33)	34	166174	158226

Long term insurance business : Revenue account for internal linked fundsName of insurer **London Life Linked Assurances Limited**

Total business

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

		Financial year	Previous year
		1	2
Income			
Value of total creation of units	11	2218	1112
Investment income attributable to the funds before deduction of tax	12	5622	4341
Increase (decrease) in the value of investments in the financial year	13	20630	11694
Other income	14	16	
Total income	19	28486	17147
Expenditure			
Value of total cancellation units	21	18622	21230
Charges for management	22	1061	1128
Charges in respect of tax on investment income	23	846	391
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26	9	
Total expenditure	29	20538	22749
Increase (decrease) in funds in financial year (19-29)	39	7948	(5602)
Internal linked fund brought forward	49	158226	163828
Internal linked funds carried forward (39 + 49)	59	166174	158226

Long term insurance business : Summary of new businessName of insurer **London Life Linked Assurances 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
Number of new policyholders/scheme members for direct insurance business						
Regular premium business	11					
Single premium business	12					
Total	13					
Amount of new regular premiums						
Direct insurance business	21					
External reinsurance	22					
Intra-group reinsurance	23					
Total	24					
Amount of new single premiums						
Direct insurance business	25					
External reinsurance	26					
Intra-group reinsurance	27	64			64	70
Total	28	64			64	70

Long term insurance business : Analysis of new business

Name of insurer **London Life Linked Assurances Limited**

Total business

Financial year ended **31st December 2005**

Units **£000**

UK Life / 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
700	Life property linked single premium				64

Long term insurance business : Non-linked assets

Name of insurer **London Life Linked Assurances Limited**

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

Financial year ended **31st December 2005**

Units **£000**

		Unadjusted assets	Economic Exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
Assets backing non-profit liabilities and non-profit capital requirement						
Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	7131	7131	292	4.09	
Total	19	7131	7131	292	4.09	
Assets backing with-profits liabilities and with-profits capital requirement						
Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					
Overall return on with-profits assets						
Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Long term insurance business : Summary of mathematical reservesName of insurer **London Life Linked Assurances Limited**Total business/subfund **Total long term insurance 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
Gross						
Form 51 - with-profits	11					
Form 51 - non-profit	12					
Form 52	13					
Form 53 - linked	14	166174			166174	
Form 53 - non-linked	15	2518			2518	
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	168692			168692	
Reinsurance - external						
Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28					
Reinsurance - Intra-group						
Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33					
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38					
Net of reinsurance						
Form 51 - with-profits	41					
Form 51 - non-profit	42					
Form 52	43					
Form 53 - linked	44	166174			166174	
Form 53 - non-linked	45	2518			2518	
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	168692			168692	

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **London Life Linked Assurances Limited**

Total business / subfund **Total long term insurance business**

Financial year ended **31st December 2005**

Units **£000**

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	4485	46985		105593	105593	757	106349
710	Life property linked whole life regular premium	2855	18502	655	60581	60581	1761	62343

Long term insurance business : Unit prices for internal linked funds

(Sheet 1)

Name of insurer **London Life Linked Assurances Limited**

Total Business

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

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
MIXED	02 - life - balanced managed fund	10265	Old	.6	8.33	9.78	17.41
UK EQUITY	05 - life - UK equity	45128	Old	.6	13.49	15.92	18.01

Long term insurance business : distribution of surplusName of insurer **London Life Linked Assurances Limited**Total business/subfund **Total long term insurance business**Financial year ended **31st December 2005**Units **£000**

		Financial year	Previous year
		1	2
Valuation result			
Fund carried forward	11	169392	161798
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	697	3620
Transfer to other funds/parts of funds	14		
Subtotal (11 to 14)	15	170089	165418
Mathematical reserves	21	168692	161798
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29	1397	3620
Composition of Surplus			
Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds/parts of funds	33		
Surplus arising since the last valuation	34	1397	3620
Total	39	1397	3620
Distribution of Surplus			
Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund/part of fund	47	697	3620
Total distributed surplus (46+47)	48	697	3620
Surplus carried forward	49	700	
Total (48+49)	59	1397	3620
Percentage of distributed surplus allocated to policyholders			
Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Long term insurance capital requirementName of insurer **London Life Linked Assurances 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
Insurance death risk capital component						
Classes I, II and IX	11	0.1%				
Classes I, II and IX	12	0.15%				
Classes I, II and IX	13	0.3%				
Classes III, VII and VIII	14	0.3%				
Total	15					
Insurance health risk capital component						
Class IV and supplementary classes 1 and 2	21					
Insurance expense risk capital component						
Classes I, II and IX	31	1%				
Classes III, VII and VIII (investment risk)	32	1%	7226	7226	1.00	72
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%	83193	83193	1.00	832
Classes III, VII and VIII (other)	34	25%				46
Class IV	35	1%				
Class V	36	1%				
Class VI	37	1%				
Total	38				950	931
Insurance market risk capital component						
Classes I, II and IX	41	3%				
Classes III, VII and VIII (investment risk)	42	3%	7226	7226	1.00	217
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%	83193	83193		
Classes III, VII and VIII (other)	44	0%	78273	78273		
Class IV	45	3%				
Class V	46	0%				
Class VI	47	3%				
Total	48		168692	168692		217
Long term insurance capital requirement	51				1167	1163

