

Scottish Provident Limited

Annual FSA Insurance Returns for the year ended

31 December 2006

Appendices 9.1, 9.3, 9.4, 9.4A and 9.6

SCOTTISH PROVIDENT LIMITED

FSA Insurance Returns for the Financial Year ended 31st December 2006

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

Global business

Financial year ended **31 December 2006**

Solo solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R2	212709	GL	31	12	2006	£000
				As at end of this financial year		As at end of the previous year	
				1		2	

Capital resources

Capital resources arising within the long-term insurance fund	11	1358799	1295506
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	191869	482495
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	1550669	1778001

Guarantee fund

Guarantee fund requirement	21	63221	71354
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	1487448	1706647

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	189662	214063
Resilience capital requirement	32		1121
Base capital resources requirement	33	2139	2030
Individual minimum capital requirement	34	189662	215184
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	189662	215184
Excess (deficiency) of available capital resources to cover 50% of MCR	37	1455838	1670409
Excess (deficiency) of available capital resources to cover 75% of MCR	38	1408422	1616613

Enhanced capital requirement

With-profits insurance capital component	39	1058043	983442
Enhanced capital requirement	40	1247705	1198626

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	1247705	1198626
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	302964	579375

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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Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

..... **G Singleton** **Managing Director**

..... **K Luscombe** **Director**

..... **S McGee** **Director**

27th March 2007

Components of capital resources

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	212709	GL	31	12	2006	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year	
		1	2	3		4	

Core tier one capital

Permanent share capital	11		1765000	1765000	1765000
Profit and loss account and other reserves	12		(541979)	(541979)	(577649)
Share premium account	13				
Positive valuation differences	14		1141659	1141659	912262
Fund for future appropriations	15		89194	89194	252529
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		2453873	2453873	2352142

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		2453873	2453873	2352142
Investments in own shares	32				
Intangible assets	33		290430	290430	380893
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		290430	290430	380893
Total tier one capital after deductions (31-37)	39		2163443	2163443	1971249

Components of capital resources

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	212709	GL	31	12	2006	£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 **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	212709	GL	31	12	2006	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
		1	2	3	4	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		2163443	2163443	1971249
Inadmissible assets other than intangibles and own shares	73		4415	4415	1061
Assets in excess of market risk and counterparty limits	74		608360	608360	192187
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		1550669	1550669	1778001

Available capital resources for PRU tests

Available capital resources for guarantee fund requirement	81		1550669	1550669	1778001
Available capital resources for 50% MCR requirement	82		1550669	1550669	1778001
Available capital resources for 75% MCR requirement	83		1550669	1550669	1778001

Financial engineering adjustments

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

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

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Long term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R11	212709	GL	31	12	2006	£000
				This financial year 1			Previous year 2	
Gross premiums written			11	25357			51715	
Premiums taxes and levies (included in line 11)			12					
Premiums written net of taxes and levies (11-12)			13	25357			51715	
Premiums for classes 11, 12 or 13 (included in line 13)			14					
Premiums for "actuarial health insurance" (included in line 13)			15	25357			51715	
Sub-total A (13 + 1/2 14 - 2/3 15)			16	8452			17238	
Gross premiums earned			21	25357			51715	
Premium taxes and levies (included in line 21)			22					
Premiums earned net of taxes and levies (21-22)			23	25357			51715	
Premiums for classes 11, 12 or 13 (included in line 23)			24					
Premiums for "actuarial health insurance" (included in line 23)			25	25357			51715	
Sub-total H (23 + 1/2 24 - 2/3 25)			26	8452			17238	
Sub-total I (higher of sub-total A and sub-total H)			30	8452			17238	
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure			31					
Division of gross adjusted premiums amount sub-total I (or adjusted sub-total I if appropriate)	x 0.18		32	1521			3103	
	Excess (if any) over 53.1M EURO x 0.02		33					
Sub-total J (32-33)			34	1521			3103	
Claims paid in period of 3 financial years			41	73108			68771	
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis		42					
	For insurance business accounted for on an accident year basis		43	18879			27325	
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis		44					
	For insurance business accounted for on an accident year basis		45	9198			13472	
Sub-total C (41+42+43-44-45)			46	82789			82624	
Amounts recoverable from reinsurers in respect of claims included in Sub-total C			47	70966			48018	
Sub-total D (46-47)			48	11823			34606	
Reinsurance Ratio (Sub-total D / sub-total C or, if more, 0.5 or, if less, 1.00)			49	0.50			0.50	
Premiums amount (Sub-total J x reinsurance ratio)			50	761			1551	
Provision for claims outstanding (before discounting and net of reinsurance)			51	3665			4821	
Brought forward amount (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)			52	2976			3915	
Greater of lines 50 and 52			53	2976			3915	

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

Global business

Financial year ended **31 December 2006**

Long term insurance business

		Company registration number	GL/ UK/ CM	day month year			Units	
		R12	212709	GL	31	12	2006	£000
				This financial year 1			Previous year 2	
Reference period (No. of months) See PRU 7.2.63R				11	36			36
Claims paid in reference period				21	73108			68771
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22				
	For insurance business accounted for on an accident year basis			23	18879			27325
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24				
	For insurance business accounted for on an accident year basis			25	9198			13472
Claims incurred in reference period (21+22+23-24-25)				26	82789			82624
Claims incurred for classes 11, 12 or 13 (included in 26)				27				
Claims incurred for "actuarial health insurance" (included in 26)				28	82789			82624
Sub-total E (26 +1/2 27 - 2/3 28)				29	27596			27541
Sub-total F - Conversion of sub-total E to annual figure (multiply by 12 and divide by number of months in the reference period)				31	9199			9180
Division of sub-total F (gross adjusted claims amount)	x 0.26			32	2392			2387
	Excess (if any) over 37.2M EURO x 0.03			33				
Sub-total G (32-33)				39	2392			2387
Claims amount Sub-total G x reinsurance ratio (11.49)				41	1196			1193
Higher of premiums amount and brought forward amount (11.53)				42	2976			3915
General insurance capital requirement (higher of lines 41 and 42)				43	2976			3915

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

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

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	212709	GL	31	12	2006	£000	1
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings			11					

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	103990	
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53	51640	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78		70857
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	95668	480701
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	13083	598
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89	264381	552156
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Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	264381	552156
Assets in excess of market and counterparty limits	92	608360	192187
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	358381	220239
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	1231122	964582
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

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

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
	R13		31	12	2006	£000	10
							As at end of this financial year
							As at end of the previous year
							1
							2
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	56040	54550
	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	5211834	4526199
Rights under derivative contracts	44	(29580)	(23339)
Fixed interest securities	Approved	45	190782
	Other	46	774792
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50	51	52
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52	3871	5558
Other loans	53	70	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	2209
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	11011
	Property linked	59	1141153

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	6539	8598
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	22102	3725
Dependants	due in 12 months or less	76		200
	due in more than 12 months	77		
Other	due in 12 months or less	78	16199	49479
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	8925	185866
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	11835	31300
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89	6650832	7215068
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Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	6650832	7215068
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	615112	689037
Other asset adjustments (may be negative)	100	(15319)	225385
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	7250625	8129490
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Category of assets **SPI Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
	R13		31	12	2006	£000	11
							As at end of this financial year
							As at end of the previous year
							1
							2
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	56040	54550
	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	4453902	4055706
Rights under derivative contracts	44	(29580)	(23339)
Fixed interest securities	Approved	45	55775
	Other	46	457152
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50	51	52
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52	3850	5283
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	2209
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Category of assets **SPI Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	11
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	153	248
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		137
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	13301	48975
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	7837	185867
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	5807	29526
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89	4567137	4879015
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Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Category of assets **SPI Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	11
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	4567137	4879015
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		3807
Other asset adjustments (may be negative)	100	(8260)	3099
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	4558877	4885921
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Category of assets **Special Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
	R13		31	12	2006	£000	12
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11				

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43	27712	37197
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		
Deposits with ceding undertakings	57		
Assets held to match linked liabilities	Index linked	58	
	Property linked	59	

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Category of assets **Special Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	12
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	175	2
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1088	
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	57	160
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89	29033	37359
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Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Category of assets **Special Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	12
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	29033	37359
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	(50)	(4110)
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	28983	33249
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Category of assets **Non Profit Fund**

	Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
	R13	212709	GL	31	12	2006	£000	13
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings							11	

Investments in group undertakings and participating interests

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

Other financial investments

Equity shares	41			
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43	730219	433296	
Rights under derivative contracts	44			
Fixed interest securities	Approved	45	135007	146165
	Other	46		317640
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52	21	275	
Other loans	53	70		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	11011	6061
	Property linked	59	1141153	1381004

Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Category of assets **Non Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	

Reinsurers' share of technical provisions

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

Debtors and salvage

Direct insurance business	Policyholders	71	6386	8350
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	22102	3588
Dependants	due in 12 months or less	76		200
	due in more than 12 months	77		
Other	due in 12 months or less	78	2723	501
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	5970	1614
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89	2054662	2298694
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Analysis of admissible assets

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**

Category of assets **Non Profit Fund**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	212709	GL	31	12	2006	£000	13
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	2054662	2298694
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	615112	685230
Other asset adjustments (may be negative)	100	(7009)	226396
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	2662766	3210320
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		

Long term insurance business liabilities and margins

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**Total business/Sub fund **10 Summary**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	4910988	5563790	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	317861	353880	
Long term insurance business fund carried forward (11 to 13)	14	5228849	5917670	
Claims outstanding	Gross	15	26562	42163
	Reinsurers' share	16		10833
	Net (15-16)	17	26562	31330
Provisions	Taxation	21	2909	3275
	Other risks and charges	22	1326	3370
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	1234	6398
	Reinsurance accepted	32		4514
	Reinsurance ceded	33	7777	
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	59703	33502	
Creditors	Taxation	37	25379	45666
	Other	38	256154	227716
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	381045	355771	
Excess of the value of net admissible assets	51	1040938	941627	
Total liabilities and margins	59	6650832	7215068	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	51992	195600
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	1114456	1377871

Total liabilities (11+12+49)	71	5292033	5919561
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	615112	689037
Other adjustments to liabilities (may be negative)	74	1121927	886586
Capital and reserves and fund for future appropriations	75	221554	634306
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76	7250625	8129490

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

Global business

Financial year ended **31 December 2006**Total business/Sub fund **21 SPI Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	3102482	3535768	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	179722	186776	
Long term insurance business fund carried forward (11 to 13)	14	3282204	3722544	
Claims outstanding	Gross	15	6752	9040
	Reinsurers' share	16		303
	Net (15-16)	17	6752	8737
Provisions	Taxation	21	1151	1482
	Other risks and charges	22	1326	3370
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	1234	2452
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	44792		
Creditors	Taxation	37		
	Other	38	188740	198803
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	243995	214844	
Excess of the value of net admissible assets	51	1040938	941627	
Total liabilities and margins	59	4567137	4879015	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	9854	185296
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	3346477	3750612
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		3807
Other adjustments to liabilities (may be negative)	74	1123219	881934
Capital and reserves and fund for future appropriations	75	89181	249568
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76	4558877	4885921

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

Global business

Financial year ended **31 December 2006**Total business/Sub fund **22 Special Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	18288	21762
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus/(valuation deficit)	13	10685	11489
Long term insurance business fund carried forward (11 to 13)	14	28973	33251
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		3981
Creditors	Taxation	37	
	Other	38	60
Accruals and deferred income	39		127
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49	60	4108
Excess of the value of net admissible assets	51		
Total liabilities and margins	59	29033	37359

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

Total liabilities (11+12+49)	71	18348	25870
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74	10621	4418
Capital and reserves and fund for future appropriations	75	13	2961
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76	28983	33249

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

Global business

Financial year ended **31 December 2006**Total business/Sub fund **31 Non Profit Fund**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	1790217	2006260	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	127455	155615	
Long term insurance business fund carried forward (11 to 13)	14	1917672	2161875	
Claims outstanding	Gross	15	19810	33123
	Reinsurers' share	16		10530
	Net (15-16)	17	19810	22593
Provisions	Taxation	21	1759	1793
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31		3946
	Reinsurance accepted	32		4514
	Reinsurance ceded	33	7777	
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36	14912	29521	
Creditors	Taxation	37	25379	45666
	Other	38	67354	28786
Accruals and deferred income	39			
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	136990	136819	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	2054662	2298694	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	42138	10304
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	1114456	1377871

Total liabilities (11+12+49)	71	1927207	2143079
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	615112	685230
Other adjustments to liabilities (may be negative)	74	(11914)	234
Capital and reserves and fund for future appropriations	75	132360	381777
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)	76	2662766	3210320

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

Global business

Financial year ended **31 December 2006**

R15	Company registration number	GL/UK/CM	day month year			Units
			31	12	2006	
	212709	GL				£000
			As at end of this financial year 1			As at end of the previous year 2

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		2500
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	10080	5897
	Declared dividend	48		
	Other	49	62432	61264
Accruals and deferred income		51		
Total (19 to 51)		59	72512	69661
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	72512	69661

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
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Reinsurers' share of DAC	81		
Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83	67950	89345
Capital and reserves	84	1090661	805576
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	1231122	964582

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

Global business

Financial year ended **31 December 2006**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	212709	GL	31	12	2006	£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			102179	254505	
Investment income	Income		14			32236	20392	
	Value re-adjustments on investments		15			2500		
	Gains on the realisation of investments		16			4		
Investment charges	Investment management charges, including interest		17			1692	1675	
	Value re-adjustments on investments		18					
	Loss on the realisation of investments		19					
Allocated investment return transferred to the general insurance business technical account			20					
Other income and charges (particulars to be specified by way of supplementary note)			21			(90465)	(12327)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			44762	260895	
Tax on profit or loss on ordinary activities			31			9669	6129	
Profit or loss on ordinary activities after tax (29-31)			39			35093	254766	
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			35093	254766	
Dividends (paid or declared)			51					
Profit or loss retained for the financial year (49-51)			59			35093	254766	

Analysis of derivative contracts

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day	month	year	Units	Category of assets
R17		212709	GL	31	12	2006	£000	10
		As at the end of this financial year				As at the end of the previous year		
		Assets	Liabilities	Assets	Liabilities			
		1	2	3	4			
Derivative contracts								
Futures contracts	Fixed-interest securities	11						
	Equity shares	12						
	Land	13						
	Currencies	14						
	Other	15						
Options	Fixed-interest securities	21	92245			136724		
	Equity shares	22	78843			103487		
	Land	23						
	Currencies	24						
	Other	25	23651			34002		
Contracts for differences	Fixed-interest securities	31						
	Equity shares	32	184			2303		
	Land	33						
	Currencies	34						9
	Other	35						
Adjustment for variation margin		41	(224502)			(299855)		
Total (11 to 41)		49	(29580)			(23339)		9

Analysis of derivative contracts

Name of insurer **Scottish Provident Limited**

Global business

Financial year ended **31 December 2006**Category of assets **SPI Fund**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets
R17		212709	GL	31	12	2006	£000	11
Derivative contracts		As at the end of this financial year				As at the end of the previous year		
		Assets 1		Liabilities 2		Assets 3		Liabilities 4
Futures contracts	Fixed-interest securities	11						
	Equity shares	12						
	Land	13						
	Currencies	14						
	Other	15						
Options	Fixed-interest securities	21	92245			136724		
	Equity shares	22	78843			103487		
	Land	23						
	Currencies	24						
	Other	25	23651			34002		
Contracts for differences	Fixed-interest securities	31						
	Equity shares	32	184			2303		
	Land	33						
	Currencies	34						9
	Other	35						
Adjustment for variation margin		41	(224502)			(299855)		
Total (11 to 41)		49	(29580)			(23339)		9

With-profits insurance capital component for the fund

Name of insurer **Scottish Provident Limited**
 With-profits fund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Regulatory value of assets	Long-term admissible assets of the fund	11	4567137	4879015
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13	14429	30472
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14	577	1219
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	4552131	4847324
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	3088053	3505297
	Regulatory current liabilities of the fund	22	243995	214844
	Total (21+22)	29	3332048	3720141
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	111884	129074
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	3443932	3849215
Regulatory excess capital (19-39)		49	1108199	998109

Realistic excess capital

Realistic excess capital	51		24062
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	1108199	974047
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64	60192	
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	1048007	974047

With-profits insurance capital component for the fund

Name of insurer **Scottish Provident Limited**
 With-profits fund **22 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Regulatory value of assets	Long-term admissible assets of the fund	11	29033	37359
	Implicit items allocated to the fund	12		
	Mathematical reserves in respect of the fund's non-profit insurance contracts	13		
	Long-term admissible assets of the fund covering the LTICR of the fund's non-profit insurance contracts	14		
	Long-term admissible assets of the fund covering the RCR of the fund's non-profit insurance contracts	15		
	Total (11+12-(13+14+15))	19	29033	37359
Regulatory value of liabilities	Mathematical reserves (after distribution of surplus) in respect of the fund's with-profits insurance contracts	21	18288	21762
	Regulatory current liabilities of the fund	22	60	4108
	Total (21+22)	29	18348	25870
Long-term insurance capital requirement in respect of the fund's with-profits insurance contracts		31	649	788
Resilience capital requirement in respect of the fund's with-profits insurance contracts		32		1121
Sum of regulatory value of liabilities, LTICR and RCR (29+31+32)		39	18997	27779
Regulatory excess capital (19-39)		49	10036	9580

Realistic excess capital

Realistic excess capital	51		186
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Excess assets allocated to with-profits insurance business

Excess (deficiency) of assets allocated to with-profits insurance business in fund (49-51)	61	10036	9394
Face amount of capital instruments attributed to the fund and included in capital resources (unstressed)	62		
Realistic amount of capital instruments attributed to the fund and included in capital resources (stressed)	63		
Present value of future shareholder transfers arising from distribution of surplus	64		
Present value of other future internal transfers not already taken into account	65		
With-profits insurance capital component for fund (if 62 exceeds 63, greater of 61+62-63-64-65 and zero, else greater of 61-64-65 and zero)	66	10036	9394

Realistic balance sheet

Name of insurer **Scottish Provident Limited**
 With-profits fund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Realistic value of assets available to the fund

Regulatory value of assets	11	4552131	4847325
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	4552131	4847325
Support arrangement assets	27		
Assets available to the fund (26+27)	29	4552131	4847325

Realistic value of liabilities of fund

With-profits benefit reserve	31	3638803	3936708	
Future policy related liabilities	Part miscellaneous surplus attributed to with-profits benefits reserve	32		
	Part miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	144004	57131
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35	3484	4371
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	276219	352637
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43	176050	152245
	Future costs of smoothing (possibly negative)	44		
	Financing costs	45	1210	6932
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47	109832	113733
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	703831	678307	
Realistic current liabilities of the fund	51	209497	208247	
Realistic value of liabilities of fund (31+49+51)	59	4552131	4823262	

Realistic balance sheet

Name of insurer **Scottish Provident Limited**
 With-profits fund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	4552131	4823262
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	4552131	4823262
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		24063
Realistic excess available capital for fund (29-(59+65))	67		24063
Working capital for fund (29-59)	68		24063
Working capital ratio for fund (68/29)	69		0.50

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

Additional amount potentially available for inclusion in line 62	81	256391	555128
Additional amount potentially available for inclusion in line 63	82		

Realistic balance sheet

Name of insurer **Scottish Provident Limited**
 With-profits fund **22 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Realistic value of assets available to the fund

Regulatory value of assets	11	29033	37359
Implicit items allocated to the fund	12		
Value of shares in subsidiaries held in fund (regulatory)	13		
Excess admissible assets	21		
Present value of future profits (or losses) on non-profit insurance contracts written in the fund	22		
Value of derivatives and quasi-derivatives not already reflected in lines 11 to 22	23		
Value of shares in subsidiaries held in fund (realistic)	24		
Prepayments made from the fund	25		
Realistic value of assets of fund (11+21+22+23+24+25-(12+13))	26	29033	37359
Support arrangement assets	27		
Assets available to the fund (26+27)	29	29033	37359

Realistic value of liabilities of fund

With-profits benefit reserve	31	27015	30022	
Future policy related liabilities	Part miscellaneous surplus attributed to with-profits benefits reserve	32		
	Part miscellaneous deficit attributed to with-profits benefits reserve	33		
	Planned enhancements to with-profits benefits reserve	34	1289	2656
	Planned deductions for the costs of guarantees, options and smoothing from with-profits benefits reserve	35		
	Planned deductions for other costs deemed chargeable to with-profits benefits reserve	36		
	Future costs of contractual guarantees (other than financial options)	41	668	387
	Future costs of non-contractual commitments	42		
	Future costs of financial options	43		
	Future costs of smoothing (possibly negative)	44		
	Financing costs	45		
	Any other liabilities related to regulatory duty to treat customers fairly	46		
	Other long-term insurance liabilities	47		
Total (32+34+41+42+43+44+45+46+47-(33+35+36))	49	1957	3043	
Realistic current liabilities of the fund	51	60	4108	
Realistic value of liabilities of fund (31+49+51)	59	29033	37173	

Realistic balance sheet

Name of insurer **Scottish Provident Limited**
 With-profits fund **22 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Realistic excess capital and additional capital available

Value of relevant assets before applying the most adverse scenario other than the present value of future profits arising from business outside with-profits funds	62	29033	37173
Amount of present value of future profits (or losses) on long-term insurance contracts written outside the fund included in the value of relevant assets before applying most adverse scenario	63		
Value of relevant assets before applying the most adverse scenario (62+63)	64	29033	37173
Risk capital margin for fund (62-59)	65		
Realistic excess capital for fund (26-(59+65))	66		186
Realistic excess available capital for fund (29-(59+65))	67		186
Working capital for fund (29-59)	68		186
Working capital ratio for fund (68/29)	69		0.50

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

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

Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	274760	298836
Investment income receivable before deduction of tax	12	288671	622332
Increase (decrease) in the value of non-linked assets brought into the account	13	(169979)	(294463)
Increase (decrease) in the value of linked assets	14	76424	171294
Other income	15		
Total income	19	469877	797999

Expenditure

Claims incurred	21	968674	767347
Expenses payable	22	60939	53642
Interest payable before the deduction of tax	23	24692	25599
Taxation	24	2214	26510
Other expenditure	25	(0)	
Transfer to (from) non technical account	26	102179	254505
Total expenditure	29	1158699	1127603

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(688822)	(329604)
Fund brought forward	49	5917670	6247274
Fund carried forward (39+49)	59	5228848	5917670

Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	97033	108538
Investment income receivable before deduction of tax	12	192434	503587
Increase (decrease) in the value of non-linked assets brought into the account	13	(140817)	(287606)
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	148650	324519

Expenditure

Claims incurred	21	517387	412597
Expenses payable	22	18078	28639
Interest payable before the deduction of tax	23	24679	25585
Taxation	24	21792	16141
Other expenditure	25	(125)	127609
Transfer to (from) non technical account	26	7179	4505
Total expenditure	29	588991	615076

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(440340)	(290557)
Fund brought forward	49	3722544	4013101
Fund carried forward (39+49)	59	3282204	3722544

Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	544	641
Investment income receivable before deduction of tax	12	1020	2770
Increase (decrease) in the value of non-linked assets brought into the account	13	(457)	1839
Increase (decrease) in the value of linked assets	14		
Other income	15		
Total income	19	1107	5250

Expenditure

Claims incurred	21	5143	5441
Expenses payable	22	118	595
Interest payable before the deduction of tax	23		
Taxation	24		
Other expenditure	25	125	127
Transfer to (from) non technical account	26		
Total expenditure	29	5386	6163

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(4279)	(913)
Fund brought forward	49	33251	34164
Fund carried forward (39+49)	59	28972	33251

Long-term insurance business : Revenue account

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	177184	189657
Investment income receivable before deduction of tax	12	95216	115975
Increase (decrease) in the value of non-linked assets brought into the account	13	(28705)	(8696)
Increase (decrease) in the value of linked assets	14	76424	171294
Other income	15		
Total income	19	320119	468230

Expenditure

Claims incurred	21	446143	349309
Expenses payable	22	42744	24408
Interest payable before the deduction of tax	23	13	14
Taxation	24	(19578)	10369
Other expenditure	25		(127736)
Transfer to (from) non technical account	26	95000	250000
Total expenditure	29	564322	506364

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	(244203)	(38134)
Fund brought forward	49	2161875	2200009
Fund carried forward (39+49)	59	1917672	2161875

Long-term insurance business : Analysis of premiums

Name of insurer **Scottish Provident Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Gross

Regular premiums	11	183690	24918	30814	239422	277617
Single premiums	12	1658	71821	17785	91264	74580

Reinsurance - external

Regular premiums	13	55101		824	55926	54405
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					(1044)

Net of reinsurance

Regular premiums	17	128588	24918	29990	183496	223212
Single premiums	18	1658	71821	17785	91264	75624

Total

Gross	19	185348	96738	48599	330686	352197
Reinsurance	20	55101		824	55926	53361
Net	21	130247	96738	47775	274760	298836

Long-term insurance business : Analysis of premiums

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Gross

Regular premiums	11	75442	2229	18671	96342	107931
Single premiums	12			1841	1841	1945

Reinsurance - external

Regular premiums	13	722		427	1150	1338
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	74720	2229	18243	95192	106593
Single premiums	18			1841	1841	1945

Total

Gross	19	75442	2229	20511	98183	109876
Reinsurance	20	722		427	1150	1338
Net	21	74720	2229	20084	97033	108538

Long-term insurance business : Analysis of premiums

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Gross

Regular premiums	11	544			544	641
Single premiums	12					

Reinsurance - external

Regular premiums	13					
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17	544			544	641
Single premiums	18					

Total

Gross	19	544			544	641
Reinsurance	20					
Net	21	544			544	641

Long-term insurance business : Analysis of premiums

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Gross

Regular premiums	11	107704	22689	12144	142536	169045
Single premiums	12	1658	71821	15944	89423	72635

Reinsurance - external

Regular premiums	13	54379		397	54776	53067
Single premiums	14					

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					(1044)

Net of reinsurance

Regular premiums	17	53325	22689	11747	87760	115978
Single premiums	18	1658	71821	15944	89423	73679

Total

Gross	19	109362	94509	28088	231960	241680
Reinsurance	20	54379		397	54776	52023
Net	21	54983	94509	27691	177184	189657

Long-term insurance business : Analysis of claims

Name of insurer **Scottish Provident Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2006**
 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	70244	5576	3081	78902	97138
Disability periodic payments	12	334		4	339	258
Surrender or partial surrender	13	221648	397742	102709	722099	537058
Annuity payments	14	3293	45606	11990	60889	55514
Lump sums on maturity	15	107870	28004	47378	183252	143324
Total	16	403390	476928	165163	1045481	833292

Reinsurance - external

Death or disability lump sums	21	38272	270	7	38549	27504
Disability periodic payments	22	178			178	198
Surrender or partial surrender	23	29			29	9
Annuity payments	24	1	38050		38051	38234
Lump sums on maturity	25					
Total	26	38481	38320	7	76808	65945

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	31972	5306	3074	40353	69634
Disability periodic payments	42	156		4	160	60
Surrender or partial surrender	43	221619	397742	102709	722070	537049
Annuity payments	44	3292	7556	11990	22838	17280
Lump sums on maturity	45	107870	28004	47378	183252	143324
Total	46	364910	438609	165155	968674	767347

Long-term insurance business : Analysis of claims

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 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	12719	1014	871	14604	19676
Disability periodic payments	12					
Surrender or partial surrender	13	157808	116782	85555	360145	265736
Annuity payments	14					(2357)
Lump sums on maturity	15	95911		47378	143289	128751
Total	16	266438	117796	133804	518038	411806

Reinsurance - external

Death or disability lump sums	21	641			641	(791)
Disability periodic payments	22					
Surrender or partial surrender	23	9			9	
Annuity payments	24					
Lump sums on maturity	25					
Total	26	651			651	(791)

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	12078	1014	871	13963	20467
Disability periodic payments	42					
Surrender or partial surrender	43	157799	116782	85555	360136	265736
Annuity payments	44					(2357)
Lump sums on maturity	45	95911		47378	143289	128751
Total	46	265788	117796	133804	517387	412597

Long-term insurance business : Analysis of claims

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2006**
 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	137		137	(221)
Disability periodic payments	12				
Surrender or partial surrender	13	593		593	331
Annuity payments	14				
Lump sums on maturity	15	4412		4412	5331
Total	16	5143		5143	5441

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	137		137	(221)
Disability periodic payments	42				
Surrender or partial surrender	43	593		593	331
Annuity payments	44				
Lump sums on maturity	45	4412		4412	5331
Total	46	5143		5143	5441

Long-term insurance business : Analysis of claims

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 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	57388	4562	2211	64161	77683
Disability periodic payments	12	334		4	339	258
Surrender or partial surrender	13	63247	280960	17154	361360	270991
Annuity payments	14	3293	45606	11990	60889	57871
Lump sums on maturity	15	7547	28004		35551	9242
Total	16	131809	359132	31359	522300	416045

Reinsurance - external

Death or disability lump sums	21	37631	270	7	37908	28295
Disability periodic payments	22	178			178	198
Surrender or partial surrender	23	20			20	9
Annuity payments	24	1	38050		38051	38234
Lump sums on maturity	25					
Total	26	37830	38320	7	76157	66736

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	19757	4292	2203	26252	49388
Disability periodic payments	42	156		4	160	60
Surrender or partial surrender	43	63227	280960	17154	361341	270982
Annuity payments	44	3292	7556	11990	22838	19637
Lump sums on maturity	45	7547	28004		35551	9242
Total	46	93979	320813	31352	446143	349309

Long-term insurance business : Analysis of expenses

Name of insurer **Scottish Provident Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Gross

Commission - acquisition	11	1138	987	530	2655	1466
Commission - other	12	3606	253	1328	5187	9027
Management - acquisition	13	2756	91	53	2900	534
Management - maintenance	14	51072	10033	4962	66067	40351
Management - other	15	(7298)	(10705)	2134	(15869)	2264
Total	16	51273	660	9007	60939	53642

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	1138	987	530	2655	1466
Commission - other	42	3606	253	1328	5187	9027
Management - acquisition	43	2756	91	53	2900	534
Management - maintenance	44	51072	10033	4962	66067	40351
Management - other	45	(7298)	(10705)	2134	(15869)	2264
Total	46	51273	660	9007	60939	53642

Long-term insurance business : Analysis of expenses

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Gross

Commission - acquisition	11	10	61	123	195	211
Commission - other	12	1694	26	836	2556	2940
Management - acquisition	13		14	44	58	371
Management - maintenance	14	9858	1999	4375	16232	28390
Management - other	15	(579)	(386)		(964)	(3273)
Total	16	10984	1715	5379	18078	28639