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Linked Assurances Limited

Global Business

Financial year ended 31st December 2005

Appendix 9.1

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

	2005	2004
	£'000	£'000
<u>Net admissible assets</u>		
Form 13 line 89 (other than long term business)	6,024	10,045
Form 13 line 89 (long term)	173,305	165,855
Less Form 14 Lines 11, 12 and 49	(172,605)	(165,855)
Less Form 15 Line 69	(454)	(351)
Total capital resources after deductions	<u>6,270</u>	<u>9,694</u>

1305 Counterparty limits

1311

- (a) The principal investments of the insurer are holdings in authorised collective investment schemes and deposits. The investment guidelines operated by the insurer limit exposure to any one approved counterparty in respect of deposits to 20% of the business amount (10% of the business amount in respect of exposure other than short term deposits).
- (b) The investment guidelines permit exposure to counterparties that are not approved counterparties subject to a non-approved counterparty being rated P-1 by Moody's, an independent rating agency. The guidelines operated by the insurer limit exposure to any one non-approved counterparty to 5% of the business amount.
- (c) There were no breaches of these limits during the financial year.

1306 Counterparty exposure

1312

As at 31st December 2005, the Company had exposure to counterparties in excess of 5% of the sum of its base capital resources requirement and its long-term insurance liabilities, excluding property linked liabilities. The amount and nature of the asset giving rise to this exposure is as follows:

Henderson cash UCITS scheme £11,170,000.00

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Linked Assurances Limited

Global Business

Financial year ended 31st December 2005

Appendix 9.1 (continued)

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

1501

It is the insurer's policy not to enter into derivative contracts. Therefore a provision for reasonably foreseeable adverse variations is not required.

***1402* Liabilities**

1502

In respect of contingent liabilities it is considered that:

- (a) There are no charges over the assets of the insurer.
- (b) The potential liability to taxation on capital gains, which might arise if the insurer disposed of its assets is Nil (2004: Nil).
- (c) There are no other contingent liabilities.
- (d) There are no guarantees, indemnities, or other contractual commitments in respect of the existing or future liabilities of any related company.
- (e) There is no other uncertainty, in the opinion of the directors, necessary for a proper understanding of the financial position of the insurer.

***1603* Other income and charges**

Charges have been incurred during 2005 in respect of consultancy services.

***1700* Form 17 Long term insurance business assets and Other than long term insurance business assets**

In respect of Form 17 Long term insurance business assets and Other than long term insurance business assets, all amounts required to be shown (including comparatives) would be zero and these Forms have not been included within the Return.

Returns under the Accounts and Statements Rules

Supplementary Notes

London Life Linked Assurances Limited

Global Business

Financial year ended 31st December 2005

Appendix 9.3

***4008* Provision of management services**

Since 1st September 2005, Pearl Group Services Limited has provided management services to the insurer. Prior to that, management services were provided by PGS2 Limited (formerly HHG Services Limited). Henderson Global Investors Limited have provided investment management services throughout the whole of the financial year.

***4401* Basis of valuation of assets**

Equities, fixed interest securities and unit trusts are stated at middle market price at close of business on the last day of the accounting period.

***4502* Other income and expenditure**

Other income consists of management fee rebates.

Other expenditure consists of safe custody fees and bank charges.