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	10	61	123	195	211
Commission - other	42	1694	26	836	2556	2940
Management - acquisition	43		14	44	58	371
Management - maintenance	44	9858	1999	4375	16232	28390
Management - other	45	(579)	(386)		(964)	(3273)
Total	46	10984	1715	5379	18078	28639

Long-term insurance business : Analysis of expenses

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2006**
 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	118		118	580
Management - other	15				15
Total	16	118		118	595

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	118		118	580
Management - other	45				15
Total	46	118		118	595

Long-term insurance business : Analysis of expenses

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**

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

Gross

Commission - acquisition	11	1127	926	407	2460	1255
Commission - other	12	1911	227	492	2631	6087
Management - acquisition	13	2756	77	8	2841	163
Management - maintenance	14	41096	8034	587	49717	11381
Management - other	15	(6719)	(10319)	2134	(14905)	5522
Total	16	40171	(1055)	3628	42744	24408

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	1127	926	407	2460	1255
Commission - other	42	1911	227	492	2631	6087
Management - acquisition	43	2756	77	8	2841	163
Management - maintenance	44	41096	8034	587	49717	11381
Management - other	45	(6719)	(10319)	2134	(14905)	5522
Total	46	40171	(1055)	3628	42744	24408

Long-term insurance business : Linked funds balance sheet

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	109095	179505
Directly held assets in collective investment schemes of connected companies	12	963212	1138757
Directly held assets in other collective investment schemes	13	59264	53585
Total assets (excluding cross investment) (11+12+ 13)	14	1131571	1371847
Provision for tax on unrealised capital gains	15	21190	18640
Secured and unsecured loans	16		
Other liabilities	17	1454	11542
Total net assets (14-15-16-17)	18	1108926	1341665

Directly held linked assets

Value of directly held linked assets	21	9582	9157
--------------------------------------	----	------	------

Total

Value of directly held linked assets and units held (18+21)	31	1118509	1350822
Surplus units	32	4053	3133
Deficit units	33		
Net unit liability (31-32+33)	34	1114456	1347689

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

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

Income

Value of total creation of units	11	36661	43341
Investment income attributable to the funds before deduction of tax	12	42103	42127
Increase (decrease) in the value of investments in the financial year	13	79296	181124
Other income	14		
Total income	19	158061	266592

Expenditure

Value of total cancellation of units	21	371629	160837
Charges for management	22	12006	11873
Charges in respect of tax on investment income	23	2121	2125
Taxation on realised capital gains	24	724	1348
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25	2692	9360
Other expenditure	26	1626	2497
Total expenditure	29	390799	188040

Increase (decrease) in funds in financial year (19-29)	39	(232738)	78552
Internal linked fund brought forward	49	1341664	1263112
Internal linked funds carried forward (39+49)	59	1108926	1341664

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

Total business

Financial year ended **31 December 2006**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		2058	160	2218	1923
Total	13		2058	160	2218	1923

**Amount of new regular
premiums**

Direct insurance business	21	1186	30	141	1357	1730
External reinsurance	22					
Intra-group reinsurance	23					
Total	24	1186	30	141	1357	1730

**Amount of new single
premiums**

Direct insurance business	25	1658	71821	17785	91264	74578
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	1658	71821	17785	91264	74578

Long-term insurance business : Analysis of new business

Name of insurer

Scottish Provident Limited

Total business

Financial year ended

31 December 2006

Units

£000

UK Life / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
325	Level term assurance (self assurance)		26		
330	Decreasing term assurance (self assurance)		18		
340	Accelerated critical illness (guaranteed premiums - self assurance)		219		
345	Accelerated critical illness (reviewable premiums - self assurance)		14		
350	Stand-alone critical illness (guaranteed premiums - self assurance)		102		
355	Stand-alone critical illness (reviewable premiums - self assurance)		10		
360	Income protection non-profit (guaranteed premiums)		92		
400	Annuity non-profit (CPA)				1658
710	Life property linked whole life regular premium		706		

Long-term insurance business : Analysis of new business

Name of insurer

Scottish Provident Limited

Total business

Financial year ended

31 December 2006

Units

£000

UK Pension / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
170	Conventional deferred annuity with profits - increments		3		694
325	Level term assurance		2		
400	Annuity non-profit (CPA)			2058	52257
730	Individual pensions property linked - increments		25		18870

Long-term insurance business : Analysis of new business

Name of insurer

Scottish Provident Limited

Total business

Financial year ended

31 December 2006

Units

£000

Overseas / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
170	Conventional deferred annuity with profits - increments (pensions)		140		
325	Level term assurance (pensions)		1		
400	Annuity non-profit (CPA)			160	17785

Long-term insurance business : Non- linked assets

Name of insurer **Scottish Provident Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2006**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	139241	516651	23938	4.34	
Other fixed interest securities	13		27591	1545	5.57	
Variable interest securities	14		36305	761	1.35	
UK listed equity shares	15		4093	141	5.61	
Non-UK listed equity shares	16		2084	57	4.75	
Unlisted equity shares	17	192	192			
Other assets	18	778071	330588	17336	5.24	
Total	19	917504	917504	43779	4.59	

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

Land and buildings	21					
Approved fixed interest securities	22	56828	1097299	54658	4.74	
Other fixed interest securities	23	89	1042631	56084	5.35	
Variable interest securities	24		3573	110	2.80	
UK listed equity shares	25		1193457	41093	5.61	
Non-UK listed equity shares	26		606764	16703	4.75	
Unlisted equity shares	27	55847	55847			
Other assets	28	4468399	581592	27991	4.81	
Total	29	4581164	4581164	196639	5.06	

Overall return on with-profits assets

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

Long-term insurance business : Non- linked assets

Name of insurer **Scottish Provident Limited**
 Category of assets **11 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	196	3718	186	4.74	
Other fixed interest securities	13		3580	193	5.35	
Variable interest securities	14		12		2.80	
UK listed equity shares	15		4093	141	5.61	
Non-UK listed equity shares	16		2084	57	4.75	
Unlisted equity shares	17	192	192		0.00	
Other assets	18	14617	1327	96	7.26	
Total	19	15006	15006	673	5.28	

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

Land and buildings	21					
Approved fixed interest securities	22	56828	1079604	53763	4.74	2.31
Other fixed interest securities	23	89	1039397	55902	5.35	1.99
Variable interest securities	24		3571	110	2.80	
UK listed equity shares	25		1188447	40921	5.61	12.53
Non-UK listed equity shares	26		604996	16668	4.75	2.68
Unlisted equity shares	27	55847	55847			
Other assets	28	4439367	580269	27965	4.82	4.93
Total	29	4552131	4552131	195329	5.06	5.79

Overall return on with-profits assets

Post investment costs but pre-tax	31					5.77
Return allocated to non taxable 'asset shares'	32					5.77
Return allocated to taxable 'asset shares'	33					4.96

Long-term insurance business : Non- linked assets

Name of insurer **Scottish Provident Limited**
 Category of assets **12 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11				
Approved fixed interest securities	12				
Other fixed interest securities	13				
Variable interest securities	14				
UK listed equity shares	15				
Non-UK listed equity shares	16				
Unlisted equity shares	17				
Other assets	18				
Total	19				

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

Land and buildings	21					
Approved fixed interest securities	22		17695	894	4.83	1.99
Other fixed interest securities	23		3234	182	5.60	1.76
Variable interest securities	24		3		4.81	
UK listed equity shares	25		5011	172	5.60	10.76
Non-UK listed equity shares	26		1768	35	3.85	6.19
Unlisted equity shares	27					
Other assets	28	29033	1323	27	2.01	4.19
Total	29	29033	29033	1310	4.86	3.60

Overall return on with-profits assets

Post investment costs but pre-tax	31					3.46
Return allocated to non taxable 'asset shares'	32					n/a
Return allocated to taxable 'asset shares'	33					3.01

Long-term insurance business : Non- linked assets

Name of insurer **Scottish Provident Limited**
 Category of assets **13 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
1	2	3	4	5

Assets backing non-profit liabilities and non-profit capital requirements

Land and buildings	11					
Approved fixed interest securities	12	139045	512933	23752	4.33	
Other fixed interest securities	13		24011	1353	5.60	
Variable interest securities	14		36293	761	1.34	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	763453	329261	17240	5.24	
Total	19	902499	902499	43107	4.58	

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

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

Overall return on with-profits assets

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

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Scottish Provident Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2006**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	975178	10.15	4.69	4.69
Other approved fixed interest securities	21	638772	7.22	4.50	4.40
Other fixed interest securities					
AAA/Aaa	31	240548	8.73	4.84	4.76
AA/Aa	32	171928	7.58	5.27	5.14
A/A	33	432313	9.30	5.45	5.20
BBB/Baa	34	156143	8.03	5.78	5.13
BB/Ba	35	1805	7.09	5.91	5.25
B/B	36	3140	8.50	5.99	5.35
CCC/Caa	37				
Other (including unrated)	38	64345	9.23	5.83	5.37
Total other fixed interest securities	39	1070222	8.70	5.36	5.10
Approved variable interest securities	41	38715	11.41	1.37	1.37
Other variable interest securities	51	1164	15.89	5.01	4.93
Total (11+21+39+41+51)	61	2724051	8.91	4.86	4.73

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Scottish Provident Limited**
 Category of assets **11 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	591772	7.97	4.83	4.83
Other approved fixed interest securities	21	491550	7.17	4.63	4.51
Other fixed interest securities					
AAA/Aaa	31	235432	8.69	4.83	4.76
AA/Aa	32	166826	7.57	5.26	5.14
A/A	33	421237	9.29	5.44	5.19
BBB/Baa	34	151951	8.03	5.78	5.12
BB/Ba	35	1805	7.09	5.91	5.25
B/B	36	3069	8.42	5.99	5.35
CCC/Caa	37				
Other (including unrated)	38	62656	9.22	5.83	5.36
Total other fixed interest securities	39	1042977	8.69	5.35	5.09
Approved variable interest securities	41	2442	11.25	1.77	1.77
Other variable interest securities	51	1141	15.88	5.01	4.93
Total (11+21+39+41+51)	61	2129882	8.15	5.03	4.88

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Scottish Provident Limited**
 Category of assets **12 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	16724	8.19	4.81	4.81
Other approved fixed interest securities	21	970	7.70	5.08	4.98
Other fixed interest securities					
AAA/Aaa	31	607	10.53	5.23	5.16
AA/Aa	32	606	7.85	5.44	5.32
A/A	33	1315	9.71	5.67	5.42
BBB/Baa	34	498	8.01	5.92	5.26
BB/Ba	35				
B/B	36	8	12.08	5.99	5.33
CCC/Caa	37				
Other (including unrated)	38	200	9.31	5.94	5.46
Total other fixed interest securities	39	3234	9.24	5.60	5.33
Approved variable interest securities	41				
Other variable interest securities	51	3	16.26	4.81	4.73
Total (11+21+39+41+51)	61	20931	8.33	4.95	4.90

Long-term insurance business : Fixed and variable interest assets

Name of insurer **Scottish Provident Limited**
 Category of assets **13 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	366681	13.75	4.45	4.45
Other approved fixed interest securities	21	146251	7.39	4.04	4.03
Other fixed interest securities					
AAA/Aaa	31	4509	10.53	5.23	5.16
AA/Aa	32	4496	7.85	5.44	5.32
A/A	33	9761	9.71	5.67	5.42
BBB/Baa	34	3694	8.01	5.92	5.26
BB/Ba	35				
B/B	36	63	12.08	5.99	5.33
CCC/Caa	37				
Other (including unrated)	38	1489	9.31	5.94	5.46
Total other fixed interest securities	39	24011	9.24	5.60	5.33
Approved variable interest securities	41	36273	11.42	1.34	1.34
Other variable interest securities	51	21	16.26	4.81	4.73
Total (11+21+39+41+51)	61	573237	11.79	4.20	4.19

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Scottish Provident Limited**Total business / subfund **10 Long Term Fund**Financial year ended **31 December 2006**

Units

£000

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

Gross

Form 51 - with-profits	11	1251112	334162	673574	2258849	2538161
Form 51 - non-profit	12	81258	955392	208444	1245093	1302862
Form 52	13	170386	636236	51595	858218	1004082
Form 53 - linked	14	481741	553495	79220	1114456	1347810
Form 53 - non-linked	15	14462	6846	3115	24424	19702
Form 54 - linked	16					
Form 54 - non-linked	17		28611		28611	29378
Total	18	1998960	2514741	1015949	5529650	6241995

Reinsurance - external

Form 51 - with-profits	21	3102		189	3291	3149
Form 51 - non-profit	22	67949	529255	460	597664	652071
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25	108			108	131
Form 54 - linked	26					
Form 54 - non-linked	27		17600		17600	22855
Total	28	71159	546855	649	618663	678206

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	1248010	334162	673386	2255558	2535012
Form 51 - non-profit	42	13309	426137	207984	647430	650791
Form 52	43	170386	636236	51595	858218	1004082
Form 53 - linked	44	481741	553495	79220	1114456	1347810
Form 53 - non-linked	45	14354	6846	3115	24315	19571
Form 54 - linked	46					
Form 54 - non-linked	47		11011		11011	6523
Total	48	1927801	1967886	1015300	4910987	5563789

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Scottish Provident Limited**Total business / subfund **21 SPI Fund**Financial year ended **31 December 2006**

Units

£000

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

Gross

Form 51 - with-profits	11	1232749	334162	673574	2240486	2516400
Form 51 - non-profit	12	2498	10403	1805	14707	30825
Form 52	13	170379	629639	50748	850766	992046
Form 53 - linked	14					
Form 53 - non-linked	15					
Form 54 - linked	16					
Form 54 - non-linked	17					
Total	18	1405627	974204	726127	3105958	3539271

Reinsurance - external

Form 51 - with-profits	21	3027		189	3216	3149
Form 51 - non-profit	22	241	29	(9)	260	355
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25					
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	3268	29	180	3476	3504

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	1229722	334162	673386	2237269	2513251
Form 51 - non-profit	42	2258	10375	1814	14447	30470
Form 52	43	170379	629639	50748	850766	992046
Form 53 - linked	44					
Form 53 - non-linked	45					
Form 54 - linked	46					
Form 54 - non-linked	47					
Total	48	1402359	974176	725947	3102482	3535767

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Scottish Provident Limited**Total business / subfund **22 Special Fund**Financial year ended **31 December 2006**

Units

£000

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

Gross

Form 51 - with-profits	11	18363		18363	21761
Form 51 - non-profit	12				
Form 52	13				
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18	18363		18363	21761

Reinsurance - external

Form 51 - with-profits	21	75		75	
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28	75		75	

Reinsurance - intra-group

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

Net of reinsurance

Form 51 - with-profits	41	18288		18288	21761
Form 51 - non-profit	42				
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48	18288		18288	21761

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Scottish Provident Limited**Total business / subfund **31 Non Profit Fund**Financial year ended **31 December 2006**

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	78759	944989	206639	1230387	1272037
Form 52	13	7	6597	848	7452	12036
Form 53 - linked	14	481741	553495	79220	1114456	1347810
Form 53 - non-linked	15	14462	6846	3115	24424	19702
Form 54 - linked	16					
Form 54 - non-linked	17		28611		28611	29378
Total	18	574970	1540537	289822	2405329	2680963

Reinsurance - external

Form 51 - with-profits	21					
Form 51 - non-profit	22	67708	529227	469	597404	651716
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25	108			108	131
Form 54 - linked	26					
Form 54 - non-linked	27		17600		17600	22855
Total	28	67816	546827	469	615112	674702

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	11051	415762	206170	632983	620321
Form 52	43	7	6597	848	7452	12036
Form 53 - linked	44	481741	553495	79220	1114456	1347810
Form 53 - non-linked	45	14354	6846	3115	24315	19571
Form 54 - linked	46					
Form 54 - non-linked	47		11011		11011	6523
Total	48	507154	993710	289353	1790217	2006261

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	3112	58275	507				32621
120	Conventional endowment with-profits OB savings	128507	3055050	70825				1192561
205	Miscellaneous conventional with-profits	416	6578					5588
210	Additional reserves with-profits OB							1979
435	Miscellaneous non-profit	2291	35849	527				2498
435	Miscellaneous non-profit (per annum)		6760					

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB		2634	36				1322
120	Conventional endowment with-profits OB savings		2668	57				992
210	Additional reserves with-profits OB							713
435	Miscellaneous non-profit		1112	44				241
435	Miscellaneous non-profit (per annum)		1249					

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
165	Conventional deferred annuity with-profits (with cash option)	8854	73599	683				115093
165	Conventional deferred annuity with-profits (without cash option)	7843	31712	1044				211696
210	Additional reserves with-profits OB							7374
390	Deferred annuity non-profit	191	92					9814
390	Deferred annuity non-profit (per annum)		637					
435	Miscellaneous non - profit		16493	260				278
435	Miscellaneous non - profit (per annum)		2574					
440	Additional reserves non-profit OB (GAO reserves on NP contracts)							311

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
435	Miscellaneous non-profit		424	29				29
435	Miscellaneous non-profit (per annum)		4					

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life assurance with-profits OB	1753	60866	1993				17210
120	Conventional endowment with-profits OB savings	35306	330599	12690				254209
205	Miscellaneous conventional with-profits	678	1438					1088
210	Additional reserves with-profits OB							17171
165	Conventional deferred annuity with-profits (with cash option)	15194	187073	6327				201661
165	Conventional deferred annuity with-profits (without cash option) (per annum)	13902	27606	5114				182235
390	Deferred annuity non-profit (per annum)		143					1751
435	Miscellaneous non-profit	937	36149	287				(128)
435	Miscellaneous non-profit (per annum)		349					
440	Additional reserves non-profit OB (GAO reserves on NP contracts)							182

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life assurance with-profits OB		736	8				135
120	Conventional endowment with-profits OB savings		122	4				54
435	Miscellaneous non-profit		6155	5				(9)

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
100	Conventional whole life with-profits OB	88	487	6				260
120	Conventional endowment with-profits OB savings	1681	22136	506				18101
205	Miscellaneous conventional with-profits							2

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
120	Conventional endowment with-profits OB savings		117	1				75

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB	5324	39558	478				21412
325	Level term assurance	50621	5776657	15396				12588
330	Decreasing term assurance	50909	5757050	15997				(8411)
340	Accelerated critical illness (guaranteed premiums)	58302	4468115	26126				(5734)
345	Accelerated critical illness (reviewable premiums)	642	58955	359				120
350	Stand-alone critical illness (guaranteed premiums)	23406	2462154	11701				17435
355	Stand-alone critical illness (reviewable premiums)	230	28566	129				220
360	Income protection non-profit (guaranteed premiums) (per annum)	11689	97770	2280				3793
380	Miscellaneous protection rider (per annum)		40755	2038				5352
395	Annuity non-profit (PLA) (per annum)	1030	747					6513
435	Miscellaneous non-profit	1274	6807	6				6663
435	Miscellaneous non-profit (per annum)		482					
440	Additional reserves non-profit OB							18807

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
300	Regular premium non-profit WL/EA OB		3500	6				342
325	Level term assurance		3613021	7287				15280
330	Decreasing term assurance		3978779	8413				2234
336	Mortality risk premium reinsurance		3326	46				23
340	Accelerated critical illness (guaranteed premiums)		3365653	16924				11077
345	Accelerated critical illness (reviewable premiums)		43962	236				285
350	Stand-alone critical illness (guaranteed premiums)		1931438	8081				21292
355	Stand-alone critical illness (reviewable premiums)		21423	85				258
360	Income protection non-profit (guaranteed premiums) (per annum)		74178	1554				2598
380	Miscellaneous protection rider (per annum)		2914	146				563
435	Miscellaneous non-profit		626					30
435	Miscellaneous non-profit (per annum)		2					
440	Additional reserves non-profit OB							13726

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance	18028	1362105	4861				3690
380	Miscellaneous protection rider (per annum)		10359	518				2072
390	Deferred annuity non-profit (per annum)	5092	12002	39				178307
400	Annuity non-profit (CPA) (per annum)	28111	48387					754228
435	Miscellaneous non-profit	3038	52186	199				5274
435	Miscellaneous non-profit (per annum)		3909					
440	Additional reserves non-profit OB							1417

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance		20400	48				121
400	Annuity non-profit (CPA) (per annum)		36721					528123
380	Miscellaneous protection rider (per annum)		4914	246				983

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
325	Level term assurance	1251	63866	260				47
330	Decreasing term assurance	10961	120868	566				133
400	Annuity non-profit	2336	11988					195269
435	Miscellaneous non-profit	2809	141243	812				7602
435	Miscellaneous non-profit (per annum)		1887					
440	Additional reserves non-profit OB							3588

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
330	Decreasing term assurance		407	8				6
435	Miscellaneous non-profit		56768	406				463

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
500	Life UWP single premium (Edinburgh version)	3705	82466		82466	85222		85222
500	Life UWP single premium (Kendal version)	3756	81354		81354	81319		81319
510	Life UWP endowment regular premium - savings	282	14728	405	3229	3293		3293
575	Miscellaneous UWP	12	67		67	45	500	545

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP	65471	485973	4581	485071	513640		513640
571	Trustee Investment Plan UWP	25	1957		1957	2253		2253
555	Group deposit administration with-profits		80235	2822	80235	82256	31468	113724
575	Miscellaneous UWP						22	22

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium	220	7420		7420	7420		7420
505	Life UWP whole life regular premium	11	97	18	97	91		91
535	Group money purchase pensions UWP	7	646		646	646		646
525	Individual pensions UWP	1674	26654	1269	26646	26251	10012	36264
555	Group deposit administration with-profits		3974	201	3974	4180	1790	5970
575	Miscellaneous UWP	141	439	39	439	357		357

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Gross

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

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
510	Life UWP endowment regular premium - savings		337	2				

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
525	Individual pensions UWP						6506	6506
571	Trustee investment plan UWP						91	91

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Pension / Reinsurance ceded external

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

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
505	Life UWP whole life regular premium						1	1
525	Individual pensions UWP						678	678
575	Miscellaneous UWP						96	96
610	Additional reserves UWP						73	73

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 Overseas / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
525	Individual pensions UWP		4789	46				

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
700	Life property linked single premium (Edinburgh Version)	4343	79449		79449	79449	3	79452
700	Life property linked single premium (Kendal Version)	11766	213325		207419	207419	21	207440
700	Life property linked single premium	1662	22561		21089	21089	14	21103
710	Life property linked whole life regular premium	38525	4429295	24479	87246	87126	14122	101248
715	Life property linked endowment regular premium - savings	3227	114028	2446	50668	50668	15	50683
795	Miscellaneous property linked	3049	47459	436	35991	35991	287	36278
795	Miscellaneous property linked (per annum)		335					

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
725	Individual pensions property linked	47457	556023	6565	552108	543028	3559	546588
755	Trustee investment plan	102	6997		6997	6997	574	7571
790	Miscellaneous protection rider (per annum)		375	11			67	67
795	Miscellaneous property linked	302	7090	197	3650	3469	682	4151
800	Additional reserves property linked						1963	1963

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

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**
 Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	1810	39908		35612	35612	1378	36990
710	Life property linked whole life regular premium	5294	369238	1120	3339	3339	818	4157
725	Individual pensions property linked	1272	31644	935	31644	31644	381	32025
735	Group money purchase pensions property linked	234	5465	64	5352	5352	119	5471
795	Miscellaneous property linked	4705	110829	415	3273	3273	19	3292
800	Additional reserves property linked						401	401

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Margetts Growth Fund	04 - life - other managed fund	656	Accumulated	1.00	2.4561	2.6568	8.17
Margetts Income Fund	04 - life - other managed fund	98	Accumulated	1.00	2.2163	2.4469	10.41
Superior Growth Fund	04 - life - other managed fund	10	Accumulated				
SVM Superior Distribution Fund	04 - life - other managed fund	5	Accumulated				
MDA Actively Managed Retirement Fund (Closed)	14 - individual pension - other managed fund	1059	Accumulated		0.0640		(100.00)
Margetts Growth Pension Fund	14 - individual pension - other managed fund	700	Accumulated	1.00	3.1065	3.4948	12.50
Henderson Deposit Fund	04 - life - other managed fund	1115	Accumulated	1.00	3.2349	3.3262	2.82
Henderson European Fund	06 - life - overseas equity	2915	Accumulated	1.00	6.2576	7.1225	13.82
Henderson Far East Fund	06 - life - overseas equity	2808	Accumulated	1.00	7.8744	7.7657	(1.38)
Henderson Fixed Interest Fund	04 - life - other managed fund	141	Accumulated	1.00	0.5868	0.5599	(4.58)
Henderson Global Managed Fund	06 - life - overseas equity	14134	Accumulated	1.00	7.3675	8.1185	10.19
Henderson North American Fund	06 - life - overseas equity	557	Accumulated	1.00	5.0110	4.8539	(3.14)
Henderson UK Equity Fund	05 - life - UK equity	4381	Accumulated	1.00	4.6491	5.2334	12.57
Henderson Deposit Pension Fund	14 - individual pension - other managed fund	168	Accumulated	0.75	4.8112	5.0004	3.93
Henderson European Pension Fund	16 - individual pension - overseas equity	431	Accumulated	0.75	10.4298	11.9355	14.44
Henderson Far Eastern Pension Fund	16 - individual pension - overseas equity	678	Accumulated	0.75	7.2056	7.3878	2.53
Henderson Fixed Interest Pension Fund	14 - individual pension - other managed fund	205	Accumulated	0.75	5.7485	6.2379	8.51
Henderson Managed Pension Fund	12 - individual pension - balanced managed fund	1219	Accumulated	0.75	8.0279	9.0547	12.79

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Henderson North American Pension Fund	16 - individual pension - overseas equity	354	Accumulated	0.75	5.3206	5.3900	1.30
Henderson Special Situations Pension Fund	15 - individual pension - UK equity	966	Accumulated	0.75	7.3406	8.3874	14.26
Henderson UK Equity Pension Fund	15 - individual pension - UK equity	953	Accumulated	0.75	9.4799	11.4494	20.78
Adventurous Managed Fund	04 - life - other managed fund	25152	Accumulated	1.00	3.7842	4.0956	8.23
Bradford & Bingley Select Managed Fund	04 - life - other managed fund	1681	Accumulated	1.00	2.1715	2.2135	1.93
UK Blue Chip Fund	05 - life - UK equity	5275	Accumulated	1.00	2.1646	2.4602	13.66
Balanced Growth Managed Fund	02 - life - balanced managed fund	92934	Accumulated	1.00	13.5146	14.4316	6.79
Cash Fund	04 - life - other managed fund	2557	Accumulated	1.00	4.8474	4.9922	2.99
SP Aberdeen Fixed Interest Fund	04 - life - other managed fund	4314	Accumulated	0.75	3.6646	3.5902	(2.03)
Cautious Managed Fund	04 - life - other managed fund	9729	Accumulated	1.00	2.6708	2.7283	2.15
Equity Income Distribution Fund	05 - life - UK equity	9357	Accumulated	1.00	1.2897	1.3965	8.28
Equity Fund	06 - life - overseas equity	5938	Accumulated	1.00	14.0986	14.9612	6.12
European Fund	06 - life - overseas equity	8367	Accumulated	1.00	3.1213	3.5913	15.06
Extra Income Fund	05 - life - UK equity	14576	Accumulated	1.00	7.7287	8.4069	8.78
Far Eastern Fund	06 - life - overseas equity	6556	Accumulated	1.00	8.6865	8.9910	3.51
Fixed Interest Fund	04 - life - other managed fund	5876	Accumulated	1.00	8.7483	8.6424	(1.21)
High Income Fund	04 - life - other managed fund	70028	Accumulated	1.00	14.8087	16.8245	13.61
High Yield Distribution Fund	04 - life - other managed fund	10883	Accumulated	1.00	1.1357	1.0762	(5.24)

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
International Fund	06 - life - overseas equity	2829	Accumulated	1.00	5.1036	5.3860	5.53
Managed Distribution Fund	02 - life - balanced managed fund	33503	Accumulated	1.00	1.2494	1.2559	0.51
Managed Growth Fund	02 - life - balanced managed fund	26563	Accumulated	1.00	1.6728	1.7884	6.91
Monthly Distribution Fund	02 - life - balanced managed fund	4793	Accumulated	1.00	1.0858	1.0640	(2.01)
North American Fund	06 - life - overseas equity	3482	Accumulated	1.00	8.9763	9.1107	1.50
Preference and Fixed Interest Fund	04 - life - other managed fund	757	Accumulated	1.00	2.7659	2.8042	1.38
Property Fund	07 - life - property	4481	Accumulated	0.22	6.1809	7.1200	15.19
Recovery Fund	05 - life - UK equity	2307	Accumulated	1.00	2.7999	3.3013	17.91
UK Mid Cap Fund	05 - life - UK equity	13722	Accumulated	1.00	13.2130	16.6398	25.94
LTC	04 - life - other managed fund	307	Accumulated	1.00	1.2235	1.3085	6.94
Technology Fund	06 - life - overseas equity	5842	Accumulated	1.00	12.4431	11.5423	(7.24)
Adventurous Managed Pension Fund	11 - individual pension - stock market managed fund	51574	Accumulated	1.00	4.4927	4.9226	9.57
UK Blue Chip Pension Fund	15 - individual pension - UK equity	3583	Accumulated	1.00	2.6667	3.0419	14.07
Balanced Growth Managed Pension Fund	12 - individual pension - balanced managed fund	147198	Accumulated	1.00	16.7900	17.9697	7.03
Building Society Pension Fund	14 - individual pension - other managed fund	3003	Accumulated	1.00	6.3406	6.5397	3.14
Cautious Managed Pension Fund	13 - individual pension - defensive managed fund	9609	Accumulated	1.00	3.4469	3.5222	2.18
Equity Pension Fund	16 - individual pension - overseas equity	15381	Accumulated	1.00	20.4946	21.8014	6.38
European Pension Fund	16 - individual pension - overseas equity	9350	Accumulated	1.00	4.0011	4.6961	17.37