***4900* Analysis of admissible fixed interest and variable interest securities**

As there are no fixed interest securities or variable interest and variable yield securities in Form 48 requiring analysis, Form 49 has not been included within the return

Returns under the Accounts and Statements Rules

Statement of additional information on derivative contracts required by rule 9.29

London Life Linked Assurances Limited

Global Business

Financial year ended 31st December 2005

It is the insurer's policy not to enter into derivative contracts and it has not done so during the financial year. There is consequently nothing to disclose under paragraph (1) (b) to (i) of rule 9.29 of the Accounts and Statements Rules.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

London Life Linked Assurances Limited

Global Business

Financial year ended 31st December 2005

The persons who, to the knowledge of the Company, were controllers at any time during the financial year were London Life Holdings Limited and Pearl Assurance Group Holdings Limited, which remained controllers at 31st December 2005, together with Henderson Finances (formerly Pearl Group), Henderson Group PLC (formerly HHG PLC), AMP Financial Services Holdings Limited, AMP Holdings Limited, AMP Group Holdings Limited and AMP Limited which ceased to be controllers on 13th April 2005 and Pearl Group Limited (formerly Life Company Investor Group Limited), Sun Capital Investments Limited, Hera Investments One Limited, Xercise Limited, Jambright Limited, Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Spencer-Churchill, Marc Jonas, TDR Capital LLP and TDR Capital Nominees Limited which became controllers on 13th April 2005.

The persons who, to the knowledge of the insurer, were controllers at the end of the financial year were:

1. London Life Holdings Limited

As at 31st December 2005, London Life Holdings Limited owned 100% of the issued share capital of London Life Linked Assurances Limited and was able to exercise 100% of the voting power at any general meeting.

2. Pearl Assurance Group Holdings Limited

As at 31st December 2005, Pearl Assurance Group Holdings Limited owned 100% of the issued shared capital of London Life Holdings Limited, a company of which London Life Linked Assurances is a subsidiary undertaking, and was able to exercise 100% of the voting power at any general meeting.

3. Pearl Group Limited

As at 31st December 2005, Pearl Group Limited owned 100% of the issued share capital of Pearl Assurance Group Holdings Limited, a company of which London Life Linked Assurances Limited is a subsidiary undertaking, and was able to exercise 100% of the voting power at any general meeting.

4. Sun Capital Investments Limited

As at 31st December 2005, Sun Capital Investments Limited owned 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Linked Assurances Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

5. Hera Investments One Limited

As at 31st December 2005, Hera Investments One Limited owned 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Linked Assurances Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

6. Xercise Limited

As at 31st December 2005, Sun Capital Investments Limited, which is an associate of Xercise Limited within the meaning of of section 422 of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Linked Assurances Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

London Life Linked Assurances Limited

Global Business

Financial year ended 31st December 2005

7. Jambright Limited

As at 31st December 2005, Hera Investments One Limited which is an associate of Jambright Limited within the meaning of section 422 of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking, owned 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Linked Assurances Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

8. Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Spencer-Churchill, Marc Jonas

As at 31st December 2005, Hugh Osmond, Alan McIntosh and Matthew Allen, together with Edward Spencer-Churchill and Marc Jonas, who were associates of Hugh Osmond and Alan McIntosh within the meaning of section 422 of the Financial Services and Markets Act 2000 by virtue of being partners, jointly owned 67.7% of the ordinary shares of Xercise Limited and were able to exercise 67.7% of the voting power at any general meeting. Sun Capital Investments Limited is a subsidiary undertaking of Xercise Limited and owns 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Linked Assurances Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

9. TDR Capital Nominees Limited

As at 31st December 2005, TDR Capital Nominees Limited acted as nominee for the TDR funds, which own 89.8% of the ordinary shares of Jambright Limited and were able to exercise 89.8% of the voting power at any general meeting and owns 79.7% of the preference shares of both Jambright Limited and Xercise Limited, which carry no voting rights. Hera Investments One Limited is a subsidiary undertaking of Jambright Limited and owns 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Linked Assurances Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

10. TDR Capital LLP

As at 31st December 2005, TDR Capital Nominees Limited, which is an associate of TDR Capital LLP within the meaning of the Financial Services and Markets Act 2000 by virtue of being a subsidiary undertaking and, acted as nominee for the TDR funds which own 89.8% of the ordinary shares of Jambright Limited and were able to exercise 89.8% of the voting power at any general meeting and own 79.7% of the preference shares of both Jambright Limited and Xercise Limited, which carry no voting rights. Hera Investments One Limited is a subsidiary undertaking of Jambright Limited and owns 50% of the ordinary shares of Pearl Group Limited, a company of which London Life Linked Assurances Limited is a subsidiary undertaking, and was able to exercise 50% of the voting power at any general meeting.