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Extra Income Pension Fund	15 - individual pension - UK equity	15828	Accumulated	1.00	9.9830	10.9295	9.48
Far Eastern Pension Fund	16 - individual pension - overseas equity	9755	Accumulated	1.00	9.7725	10.1472	3.83
Fixed Interest Pension Fund	14 - individual pension - other managed fund	4224	Accumulated	1.00	16.0607	15.9597	(0.63)
High Income Pension Fund	14 - individual pension - other managed fund	57249	Accumulated	1.00	17.5466	20.2091	15.17
International Pension Fund	16 - individual pension - overseas equity	3386	Accumulated	1.00	5.0708	5.3606	5.72
Managed Cash Pension Fund	14 - individual pension - other managed fund	4384	Accumulated	1.00	3.0386	3.1459	3.53
Managed Growth Pension Fund	12 - individual pension - balanced managed fund	18288	Accumulated	1.00	1.9237	2.0589	7.03
SP Aberdeen Fixed Interest Pension Fund	14 - individual pension - other managed fund	1660	Accumulated	1.00	4.7474	4.6578	(1.89)
North American Pension Fund	16 - individual pension - overseas equity	2802	Accumulated	1.00	7.5570	7.6051	0.64
Preference and Fixed Interest Pension Fund	14 - individual pension - other managed fund	1306	Accumulated	1.00	3.6127	3.5465	(1.83)
Property Pension Fund	17 - individual pension - property	3900	Accumulated	0.57	9.5014	10.4608	10.10
Recovery Pension Fund	15 - individual pension - UK equity	3239	Accumulated	1.00	3.4519	4.2080	21.90
UK Mid Cap Pension Fund	15 - individual pension - UK equity	19669	Accumulated	1.00	12.0971	15.9026	31.46
Technology Pension Fund	16 - individual pension - overseas equity	5082	Accumulated	1.00	9.2343	8.3284	(9.81)
Americas Performance Fund	06 - life - overseas equity	114	Accumulated	1.00	2.4098	2.4402	1.26
Blue Chip Fund	06 - life - overseas equity	35431	Accumulated	1.00	3.0131	3.3519	11.24
Cash Fund	04 - life - other managed fund	769	Accumulated	1.00	2.6722	2.7447	2.71
Equity Fund	06 - life - overseas equity	2349	Accumulated	1.00	4.5172	5.0881	12.64

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Europe Performance Fund	06 - life - overseas equity	676	Accumulated	1.00	2.8819	3.3167	15.09
Far East Performance Fund	06 - life - overseas equity	357	Accumulated	1.00	2.1085	2.1824	3.51
Fixed Interest Fund	04 - life - other managed fund	1594	Accumulated	1.00	5.0786	5.0322	(0.91)
Index Linked Fund	04 - life - other managed fund	233	Accumulated	1.00	3.5019	3.4686	(0.95)
International Fund	06 - life - overseas equity	2031	Accumulated	1.00	3.9110	4.1298	5.60
Managed Fund	02 - life - balanced managed fund	30795	Accumulated	1.00	4.4622	4.7499	6.45
Money Market Fund	04 - life - other managed fund	3650	Accumulated	1.00	1.7578	1.8092	2.92
Property Fund	07 - life - property	3037	Accumulated	0.24	4.8719	5.6078	15.10
Worldwide Performance Fund	06 - life - overseas equity	237	Accumulated	1.00	2.0406	2.1861	7.13
Pension Americas Performance Fund	16 - individual pension - overseas equity	382	Accumulated	1.00	2.9281	2.9754	1.61
Pension Blue Chip Fund	15 - individual pension - UK equity	5599	Accumulated	1.00	3.4475	3.9047	13.26
Pension Building Society Fund	16 - individual pension - overseas equity	2463	Accumulated	1.00	3.1951	3.3128	3.68
Pension Cash Fund	14 - individual pension - other managed fund	2605	Accumulated	1.00	4.2667	4.4170	3.52
Pension Equity Fund	16 - individual pension - overseas equity	12424	Accumulated	1.00	6.0914	7.0137	15.14
Pension Europe Performance Fund	16 - individual pension - overseas equity	2174	Accumulated	1.00	3.3016	3.9191	18.70
Pension Far East Performance Fund	16 - individual pension - overseas equity	2352	Accumulated	1.00	2.6310	2.7567	4.78
Pension Fixed Interest Fund	14 - individual pension - other managed fund	1214	Accumulated	1.00	8.5126	8.4111	(1.19)
Pension Index linked Fund	14 - individual pension - other managed fund	924	Accumulated	1.00	4.1850	4.2297	1.07

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
Pension International Fund	16 - individual pension - overseas equity	5489	Accumulated	1.00	5.2057	5.5452	6.52
Pension Managed Fund	12 - individual pension - balanced managed fund	114602	Accumulated	1.00	6.2959	6.7350	6.97
Pension Property Fund	17 - individual pension - property	8354	Accumulated	0.57	7.3681	8.1300	10.34
Pension Worldwide Performance Fund	16 - individual pension - overseas equity	854	Accumulated	1.00	2.2851	2.4816	8.60
MANAGED	04 - life - other managed fund	6607	Accumulated		2.6983	2.9475	9.23
EQUITY	06 - life - overseas equity	1487	Accumulated		2.5666	3.0537	18.98
GILT	04 - life - other managed fund	281	Accumulated		2.9489	2.8967	(1.77)
CASH	04 - life - other managed fund	161	Accumulated		1.6535	1.6699	0.99
WORLDWIDE OPPORTUNITIES	04 - life - other managed fund	205	Accumulated		1.9086	2.1483	12.56
CAUTIOUS MANAGED	03 - life - defensive managed fund	7945	Accumulated		0.9472	1.0121	6.85
MASTER	04 - life - other managed fund	9564	Accumulated		2.0827	2.2750	9.23
IRISH EQUITY	04 - life - other managed fund	1456	Accumulated	1.00	3.4851	4.3213	23.99
INTERNATIONAL EQUITY	04 - life - other managed fund	1271	Accumulated	1.00	1.6804	1.8915	12.56
FIXED INTEREST	04 - life - other managed fund	73	Accumulated	1.00	1.7431	1.7122	(1.77)
SECURE	04 - life - other managed fund	2777	Accumulated	1.00	1.1871	1.1989	1.00
GLOBAL CHAMPIONS	04 - life - other managed fund	522	Accumulated	1.25	0.5569	0.6205	11.42
TECHNOLOGY	14 - individual pension - other managed fund	1516	Accumulated	1.25	0.2057	0.2126	3.35
PENSION ADVENTUROUS MANAGED	14 - individual pension - other managed fund	5225	Accumulated		1.3804	1.5630	13.23

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
PENSION BALANCED MANAGED	14 - individual pension - other managed fund	13772	Accumulated		4.1837	4.5748	9.35
PENSION CAUTIOUS MANAGED	14 - individual pension - other managed fund	939	Accumulated		1.3953	1.5361	10.09
PENSION IRISH EQUITY	14 - individual pension - other managed fund	1344	Accumulated	1.00	6.0262	7.9287	31.57
PENSION UK STOCKMARKET	14 - individual pension - other managed fund	127	Accumulated	1.00	1.3096	1.5268	16.59
PENSION NORTH AMERICAN STOCKMARKET	14 - individual pension - other managed fund	187	Accumulated	1.00	1.0879	1.1313	3.99
PENSION EUROPEAN STOCKMARKET	14 - individual pension - other managed fund	1318	Accumulated	1.00	2.0369	2.4689	21.21
PENSION FAR EASTERN STOCKMARKET	14 - individual pension - other managed fund	187	Accumulated	1.00	1.4797	1.5643	5.72
PENSION JAPAN STOCKMARKET	14 - individual pension - other managed fund	203	Accumulated	1.00	0.9109	0.8342	(8.42)
PENSION GLOBAL CHAMPIONS	14 - individual pension - other managed fund	516	Accumulated	1.25	0.6339	0.7092	11.89
PENSION TECHNOLOGY	04 - life - other managed fund	422	Accumulated	1.25	0.2908	0.3016	3.72
PENSION WORLD STOCKMARKET	06 - life - overseas equity	550	Accumulated		1.3862	1.5334	10.62
PENSION FIXED INTEREST	06 - life - overseas equity	375	Accumulated	1.00	3.0602	3.0502	(0.33)
PENSION GUARANTEED DEPOSIT	04 - life - other managed fund	1864	Accumulated	1.00	1.8580	1.8880	1.61
PENSION KBC MANAGED	06 - life - overseas equity	2393	Accumulated	1.25	0.8936	1.0059	12.57
PENSION KBC IRISH EQUITY	06 - life - overseas equity	335	Accumulated	1.25	1.2108	1.5823	30.68
PENSION KBC BALANCED MANAGED	02 - life - balanced managed fund	652	Accumulated	0.90	0.8401	0.9468	12.70
PENSION KBC EUROLAND EQUITY	05 - life - UK equity	105	Accumulated	0.90	0.8794	1.0444	18.76
PENSION KBC EURO BALANCED	14 - individual pension - other managed fund	133	Accumulated	0.90	0.8046	0.8826	9.70

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

Name of insurer **Scottish Provident Limited**

Total business

Financial year ended **31 December 2006**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
PENSION KBC TOP PICKS	16 - individual pension - overseas equity	168	Accumulated	0.90	0.5855	0.7065	20.66
PENSION MST EURO GLOBAL BALD	16 - individual pension - overseas equity	1005	Accumulated	0.50	0.7151	0.7250	1.39
PENSION MST GLOBAL EQUITY FUND	14 - individual pension - other managed fund	7	Accumulated	1.15	0.8315	0.8593	3.34
PENSION MST EURO GLOBAL BOND	12 - individual pension - balanced managed fund	12	Accumulated	1.15	0.9391	0.9254	(1.45)
PENSION KBC MANAGED	16 - individual pension - overseas equity	2337	Accumulated	1.25	0.9787	1.0532	7.61
ANAM GUARANTEED DEPOSIT	15 - individual pension - UK equity	1433	Accumulated	0.65	0.9428	0.9582	1.63
ANAM CAUTIOUS MANAGED	15 - individual pension - UK equity	894	Accumulated	0.65	0.9424	1.0382	10.16
ANAM BALANCED MANAGED	04 - life - other managed fund	986	Accumulated	0.65	1.0202	1.1165	9.44
ANAM EUROPEAN EQUITY	04 - life - other managed fund	388	Accumulated	0.65	0.9003	1.0919	21.29
AAM TECHNOLOGY	04 - life - other managed fund	817	Accumulated	0.90	0.4147	0.4300	3.71
ANAM WORLD EQUITY	04 - life - other managed fund	176	Accumulated	0.65	0.8911	0.9866	10.71
KBC IRISH EQUITY	05 - life - UK equity	251	Accumulated	0.65	1.1630	1.5322	31.75
ANAM UK EQUITY	02 - life - balanced managed fund	82	Accumulated	0.65	0.7723	0.9012	16.68
ANAM JAPAN EQUITY	04 - life - other managed fund	55	Accumulated	0.65	1.0156	0.9309	(8.34)
SELEXIS MANAGED	04 - life - other managed fund	1882	Accumulated	0.90	0.9376	1.0096	7.68
AAM GLOBAL CHAMPIONS	04 - life - other managed fund	520	Accumulated	0.90	0.7475	0.8375	12.03
ANAM ADVENTUROUS MANAGED	05 - life - UK equity	581	Accumulated	0.65	0.8373	0.9488	13.31
ANAM FAR EASTERN EQUITY	06 - life - overseas equity	113	Accumulated	0.65	1.3446	1.4220	5.76

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

Name of insurer **Scottish Provident Limited**
 Total business
 Financial year ended **31 December 2006**
 Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
ANAM FIXED INTEREST	06 - life - overseas equity	796	Accumulated	0.65	1.0915	1.0892	(0.21)
ANAM NORTH AMERICAN EQUITY	05 - life - UK equity	86	Accumulated	0.65	0.7536	0.7843	4.07
MST EURO GLOBAL BALANCED MANAGED	04 - life - other managed fund	122	Accumulated	1.15	0.7292	0.7412	1.64
MST GLOBAL EQUITY	04 - life - other managed fund	104	Accumulated	1.25	0.8310	0.8587	3.34
MST EURO GLOBAL BOND	06 - life - overseas equity	37	Accumulated	1.25	0.9374	0.9237	(1.46)
KBCAM MANAGED	04 - life - other managed fund	1944	Accumulated	0.90	0.8401	0.9468	12.70
KBCAM EURO MANAGED	04 - life - other managed fund	128	Accumulated	0.90	0.8067	0.8847	9.67
KBCAM TOP PICKS	04 - life - other managed fund	291	Accumulated	0.90	0.5855	0.7064	20.66
KBCAM EUROLAND EQUITY	06 - life - overseas equity	144	Accumulated	0.90	0.8798	1.0450	18.78
MST GLOBAL EQUITY SELECT	02 - life - balanced managed fund	58	Accumulated	0.90	0.5984	0.6312	5.49
MST EURO GLOBAL BOND SELECT	02 - life - balanced managed fund	92	Accumulated	1.25	0.7016	0.6913	(1.46)
KBC EUROLAND EQUITY SELECT	02 - life - balanced managed fund	185	Accumulated	1.00	0.7074	0.8405	18.81
KBC EURO BALANCED SELECT	06 - life - overseas equity	257	Accumulated	1.00	0.6673	0.7318	9.68
KBC BALANCED MGD SELECT	04 - life - other managed fund	69	Accumulated	1.00	0.7442	0.8389	12.72
KBC TOP PICKS SELECT	07 - life - property	67	Accumulated	1.00	0.6172	0.7442	20.57
KBCAM FALLEN ANGELS	05 - life - UK equity	183	Accumulated	1.25	0.8285	0.8792	6.11
KBCAM MANAGED FUND	05 - life - UK equity	145	Accumulated	1.25	0.6590	0.6572	(0.28)

Long-term insurance business: analysis of valuation interest rate

Name of insurer **Scottish Provident Limited**Subfund **21 SPI Fund**Financial year ended **31 December 2006**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK, L&GA, With Profit, Form 51 assurances, 3.75%	1228456	3.75	4.35	4.95
UK, L&GA, With Profit, Form 52 assurances, 3.75%	169879	3.75	4.35	4.95
UK, Pens, With Profit, Form 51 assurances, 4.25%	334341	4.25	4.25	4.95
UK, Pens, With Profit, Form 52 assurances, 4.25%	629617	4.25	4.25	4.95
UK, Pens, Non Profit, Form 51 assurances, 4.05%	9814	4.05	4.05	4.95
OS, L&GA, With Profit, Form 51 assurances, 3.05%	272318	3.05	3.81	4.16
OS, L&GA, With Profit, Form 52 assurances, 3.05%	8156	3.05	3.81	4.16
OS, Pens, With Profit, Form 51 assurances, 3.80%	400093	3.80	3.80	4.16
OS, Pens, With Profit, Form 52 assurances, 3.80%	42591	3.80	3.80	4.16
Miscellaneous	7216			4.64
Total	3102482			

Long-term insurance business: analysis of valuation interest rate

Name of insurer **Scottish Provident Limited**Subfund **31 Non Profit Fund**Financial year ended **31 December 2006**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK, L&GA, Non Profit, Form 51 assurances, 3.15%	(34203)	3.15	3.94	4.35
UK, L&GA, Non Profit, Form 51 assurances, 4.00%	21071	3.20	4.00	4.35
UK, L&GA, Non Profit, Form 51 annuities, 4.20%	6513	3.36	4.20	4.35
UK, Pens, Non Profit, Form 51 assurances, 4.05%	178436	4.05	4.05	4.35
UK, Pens, Non Profit, Form 51 assurances, 3.95%	3603	3.95	3.95	4.35
UK, Pens, Non Profit, Form 51/54 annuities, 4.20%	235892	4.20	4.20	4.35
OS, L&GA, Non Profit, Form 51 assurances, 3.60%	932	2.88	3.60	3.85
OS, Pens, Non Profit, Form 51 assurances, 3.60%	4478	3.60	3.60	3.85
OS, Pens, Non Profit, Form 51 annuities, 3.70%	195088	3.70	3.70	3.85
UK, L&GA, Non Profit, Form 52-53 ster res, 3.25%	12658	3.25	4.06	4.35
UK, Pens, Non Profit, Form 52-53 ster res, 4.05%	10740	4.05	4.05	4.35
OS, L&GA, Non Profit, Form 52-53 ster res, 2.90%	2242	2.90	3.63	3.85
OS, Pens, Non Profit, Form 52-53 ster res, 3.65%	1248	3.65	3.65	3.85
Miscellaneous	37063			4.27
Total	675761			

Long-term insurance business : Distribution of surplus

Name of insurer **Scottish Provident Limited**
 Total business / subfund **10 Long Term Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	5228848	5917670
Bonus payments in anticipation of a surplus	12	106560	73311
Transfer to non-technical account	13	102179	254505
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	5437588	6245486
Mathematical reserves	21	4910987	5563790
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	526600	681696

Composition of surplus

Balance brought forward	31	353880	510137
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	172720	171559
Total	39	526600	681696

Distribution of surplus

Bonus paid in anticipation of a surplus	41	106560	73311
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	106560	73311
Net transfer out of fund / part of fund	47	102179	254505
Total distributed surplus (46+47)	48	208739	327816
Surplus carried forward	49	317861	353880
Total (48+49)	59	526600	681696

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business : Distribution of surplus

Name of insurer **Scottish Provident Limited**
 Total business / subfund **21 SPI Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	3282204	3722544
Bonus payments in anticipation of a surplus	12	105435	72168
Transfer to non-technical account	13	7179	4505
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	3394818	3799217
Mathematical reserves	21	3102482	3535768
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	292336	263449

Composition of surplus

Balance brought forward	31	186776	186537
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33	125	127
Surplus arising since the last valuation	34	105435	76785
Total	39	292336	263449

Distribution of surplus

Bonus paid in anticipation of a surplus	41	105435	72168
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	105435	72168
Net transfer out of fund / part of fund	47	7179	4505
Total distributed surplus (46+47)	48	112614	76673
Surplus carried forward	49	179722	186776
Total (48+49)	59	292336	263449

Percentage of distributed surplus allocated to policyholders

Current year	61	93.63	94.12
Current year - 1	62	94.12	93.56
Current year - 2	63	93.56	91.08
Current year - 3	64	91.08	91.58

Long-term insurance business : Distribution of surplus

Name of insurer **Scottish Provident Limited**
 Total business / subfund **22 Special Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Financial year 1	Previous year 2
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Valuation result

Fund carried forward	11	28973	33251
Bonus payments in anticipation of a surplus	12	1125	1143
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14	125	127
Subtotal (11 to 14)	15	30223	34521
Mathematical reserves	21	18288	21762
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	11935	12759

Composition of surplus

Balance brought forward	31	11489	8155
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	446	4604
Total	39	11935	12759

Distribution of surplus

Bonus paid in anticipation of a surplus	41	1125	1143
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46	1125	1143
Net transfer out of fund / part of fund	47	125	127
Total distributed surplus (46+47)	48	1250	1270
Surplus carried forward	49	10685	11489
Total (48+49)	59	11935	12759

Percentage of distributed surplus allocated to policyholders

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

Long-term insurance business : Distribution of surplus

Name of insurer **Scottish Provident Limited**
 Total business / subfund **31 Non Profit Fund**
 Financial year ended **31 December 2006**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	1917672	2161875
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	95000	250000
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	2012672	2411875
Mathematical reserves	21	1790217	2006260
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	222455	405615

Composition of surplus

Balance brought forward	31	155615	315445
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	66840	90170
Total	39	222455	405615

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	95000	250000
Total distributed surplus (46+47)	48	95000	250000
Surplus carried forward	49	127455	155615
Total (48+49)	59	222455	405615

Percentage of distributed surplus allocated to policyholders

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

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

Name of insurer **Scottish Provident Limited**
Original insurer **41 Scottish Provident Limited**
Date of maturity value / open market option **01 March 2007**

Category of with-profits policy 1	Original term (years) 2	Maturity value / open market option 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	10	5719	0	0	CWP	N	5041
Endowment assurance	15	12116	577	0	CWP	N	8149
Endowment assurance	20	23336	3391	0	CWP	N	10648
Endowment assurance	25	39794	6906	0	CWP	N	13253
Regular premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	10	27973	2471	0	UWP	N	27973
Regular premium pension	15	57017	8533	0	UWP	N	57017
Regular premium pension	20	119,935	0	0	CWP	N	RWI
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	18712	3311	0	UWP	N	18712
Single premium pension	15	32414	7670	0	UWP	N	32414
Single premium pension	20	59930	0	0	CWP	N	RWI

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

Name of insurer **Scottish Provident Limited**
Original insurer **41 Scottish Provident Limited**
Date of surrender value **01 March 2007**

Category of with-profits policy 1	Duration at surrender (years) 2	Surrender value 3	Terminal bonus 4	MVA 5	CWP / UWP 6	MVA permitted? 7	Death benefit 8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	4842	0	0	CWP	N	11986
Endowment assurance	15	12005	572	0	CWP	N	14046
Endowment assurance	20	23941	3479	0	CWP	N	13253
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	5	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	10	17946	3176	0	UWP	Y	14918
Single premium pension	2	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	3	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	10	18712	3311	0	UWP	Y	18712

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

Global business

Financial year ended **31 December 2006**Units **£000**

LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
1	2	3	4	5	6

Insurance death risk capital component

Life protection reinsurance	11	0.0%					
Classes I (other), II and IX	12	0.1%	82041	81605		41	44
Classes I (other), II and IX	13	0.15%	78471	64489	0.50	59	97
Classes I (other), II and IX	14	0.3%	16270819	7802510		24406	22856
Classes III, VII and VIII	15	0.3%	4903398	1536515	0.50	7355	11923
Total	16		21334730	9485118		31861	34920

Insurance health risk and life protection reinsurance capital component

Class IV supplementary classes 1 and 2 and life protection reinsurance	21					2976	3915
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Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%					
Classes I (other), II and IX	32	1%	4328325	3758769	0.87	37588	41446
Classes III, VII and VIII (investment risk)	33	1%	25960	25960	1.00	260	476
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%	29941	29941	1.00	299	333
Classes III, VII and VIII (other)	35	25%				996	2386
Class IV (other)	36	1%	62930	13822	0.85	535	1205
Class V	37	1%					
Class VI	38	1%					
Total	39					39678	45846

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	4328325	3758769	0.87	112763	124339
Classes III, VII and VIII (investment risk)	43	3%	25960	25960	1.00	779	1427
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%	29941	29941			
Classes III, VII and VIII (other)	45	0%	1082495	1082495			
Class IV (other)	46	3%	62930	13822	0.85	1605	3616
Class V	47	0%					
Class VI	48	3%					
Total	49		5529651	4910987		115147	129382

Long term insurance capital requirement	51					189662	214063
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Abstract of Valuation Report on Scottish Provident Limited

1. Introduction

- 1.1 The date to which the investigation relates is 31 December 2006.
- 1.2 The date to which the previous investigation related was 31 December 2005.
- 1.3 Not applicable.

2. Product range

There have been no significant changes to the product range during the year. The with-profit fund is closed to new business except by increment.

3. Discretionary charges and benefits

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

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

Date	UK Life With-Profits Funds	UK Pensions With-Profits Funds
Up to 2 January 2006	Business written between 1 January 1999 and 31 December 2000	Business written between 1 January 1998 and 31 December 2001
3 January to 28 March 2006	Business written between 1 January 1999 and 31 December 2000	Business written between 1 January 1998 and 31 December 2000
29 March to 19 November 2006	No MVA applied to this business.	Business written between 1 January 1998 and 31 December 2000
20 November 2006 onwards	No MVA applied to this business.	Business written between 1 January 1998 and 31 December 1999

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

- 3.2 There have been no changes to premiums on reviewable protection policies during the year. Changes were permitted but did not take place on £87,522,000 of business (gross benefit amount).
- 3.3 Not applicable.
- 3.4 Policy fees were increased by 2.66% in January 2006.
- 3.5 There have been no changes to benefit charges on linked policies during the year.
- 3.6 There have been no changes to the unit management charges or notional charges on accumulating with profit policies during the year.
- 3.7 (a) Method for unit pricing of internal linked funds:

Definition of terms used in pricing of internal linked funds.

Asset Units The number of units in the fund, used to determine the price when creating or cancelling units in internal funds.

Net Asset Value	The market value of assets in the fund, on the pricing basis chosen, including costs of purchase or sale, tax provisions, accrued income and accrued charges as defined by the policy conditions.
Creation Price	The Net Asset Value calculated on market offer prices including purchase costs with tax provisions calculated on a consistent basis, divided by the number of Asset Units.
Cancellation Price	The Net Asset Value calculated on market bid prices less costs of sale with tax provisions calculated on a consistent basis, divided by the number of Asset Units.
Bare Price	Creation Price or Cancellation Price, depending on which pricing basis is being used (see below for details).
Offer Price	Price quoted to policyholders which is used when allocating units from premium and other payments.
Bid Price	Price quoted to policyholders to value their unit holdings and to cancel units to pay for charges as allowed in the policy conditions.
Bid-Offer Spread	The difference between Bid and Offer Prices; this ranged from 5-6% throughout the year on all funds except for the Secure 100 Life fund, and funds in which Irish Selexis products may invest, where the Bid-Offer Spread was 0%.

Method used for creation and cancellation of units

The majority of the internal linked funds are managed by Abbey National Asset Managers (ANAM). The assets of these funds are valued on either an “offer” or a “bid” basis depending on whether the prevailing cash flow for the fund is positive or negative. Moving from one basis to the other is generally dependent on a change in the long-term cash flow of the fund. However, it may also be triggered by a transaction that is large relative to the size of the fund and in the opposite direction to the longer-term cash flow (e.g. a significant cancellation when the long term cash flow is positive). The Bare Price is equal to the Creation Price when the valuation is on an offer basis and to the Cancellation Price when it is on a bid basis.

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

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

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

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

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

Method used for allocation and deallocation of units

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

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

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

All funds use Forward Pricing, the timing of the transaction relative to the time at which the policyholder requested the trade varies by product and is defined in the policy conditions.

(b) Not applicable.

(c) The internal linked funds managed by ANAM invest predominantly in ANAM collective investment schemes, which consist of unit trusts and OEICs. These collective investment schemes are priced daily at 12pm, using either the creation or cancellation price for the collective investment scheme as appropriate for the net expansion or contraction of the linked fund. The price calculated for the collective investment scheme on a particular day is used in the valuation of the linked fund on the same day and is the price at which policyholder transactions in the linked fund on that working day are based.

3.8 Linked life:

Income tax deducted £2,125,837.

Tax on realised investment gains £874,809.

Tax charge on unrealised investment gains £2,842,736.

Linked pensions:

Income tax deducted £1,502.

For UK linked funds, the tax liability on income and realised gains is settled during the 1st Quarter following the year-end by paying the liability to the non-linked fund. No withdrawal is made from any of the linked funds for the tax liability on unrealised gains until these gains are realised at a later date. For Irish funds, the tax liability is effectively deducted from the fund on a daily basis.

The linked funds experienced no losses during the reporting period.

The tax rate on realised capital gains is 20% in the UK and the Republic of Ireland. The tax rate on unrealised capital gains is 20% in the UK and Republic of Ireland, other than for the Irish "gross roll-up" funds where the tax rate is nil.

3.9 Realised capital gains are calculated as the difference between the sale proceeds and indexed book cost (gains), or historic book cost (losses). During the reporting period such gains were provided for life business at 20% in the UK and at 20% in the Republic of Ireland, other than for the Irish "gross roll-up" funds where the tax rate is nil.

Unrealised gains are calculated in a similar fashion and provision is made in the pricing at 20% in the UK and Republic of Ireland, other than for the Irish "gross roll-up" funds where the tax rate is nil. Realised losses carried forward are allowed to offset unrealised gains. Deemed disposals are calculated (for collective investment schemes only) and the resulting charge is taken from the fund over the following seven years. Provision in respect of such future charges is made within the fund at 20% in the UK and Ireland.

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

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

4. Valuation basis (other than for special reserves)

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

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

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

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

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

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

Some property-linked contracts (Personal Retirement Account, Pension Investment Account, Executive Retirement Account, Self Assurance (overseas version) and some miscellaneous classes) offer bonus units that either accrue over time up to vesting or death or are awarded on certain dates. The unit liability under these contracts includes units held in respect of the maximum prospective bonus which would be payable.

A non-unit reserve is held for certain property-linked contracts in respect of future expenses, mortality and morbidity. Investigations have shown that this reserve, in conjunction with ongoing management charges at the current rates and the uninvested portion of future premiums under continuing contracts, is sufficient to cover future outgoings on the valuation

basis, with the exception of the guarantee on the Self Assurance Long-Term Care Contract which is valued separately.

4.2 Valuation Interest Rates

Product group	Valuation interest rate at end of this financial year (per annum)		Valuation interest rate at end of last financial year (per annum)	
	UK	Republic of Ireland	UK	Republic of Ireland
Conventional with-profits life assurances	3.75%	3.05%	3.30%	2.25%
Conventional with-profits pension assurances	4.25%	3.80%	3.85%	2.90%
Conventional non-profit assurances (other than term assurance) (life and pensions)	4.00%	3.60%	3.75%	2.90%
Conventional non-profit life term assurances	3.15%	2.90%	3.60%	2.90%
Conventional non-profit and index-linked immediate annuities	4.20%	3.70%	3.95%	2.90%
Unitised with-profits life assurances	3.75%	3.05%	3.30%	2.25%
Unitised with-profits pensions other than Simplified Pension Investment Plan	4.25%	3.80%	3.85%	2.90%
Simplified Pension Investment Plan (unitised with-profits)	4.25%	3.80%	3.85%	2.90%
Sterling reserves on unitised with-profits and unit-linked business (Life)	3.25%	2.90%	3.00%	2.35%
Sterling reserves on unitised with-profits and unit-linked business (Pension)	4.05%	3.65%	3.75%	2.95%

Note:

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

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

- For equity shares, yields are reduced by 2.5%.
- For non-approved fixed interest securities, the yield on each corporate bond was reduced by a fixed amount that depended on the bond's credit rating; these amounts were based on Moody's published default rates with a margin for prudence.
- There is currently no investment in property and so no risk adjustment is considered for this asset class.