London Life Linked Assurances Limited

Appendix 9.4

Abstract of Valuation Report

Introduction

1. (1) The date to which the investigation relates is 31st December 2005.
- (2) The date to which the previous investigation under IPRU(INS) rule 9.4 related was 31st December 2004.
- (3) Since the previous valuation date, there have been no interim valuations (for the purposes of IPRU(INS) rule 9.4).

Product range

2. There have been no significant changes to products during the financial year.

Discretionary charges and benefits

3. (1) There are no such policies.
- (2) There are no such policies.
- (3) There are no such policies.
- (4) During the financial year service charges on linked business remained unchanged.
- (5) There are no benefit charges on linked business.
- (6) During the financial year unit management charges on linked business remained unchanged.
- (7) (a) Units are all of the same type – net accumulation.

The creation or cancellation of units in the internal linked funds is done at unrounded bid prices. This ensures that unit prices are unaffected by the creation or cancellation of units and that the interests of unit-holders not taking part in a unit transaction are unaffected by that transaction.

Base prices are derived from the internal fund valuations, which are adjusted for fund specific charges. Increasing the base price by the bid-offer spread and rounding to the higher tenth of a penny gives the "offer price". The "bid price" is the base price rounded to the lower tenth of a penny.

The asset values of the internal linked funds are calculated on a "bid" basis as the expected cash flows are negative for all asset categories. The valuation includes the income since the last valuation and allowances for tax on income and realised and unrealised capital gains

The assets of the internal linked funds are valued at the same time on each working day.

- (b) The same pricing basis applies to all policies.

- (c) A mid-market price applies to the collective investment schemes. The time on each working day at which the assets in the internal linked funds are valued is the same as that at which the units in the underlying collective investment schemes are valued.
- (8) Answer for (8) and (9) combined.
- Tax is accrued daily in the internal linked funds.
- The accruals in the fixed interest funds allow for realised and unrealised gains and losses. The accruals are cleared at the end of each month. The tax rate used is 20%.
- The equity funds have large accumulated capital losses. During the financial year no provision was made for tax on (index-adjusted) gains and no credit was given for losses.
- (9) See (8) above.
- (10) The allowances made to the insurer on the holding of such units are not significant. The extent to which the policyholder benefits from them is such that the charges made to the policyholder are no greater than if the underlying investments were directly held.

Valuation basis (other than for special reserves)

4. (1) Mathematical reserves have been determined by valuing the units allocated to policies and adding a non-unit reserve for mortality and expenses.

The non-unit reserve is obtained on a discounted cashflow method. The amount of the non-unit reserve is the net present value of any yearly deficiencies of income over outgo less yearly surpluses of income over outgo, making no allowance for surrender or lapse but allowing for policies being made paid up. The net present value is calculated over the number of years from the valuation date that gives the maximum value.

- (2) The following table sets out the rates of interest used.

Product Group	2005	2004	Product Code
All business	3.70%	3.65%	700, 710

- (3) No risk adjustments were required.
- (4) The following table sets out the mortality bases used.

Product Group	2005		2004		Product Code
	Male	Female	Male	Female	
All business	100% A67/70 Ult	100% A67/70 Ult rated down 4 years	100% A67/70 Ult	100% A67/70 Ult rated down 4 years	700, 710

- (5) There are no products that use a morbidity basis.

- (6) Per policy expenses and investment management fees, both before allowance for tax relief, and gross unit growth rates before management charges were:

Product Code	Per Policy Expense (£)		Investment Management (% Fund)		Gross Unit Growth Rate (% p.a.)	
	2005	2004	2005	2004	2005	2004
700, 710	61.40	99.99	0.50%	N/a	5.0%	5.4%

The above allow for payments expected to be made to Pearl Group Services Limited under the Management Services Agreement, project expenses, and directly incurred expenses. In addition to those already allowed for in the expense bases above, a reserve of £0.5 million is held against future project costs.

Inflation of per policy expenses was 4.0% p.a. (2004: 4.5% p.a.).

- (7) There is no with profit business.
 (8) Other material basis assumptions:

Tax Rates

Tax on investment income, unit growth, and relief for tax applied to expenses is 20%.

Persistency Rates

No allowance is made for surrender or lapse.

Paid up Rates

The calculation is performed assuming that each regular premium policy becomes paid up at the valuation date.

- (9) No derivative contracts are held.

Options and Guarantees

5. (1) There are no guaranteed annuity rate options.
 (2) There are no guaranteed surrender or maturity values. The price of units in the Deposit Fund is guaranteed not to fall. The underlying assets are entirely cash or cash-based collective investment schemes. Therefore no additional reserve is judged to be necessary
 (3) There are no guaranteed insurability options.
 (4) There are no other guarantees or options.