4.4 Mortality Bases

Assurances

Product group	Mortality basis at end of this financial year	Mortality basis at end of previous financial year
Conventional endowment assurance (mortality only) (UK and overseas)	92% AM92 / 115% AF92 ult (smoker status unknown) 74% AM92 / 92% AF92 ult (known non-smoker) 147% AM92 / 184% AF92 ult (known smoker) plus AIDS adjustment of 33% of R6A for male lives only	92% AM92 / 115% AF92 ult (smoker status unknown) 74% AM92 / 92% AF92 ult (known non-smoker) 147% AM92 / 184% AF92 ult (known smoker) plus AIDS adjustment of 33% of R6A for male lives only
Conventional whole life assurance other than Bonus Mortgage Plan (UK and overseas)	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below
Bonus Mortgage Plan	92% AM92 / 115% AF92 ult (smoker status unknown) plus AIDS adjustment of 33% of R6A for male lives only	92% AM92 / 115% AF92 ult (smoker status unknown) 74% AM92 / 92% AF92 ult (known non-smoker) 147% AM92 / 184% AF92 ult (known smoker) plus AIDS adjustment of 33% of R6A for male lives only
Conventional Capital Options & With-Profit Bond (overseas)	Nil mortality	Nil mortality
Conventional term assurance (mortality only) (UK and overseas)	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below
Unit-linked and unitised with-profits assurances other than Flexible Mortgage Plan and Self Assurance Lifetime (UK and overseas)	74% AM92 / 92% AF92 ult (known non-smoker) 147% AM92 / 184% AF92 ult (known smoker) plus AIDS adjustment of 33% of R6A for male lives only	74% AM92 / 92% AF92 ult (known non-smoker) 147% AM92 / 184% AF92 ult (known smoker) plus AIDS adjustment of 33% of R6A for male lives only
Flexible Mortgage Plan and Self Assurance Lifetime (mortality only) (UK and overseas)	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below	Modified TM92/TF92 plus allowance for AIDS of 33% of R6A projection for male lives only – see below

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

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000440	0.000440	0.000227	0.000227
35	0.000464	0.000464	0.000363	0.000363
45	0.001083	0.001083	0.000930	0.000930
55	0.003054	0.003054	0.002509	0.002509

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

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000451	0.000756	0.000181	0.000310
35	0.000484	0.000746	0.000280	0.000539
45	0.001099	0.001798	0.000698	0.001489
55	0.002817	0.006733	0.001830	0.004284

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

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000395	0.000632	0.000227	0.000418
35	0.000424	0.000624	0.000352	0.000727
45	0.000980	0.001526	0.000877	0.002006
55	0.002482	0.005644	0.002298	0.005773

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

Annuities

Product group	Mortality basis at end of this financial year	Expectations of life (years)	Mortality basis at end of previous financial year
Deferred annuities (UK individual, overseas group and individual)	No mortality in deferment Age-dependant % of PMA92mc / PFA92mc (with 1%pa underpin in mortality improvement) in possession	At age 65: • 26.9 (male currently age 45) • 25.9 (male currently age 55)	No mortality in deferment 94% PMA92mc / 94% PFA92mc in possession
Deferred annuities (UK group)	92% AM92 / 115% AF92 ult in deferment Age-dependant % of PMA92mc / PFA92mc (with 1%pa underpin in mortality improvement) in possession	• 28.8 (female currently age 45) • 27.9 (female currently age 55)	92% AM92 / 115% AF92 ult in deferment 94% PMA92mc / 94% PFA92mc in possession
Annuities in payment (UK and overseas)	Age-dependant % of PMA92mc / PFA92mc (with 1% underpin improvement)	24.8 (male age 65) 15.9 (male age 75) 26.8 (female age 65) 17.5 (female age 75)	99% PMA92mc / 99% PFA92mc
Simplified Pensions Investment Plan (UK and overseas)	No mortality in deferment Age-dependant % of PMA92mc / PFA92mc (with 1%pa underpin in mortality improvement) in possession	As for deferred annuities above	No mortality in deferment 94% PMA92mc / 94% PFA92mc in possession
Linked deferred annuities and group pensions (overseas)	No mortality in deferment Age-dependant % of PMA92mc / PFA92mc (with 1%pa underpin in mortality improvement) in possession	As for deferred annuities above	Mortality as for linked assurances in deferment (see above) 94% PMA92mc / 94% PFA92mc in possession

4.5 Morbidity Bases

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

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

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

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000978	0.001392	0.000741	0.000716
35	0.001014	0.001998	0.001129	0.001468
45	0.002311	0.006115	0.002341	0.004257
55	0.007377	0.017130	0.006565	0.010171

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

Critical Illness (with Work Tasks Total Permanent Disability)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000656	0.000737	0.000602	0.000534
35	0.000880	0.001361	0.001301	0.001588
45	0.001980	0.004273	0.002740	0.004671
55	0.007251	0.013286	0.007443	0.010773

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

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

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

Mortality & Critical Illness (no TPD)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.001012	0.001127	0.000861	0.000775
35	0.001070	0.001636	0.001361	0.001686
45	0.002349	0.004857	0.002798	0.004840
55	0.007413	0.013354	0.007605	0.011165

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

Critical Illness (no TPD)

Age	Male non-smoker	Male smoker	Female non-smoker	Female smoker
25	0.000569	0.000704	0.000482	0.000595
35	0.000800	0.001356	0.001159	0.001972
45	0.001847	0.004183	0.002417	0.005743
55	0.006362	0.012692	0.006351	0.012810

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

4.6 Expense Bases

Product group	Expense basis at end of this financial year (annual expenses)		Expense basis at end of previous financial year (annual expenses)	
	UK	Republic of Ireland	UK	Republic of Ireland
CWP savings endowment (code 120):				
– Premium-paying	£37.15	€44.99	£35.58	€43.09
– Paid-up / single premium	£27.86	€33.76	£26.68	€32.33
CWP pensions (code 165):				
– Premium-paying	£158.72	€160.80	£152.00	€154.00
– Paid-up / single premium	£113.36	€114.86	£108.57	€110.01
Term assurance (code 325 / 330):				
– Premium-paying	£25.32	€59.20	£26.65	€62.31
– Paid-up / single premium	£17.72	€41.44	£18.66	€43.62
Critical illness (code 340/345/350/355):				
– Premium-paying	£25.32	N/A	£26.65	N/A
– Paid-up / single premium	£17.72	N/A	£18.66	N/A
Annuity non-profit (CPA) (code 400):	£45.04	€51.03	£47.41	€53.71
UWP bond (code 500):	£14.66	€41.44	£15.44	€43.62
UWP savings endowment (code 510):				
– Premium-paying	£23.76	N/A	£25.01	N/A
– Paid-up / single premium	£16.63	N/A	£17.50	N/A
UWP pension (code 525):				
– Premium-paying	£68.03	€72.89	£54.03	€76.72
– Paid-up / single premium	£47.62	€51.03	£37.82	€53.71
UL bond (code 700):	£14.66	€41.44	£15.44	€43.62
UL savings endowment (code 715):				
– Premium-paying	£23.76	N/A	£25.01	N/A
– Paid-up / single premium	£16.63	N/A	£17.50	N/A
UL pension (code 725):				
– Premium-paying	£68.03	€72.89	£54.03	€76.72
– Paid-up / single premium	£47.62	€51.03	£37.82	€53.71

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

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

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

	Basis at end of this financial year		Basis at end of previous financial year	
	UK	Republic of Ireland	UK	Republic of Ireland
Unit growth rate before management charges:				
– Gross	5.60% p.a.	5.00% p.a.	5.10% p.a.	4.45% p.a.
– Net	4.48% p.a.	4.00% p.a.	4.08% p.a.	3.56% p.a.
Expense inflation	5.30% p.a.	5.30% p.a.	3.75% p.a.	3.75% p.a.
Policy fee inflation	3.30% p.a.	3.30% p.a.	2.75% p.a.	2.75% p.a.

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

4.9 Annual lapse assumptions for calculation of the valuation reserves:

Product		Average lapse rate for the policy years			
		1 – 5	6 – 10	11 – 15	16 – 20
Level term	Lapse	9.5%	6.7%	6.0%	6.0%
Decreasing term	Lapse	12.2%	11.8%	11.0%	11.0%
Accelerated critical illness	Lapse	11.1%	9.7%	9.0%	9.0%
UL bond	Automatic withdrawals	2.0%	2.0%	2.0%	2.0%

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

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

4.10 Not applicable.

4.11 For linked contracts, the profits and losses that would have resulted at 31 December 2006, if any open positions under derivative instruments in Internal Linked funds had been closed at that date, have been taken into account when assessing the valuation net liability for linked contracts. No further allowance for derivative contracts is required in the valuation.

4.12 The valuation methodology was changed at 31 December 2006, allowing for negative reserves and the introduction of prudent lapse rates on protection business, effective from that date. Only the changes applying to protection business were adopted. The effects of those changes on the net reserves for the affected business are shown in the following table:

	Net mathematical reserve	Change in net reserve
Methodology as at 31 December 2005	£26.6m	
Allowing for lapses	£15.4m	-£11.2m
Allowing for negative reserves	-£28.8m	-£44.2m

5. Options and guarantees

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

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

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

Take-up rate assumptions:

Contract	Cash option	Level annuity	Escalating annuity
Conventional pure endowments	20%	40%	40%
Simplified Pension Investment Funding	0%	0%	100%

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

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

Product Name	Conventional Pension Pure Endowments	Simplified Pension Investment Funding Plan	Select Executive & Personal Retirement Plan
Basic reserve	£222.6m	£86.4m	£50.3m
Outstanding durations	0 to 488 months	0 to 168 months	0 to 578 months
Guarantee reserve	£109.4m	£33.3m	£10.0m
GAR for male age 65	11.1% (UK pre-07/99) 4.6% (UK post-07/99) 11.1% (Ireland pre-03/98) 9.1% (Ireland 03/98-10/98) 4.6% (Ireland post-10/98)	10.0% (pre-06/99) 4.5% (post-06/99) [Apply to UK & Ireland]	9.1%
Open for increments?	Yes	Yes	Yes, but guaranteed annuity rates do not apply.
Form of annuity	Single or joint life, monthly in advance, guaranteed five years, level or escalating (3% pa, 5% pa, or 8.5% pa)	Single or joint life, monthly in advance, guaranteed five years, level or escalating in line with scheme rules to a maximum of 5% pa.	Single or joint life, monthly in advance, guaranteed up to ten years, level or escalating (3% pa or 5% pa)
Retirement Ages	50 to 75, chosen by policyholder	50 to 75, chosen by policyholder	60 to 70, chosen by policyholder

Note:

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

5.2 Guaranteed surrender and unit-linked maturity values

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

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

No additional reserve is required for the following guarantees:

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

Product name	Basic reserve	Out-standing durations	Guarantee reserve	Guaranteed amount	MVA-free conditions	In-force premiums	Open for increments?
Selected Period Investment	£163m	0 to 446 months	£15.2m	£119m	n/a	£5.5m	No
Step-up Investment Plan	£72.3m	0 to 443 months	£16.8m	£150m	n/a	£7.7m	No
UK Early Option Mortgage Plans	£28.8m	1 to 309 months	£3.2m	£101m	n/a	£6.3m	No
Irish Options Plus Endowment Plan	£15.9m	0 to 458 months	£1.1m	£13.7m	n/a	£0.5m	No
Irish Capital Options	£62.6m	0 to 279 months	£4.0m	£102m	n/a	£9.2m	No
Irish Bonus Mortgage Plan	£13.3m	0 to 315 months	£0.6m	£20.4m	n/a	£1.4m	No
Deferred annuities (SEDA)	£393m	0 to 593 months	£1.0m	£31.3m	n/a	£6.2m	No
UK Capital Investment Bonds	£85.2m	55 - 923 months	n/a	£82.5m	On quinquennial anniversaries	£0.0m	No
Irish With-Profits Bonds	£7.4m	172-984 months	n/a	£7.4m	n/a	£0.0m	No

5.3 Guaranteed insurability options

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

- Renewal Option - gives policyholders the option to renew their policies at the end of the initial term.
- Buy-Back Option – gives policyholders the option, exercisable on the occurrence of certain prescribed events, to effect further assurances without evidence of good health.
- A combination of the two Options.

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

- 70% for Renewal Options
- 100% for Buy-Back Options
- 100% when both Renewal and Buy-Back Options are selected together.

Product name	In-force premium	Sum assured	Description of option	Guarantee reserve
Self Assurance	£2.0m	£551m	Renewal – renew policy on maturity. Buy-Back – effect further cover with no underwriting.	£0.48m

5.4 Other guarantees and options

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

6. Expense reserves

6.1 The aggregate amount of expense loadings expected to arise in the next 12 months to meet ongoing expenses from existing business is £31.1m. This is composed of:

- £4.6m from implicit allowances
- £0.8m from explicit allowances for investment expenses
- £25.7m from explicit allowances for other maintenance expenses

6.2 Implicit allowances for investment expenses for section 6.1 are calculated as a reduction in the valuation interest rate (0.043% p.a. for conventional business in the Non-Profit Fund, 0.140% p.a. for conventional business in the With-Profit Fund).

6.3 The respective amount of maintenance expenses at line 14 of Form 43 is £66.1m. This includes one-off pension contribution costs of £35.8m, which were not included in the valuation expense assumptions. Removing this amount leaves £30.3m, which is comparable to the amount in Section 6.1.

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

6.5 The company has already closed to new business and the expense assumptions set out in paragraph 4.6 take account of this fact. There is thus no requirement for an additional expense overrun reserve allowing for future closure to new business.

6.6 Not applicable.

7. Mismatching reserves

7.1

Currency in which benefits are payable	Mathematical reserves from Form 14 (excluding liabilities for property-linked benefits)	Currency in which assets are denominated	Matching assets
Pounds sterling	£2,860.5m	Pounds sterling	£2,860.5m
Euros	€1,389.3m	Euros	€1,389.3m

The table above is calculated at a company level. There is a shortfall in Euro-denominated assets backing the Euro-denominated liabilities of £20.5m in the Non-Profit Fund. This shortfall is covered by a significant excess of Euro-denominated assets in the With-Profit Fund.

7.2 Not applicable.

7.3 No currency mismatch reserve is required. Assets match liabilities by currency at a company level, and the currency mismatching risk arising from the small asset shortfall described in Section 7.1 for the Non-Profit Fund is covered by margins held elsewhere in the valuation calculations.

7.4 Not applicable.

7.5 Not applicable.

7.6 Not applicable.

7.7 No further reserve arises from the test on assets in INSPRU 1.1.34R(2). The liabilities are analysed by nature, and the investment strategy is chosen appropriately so that there is no significant mismatch between the cashflows arising from assets and liabilities.

8. Other special reserves

There are no other significant special reserves.

9. Reinsurance

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

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

Reinsurer	Nature and extent of cover under treaty	Premiums paid under treaty during period	Amount deposited under deposit back arrangements	Open / closed to new business	Amount of undis-charged obligation of insurer	Mathematical reserves ceded under treaty	Retention level for new policies being reinsured
XL Re Ltd	All non-profit pensions annuities in payment within a specified block of UK annuity business.	Nil	No such arrangement exists	Closed	Nil	£545,723,000	Not applicable
Swiss Re Life & Health Ltd	Mortality, accelerated critical illness and stand-alone critical illness under Self Assurance contract. All reinsured on a quota share basis.	£41,200,000	No such arrangement exists	Closed	Nil	£56,889,000	Not applicable.

Notes:

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

10. Reversionary (or annual) bonus

Bonus series	Net mathematical reserves	Reversionary bonus rate (this financial year)	Reversionary bonus rate (last financial year)	Total guaranteed bonus rate (this financial year)
Conventional assurances (life and pensions) excluding Special Fund	£1,502.5m	0%	0%	0%
Conventional individual deferred annuities and pure endowments (pensions)	£734.8m	0%	0%	0%
Simplified Pension Investment Funding Plan	£119.7m	0%	0%	0%
Special Fund assurances	£18.3m	0%	0%	0%
Unitised Life Series I	£85.2m	3%	3%	3%
Unitised Life Series II	£85.2m	0%	0%	0%
Irish Unitised Life Fund	£8.2m	0%	0%	0%
Unitised Pensions Series I	£389.8m	4%	4%	4%
Unitised Pensions Series II	£126.2m	0%	0%	0%
Irish Unitised Pensions Series I	£14.1m	4%	4%	4%
Irish Unitised Pensions Series II & III	£22.5m	0%	0%	0%

SCOTTISH PROVIDENT LIMITED (SPL)

Abstract of Valuation Report for Realistic Valuation

31 December 2006

1. Introduction

The current valuation date is 31 December 2006.