Expense Reserves

6. (1) The aggregate amounts of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months from the valuation date are summarised below:

Explicit per policy expense loading	£0.4 million
Explicit allowance for investment management expenses	£0.8 million
Explicit allowance for policy charge income	£1.1 million

- (2) All provisions for future expenses have been made using explicit methods.

- (3) The amount of maintenance expenses is not significantly different from the maintenance expenses shown at line 14 of Form 43.
- (4) The insurer has been closed to new business for some years. The amount of top-up and incremental business to existing policies is not significant. Any additional expense resulting from such increments is not material and is more than covered by the existing expense provision. Therefore no expense overrun reserve is calculated.
- (5) No maintenance expense overrun reserve is held.

The per policy expense assumptions used allow for the payments expected to be made to Pearl Group Services Ltd under the Management Services Agreement (MSA), plus project expenses and directly incurred expenses. A prudent margin is added to these total per policy expenses to allow for adverse deviation. These per policy expense assumptions are then projected into the future assuming a prudent level of inflation.

The MSA with Pearl Group Services Ltd is structured on a fixed cost per policy per annum. Pearl Group Services is engaged with a third party to implement the outsource of processing and administration work which gives certainty over the majority of the cost base into the future, especially in relation to economies of scale and fixed costs.

As London Life Linked Assurances Limited is closed to new business, other than for increments, no reserve is held for discontinuance costs, or the valuation strain or expense overrun from the writing of new business.

Mismatching reserves

- 7. (1) All the liabilities and assets are denominated in sterling.
- (2) Not applicable.
- (3) No currency mismatch reserve is held.
- (4) The more onerous scenario under rule PRU 4.2.16R for assets invested in the United Kingdom and other assets that fall under this rule for the purposes of calculating the resilience capital requirement is described below.
 - (i) A fall in the market value of equities of at least 10% or, if greater, the lower of:
 - (a) a percentage fall in the market value of equities which would produce an earnings yield on the FTSE Actuaries All Share Index equal to 4/3rds of the long-term gilt yield; and
 - (b) a fall in the market value of equities of 25% less the equity market adjustment ratio;
 This resulted in a fall of 10% in asset values.
 - (ii) A fall in real estate values of 20% less the real estate market adjustment ratio for an appropriate real estate index;

There is no real estate.
 - (iii) A fall in yields on all fixed interest securities by a percentage point amount equal to 20% of the long-term gilt yield.

This resulted in a rise of 7.5% in asset values.
- (5) No assets were deemed held in a significant territory.

- (6) (a) The amount of the resilience capital requirement is £0.8 million.
 - (b) Under the more onerous scenario the long term insurance liabilities rose by £0.4 million.
 - (c) Under this scenario, the value of the assets allocated to match these liabilities did not change.
- (7) No additional reserve is held.

Other special reserves

8. There are no other special reserves.

Reinsurance

9. (1) No reinsurance has been ceded on a facultative basis.
- (2) Not applicable.
- (3) Not applicable.

Reversionary (or annual) bonus

10. There is no with profit business.

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34

London Life Linked Assurances Limited

Global Business

Financial year ended 31st December 2005

We certify that :-

1. (a) the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU; and
(b) the directors are satisfied that:
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) 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.
2. (a) in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
(b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year in question for the long-term insurance business liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business; and
(c) the directors have, in preparing the return, taken and paid due regard to advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.

I W Laughlin
Managing Director

J S Moss
Director

G S Felston
Director

Date: 31st March 2006

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35

London Life Linked Assurances 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 2, 3, 13 to 16, 40 to 45, 48, 58 and 60 (including the supplementary notes ("the Forms"));
- the statement required by the rule 9.29 ("the statement"); and
- the valuation report required by rule 9.31(a) ("the valuation report");

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

- Forms 46, 47, 50, 53 and 55 (including the supplementary notes);
- the statement required by rule 9.30; 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, the statement and the valuation report are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report and prepared in accordance with rule 9.31(a) are required to reflect appropriately the requirements of PRU 7.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation report meet these requirements and to report our 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, the statement and the valuation report. 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

31st March 2006. It also included an assessment of the significant estimates and judgments made by the company in the preparation of the Forms, the statement and the valuation report.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In accordance with rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Opinion

In our opinion:

- (a) the Forms, the statement and the valuation report fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report appropriately reflect the requirements of PRU 7.3.

Ernst & Young LLP
Registered Auditor

Date: 31st March 2006

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