The previous valuation date was 31 December 2005.

An interim valuation was carried out at 30 June 2006.

2. Assets

(1) – (5) Not applicable.

Note

For the purpose of this submission the Special Fund and the SPI Fund have been combined. This is on grounds of materiality given the small size of the Special fund (total assets of less than £29m).

3. With-profits benefit reserve liabilities

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

Product	Method	With-profits Benefits Reserve (£m)	Future Policy Related Liabilities (£m)	Total Policy Liabilities (£m)
Whole life assurance	Prospective	72.7	10.0	82.8
Endowment	Retrospective	2,078.1	184.7	2,262.8
Unitised with-profits Life	Retrospective	211.7	15.2	226.9
Other	Retrospective	56.0	7.8	63.7
Life Total		2,418.6	217.6	2,636.2
Deferred annuity – with GCO	Retrospective	245.1	197.6	442.7
Deferred annuity – without GCO	Retrospective	307.1	169.9	476.9
Pure Endowment - with GAO	Retrospective	13.1	17.9	31.0
Unitised with-profits Pension	Retrospective	594.5	57.6	652.1
SPI Funding	Retrospective	87.5	45.2	132.7
Pensions Total		1,247.3	488.2	1,735.4
Total		3,665.8	705.8	4,371.6

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

The conventional life business has been split further into -

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

The conventional pensions business has been further split into -

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

(2) Not applicable

(3) See (1) above.

(4) See (1) above.

4. With-profits benefit reserve – retrospective method

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

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

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

(3) The charges borne by the SPI Fund and the Special Fund are specified by the scheme under which the long-term business of the Scottish Provident Institution was transferred to Scottish Provident Limited (dated the 1 August 2001). These charges are set at a policy level and increased annually in proportion to the increase in the Retail Price Index over the previous 12 months plus 0.75%. The scheme specifies that these charges are in respect of the first 10 years (commencing on 1 August 2001). All expenses are charged to the with-profits benefit reserves.

	(£000)
Acquisition expenses	58
Maintenance expenses	16,350
Initial commission	195
Renewal commission	2,556
Other expenses	(964)
Total	18,195

(4) In 2006, no augmentations or charges were made to the SPI Fund or the Special Fund. During 2005, an augmentation equivalent to 1% of the with-profit benefit reserve in the SPI Fund and the Special Fund was made in respect of miscellaneous surplus arising.

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

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

Financial Year	Claim Payout Ratio
2004	101.5%
2005	103.3%
2006	103.3%

(7) Investment returns for year to date (i.e. 31 December 2005 to 31 December 2006) -

Contribution to total returns	UK business	Irish business
Fixed Interest	0.40%	(0.06)%
UK Equities	4.50%	0.14%
International Equities	0.34%	5.91%
Cash	0.54%	0.29%
Other	0.00%	0.00%
Total	5.79%	6.28%

(Irish return in Euros; UK return in Sterling)

5. With-profits benefit reserve – prospective method

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

(a) Risk Discount Rate	4.91%
(b) Investment Returns	4.91%
(c) Expense Inflation	4.05%
(d) Future Bonus Rates	

Reversionary Bonus Rate	0%
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Terminal Bonus Rates

Term	UK	Irish
5	0%	33%
10	10%	21%
15	6%	31%
20	16%	40%
25	26%	66%
30	55%	102%
35	88%	135%
40	103%	150%
45+	148%	208%

(e) Expenses

UK In-force Expenses	£37.15
UK Paid-up Expenses	£27.86
IRE In-force Expenses	€44.99
IRE Paid-up Expenses	€33.76
€/ £ exchange rate	1.4842

(f) Decrements

Mortality		
Male Non-smoker	90%	TM92_MNS
Male Smoker	95%	TM92_MS
Female Non-smoker	90%	TF92_FNS
Female Smoker	80%	TF92_FS
Persistency	0% lapses	

6. Cost of guarantees, options and smoothing

(1) Not applicable

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

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

Products	Type of guarantees & valuation method	No of individual contracts	No of model points used
<u>UK Conventional WP Life Business</u>			
Endowment insurance	See Note 1	10,365	85
Endowment insurance - Selected Period Investment	See Note 1	242,643	19
Endowment insurance - Step-up Investment Plan	See Note 1	0	0
Endowment insurance - Extra Option Mortgage Plan	See Note 1	63,562	546
Endowment insurance - Low Start Extra Option Mortgage Plan	See Note 1	16,718	50
Other modelled CWP Life Business	See Note 1	13,209	34
<u>UK Conventional WP Pensions Business</u>			
Deferred annuity - with cash option	See Note 1&2	7,327	451
Pure endowment	See Note 1&2	1,636	175
Deferred annuity - without cash option	See Note 1	17,752	830
<u>UK Unitised Life Business</u>			
Whole Life Assurance - Capital Investment Bond (Edinburgh version)	See Note 1	35,591	5
Whole Life Assurance – Capital Investment Bond / With Profits Bond (Kendal version)	See Note 1	35,155	8
Other modelled UWP Life Business	See Note 1	792	2
<u>UK Unitised Pension Business</u>			
Endowment Assurance - Accolade Pension Plans	See Note 1	126,212	250
Endowment Assurance - New Style Pension Plans	See Note 1	37,157	284
Other modelled UWP Pens Business	See Note 1	25,503	291
<u>Irish Conventional WP Life Business</u>			
Irish Life CWP Endowment insurance - Capital Options	See Note 1	73,205	10
<u>Irish Conventional WP Pensions Business</u>			
IrishPension CWP Deferred annuity - with cash option	See Note 1&2	15,254	399
IrishPension CWP Deferred annuity - without cash option	See Note 1	18,043	542
Total		740,124	3,981

Note on valuation method:

Note 1 - Valuation of cash guarantees

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

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

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

Note 2 - Valuation of GAOs

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

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

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

(b) Details of grouping process

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

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

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

(c) The remaining contracts are modelled using a proxy contract. The proxy contract is an accurately modelled contract. These model points are scaled such that in aggregate the asset share and guaranteed benefits are equal to the total values for the approximately modelled contract.

(3) Significant changes to valuation methods

The equity returns in scenario file are generated using a Local Volatility (monthly time-step) model for UK economy as opposed to the Constant Volatility equity model that was used at December 2005. The Local Volatility model allows for variation of equity volatility by duration and money-ness of guarantees. The Constant Volatility model assumed constant volatility at all durations. This change was made to bring us into line with the approach adopted by the rest of the Resolution group.

As the majority of guarantees are hedged, it is appropriate to calibrate the liabilities to the hedge. For the December 2005 valuation we used a Weighted Monte Carlo (WMC) approach to bring our modelled results into line with the market value of our hedge. For December 2006 we have adopted a simpler scaling approach. This was shown to give similar results to those achieved by the WMC method. This involved scaling up the cost of guarantees by the ratio of the market hedge value (adjusted to a gilts+10 basis) to the modelled hedge value.

Previously our hedge and liabilities were valued on a mid price. Now, the hedge and the hedged liabilities are valued on a bid basis and the unhedged liabilities on an offer basis.

(4) Details of valuation methods

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

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

(ii) Asset Model

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

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

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

Government gilt yield+10 bps (%)

Term	GBP	EUR	USD
2	5.31	3.96	4.87
3	5.25	3.98	4.82
4	5.19	4.00	4.80
5	5.13	4.02	4.82
6	5.07	4.04	4.84
7	5.01	4.06	4.87
8	4.96	4.07	4.90
9	4.91	4.09	4.94
10	4.86	4.11	4.96
20	4.45	4.20	5.14

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

Term	GBP		EUR		USD	
	Market	Model	Market	Model	Market	Model
1	11.55	11.70	13.10	13.10	12.70	13.39
2	11.75	11.78	13.20	12.98	13.30	13.19
3	11.90	11.87	13.15	12.87	13.50	13.02
4	12.00	11.97	13.05	12.76	13.50	12.85
5	12.00	12.06	12.90	12.64	13.30	12.68
7	12.10	12.25	12.45	12.41	12.40	12.33
10	12.35	12.49	11.80	12.07	11.28	11.83
15	12.70	12.70	11.15	11.52	10.60	11.07
20	12.65	12.71	10.75	11.01	10.55	10.47
25	12.50	12.55	10.50	10.53	9.30	10.03
30	12.35	12.28	10.40	10.09	10.40	9.73

Expense inflation is modelled deterministically, currently set at 4.05% for SPL.

A multi-factor model models equity and property returns. The fund holds no property and therefore property volatilities and yields are not relevant. The equity volatilities are calibrated to implied volatilities of traded option prices. The equity models are different for UK and other economies. The company has adopted the Local Volatility model for the UK economy and the Constant Volatility model for the other economies (see section 3). This approach is consistent with the rest of Resolution group.

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

Constant Volatility Equities Models – For USD & EUR

Term (Yrs)	USD Equities		EUR Equities	
	Market	Model	Market	Model
2	14.3	20.3	17.5	22.8
5	17.0	20.2	19.7	22.7
10	20.0	20.0	22.5	22.5

Local Volatility Equity Model – Only for GBP

Strike/Share Term (yrs)	0.8		1.0		1.2	
	Market	Model	Market	Model	Market	Model
2	19.3	18.7	15.3	15.1	12.4	12.6
5	20.1	19.0	17.4	16.9	15.3	15.5
10	22.2	21.3	20.1	20.2	18.5	19.3

The equity dividend yields are shown below:

Market	GBP	USD	EUR
Dividend Yield	3.86%	1.79%	3.17%

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

Spreads (bps) of A bond

Term (yrs)	GBP		EUR		USD	
	Market	Model	Market	Model	Market	Model
1	21	22	12	12	35	28
2	21	28	21	15	34	35
3	29	33	24	19	46	42
4	34	39	25	23	56	48
5	42	44	28	27	61	54
10	69	62	49	45	70	72
15	65	72	65	58	78	80
20	72	78	67	66	90	84
25	74	81	66	72	100	87
30	70	83	73	75	108	88

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

(iii) UK FSA Asset Table

K		0.75				1				1.5			
N	Duration (n)	5	15	25	35	5	15	25	35	5	15	25	35
R	Annualised compound equivalent of the risk free rate assumed for the period (r)	5.13%	4.64%	4.29%	4.04%	5.13%	4.64%	4.29%	4.04%	5.13%	4.64%	4.29%	4.04%
1	Risk-Free Zero Coupon Bond	778,569	506,333	349,534	250,097	x	x	x	x	x	x	x	x
2	FTSE All Share Index (p=1)	£62,641	£210,893	£313,064	£390,725	£165,964	£364,578	£492,676	£587,067	£570,154	£758,594	£908,663	£1,023,180
3	FTSE All Share Index (p=0.8)	£52,573	£162,624	£224,390	£265,258	£141,162	£283,088	£356,157	£399,039	£499,699	£600,805	£667,868	£706,162
4	Property (p=1)	£31,057	£109,797	£173,870	£233,725	£141,454	£254,355	£335,468	£411,079	£573,017	£666,140	£747,900	£830,111
5	Property (p=0.8)	£22,652	£71,200	£102,537	£129,442	£113,141	£174,995	£211,111	£240,990	£501,265	£498,553	£504,904	£523,043
6	15yr Risk-Free ZCBs (p=1)	£3,179	£8,853	£6,894	£14,567	£60,545	£65,130	£73,592	£126,599	£549,073	£550,654	£551,579	£580,280
7	15yr Risk-Free ZCBs (p=0.8)	£1,689	£3,970	£2,315	£2,143	£39,087	£24,987	£12,269	£16,626	£470,254	£344,881	£257,535	£236,925
8	15yr Corporate Bonds (p=1)	£12,122	£35,625	£51,062	£76,107	£77,025	£117,285	£140,747	£190,279	£550,979	£558,653	£560,697	£602,140
9	15yr Corporate Bonds (p=0.8)	£9,212	£20,848	£24,734	£31,479	£55,576	£67,095	£67,828	£79,720	£472,165	£357,763	£290,393	£286,967
10	Portfolio of 65% FTSE All Share and 35% property (p=1)	£31,880	£132,473	£210,698	£279,299	£126,164	£271,802	£372,921	£455,983	£557,896	£669,058	£779,511	£872,858
11	Portfolio of 65% FTSE All Share and 35% property (p=0.8)	£24,557	£91,819	£136,376	£172,025	£100,717	£196,728	£248,346	£286,621	£483,786	£505,318	£540,521	£567,645
12	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=1)	£27,636	£117,504	£187,703	£252,526	£115,148	£248,287	£340,078	£419,969	£551,507	£641,698	£737,549	£827,679
13	Portfolio of 65% equity and 35% 15 risk free zero coupon bonds (p=0.8)	£20,931	£79,947	£119,420	£152,236	£91,847	£177,199	£222,858	£259,416	£476,023	£477,775	£502,567	£527,593
14	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=1)	£10,025	£56,854	£103,126	£153,679	£85,651	£173,421	£238,151	£305,062	£549,575	£586,798	£641,238	£707,377
15	Portfolio of 40% equity, 15% property, 22.5% 15 year risk free zero coupon bonds and 22.5% 15 year corporate bonds (p=0.8)	£6,445	£30,595	£51,909	£74,468	£62,418	£107,149	£132,270	£159,395	£471,597	£408,598	£397,869	£407,815
16	Sterling Receiver Swaptions	L = 15				L = 20				L = 25			
		8.46%	9.74%	8.43%	6.64%	11.18%	12.30%	10.48%	8.21%	13.68%	14.53%	12.23%	9.54%

Notes to Table

The above table was based on 3000 scenarios and was produced using a similar model to that used for valuing the liabilities. It allows for the calibration adjustment mentioned in 6(3). The prices shown are on bid basis because this is the basis that has been used to value the majority of the guarantees (i.e. most of the guarantees are hedged).

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

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

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

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

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

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

Tax has been ignored in all calculations.

All options have been assumed to be European-style.

(iv) The initial dividend yield assumed for the United Kingdom is 3.86%. The EU and the US territories have initial dividend yields of 3.17% and 1.79% respectively. Property rental yield is not applicable as the With Profit Fund does not hold any property as at 31 December 2006.

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

EU FSA Asset Table (denominated in Euros)

Asset type (EU assets)	K= 1			
	5	15	25	35
Duration				
Strike price per €1m	1,218,050	1,845,305	2,810,289	4,277,493
Annualised compound equivalent of the risk free rate	4.02%	4.17%	4.22%	4.24%
1 Risk-Free Zero Coupon Bond	820,985	541,916	355,835	233,782
2 ESTOXX (p=1)	220,204	374,631	476,163	560,775

US FSA Asset Table (denominated in US\$)

Asset type (US assets)	K= 1			
	5	15	25	35
Duration				
Strike price per \$ 1m	1,265,379	2,099,815	3,534,510	5,935,269
Annualised compound equivalent of the risk Risk-free rate	4.82%	5.07%	5.18%	5.22%
1 Risk-Free Zero Coupon Bond	790,221	476,037	283,213	168,757
2 S&P (p=1)	198,256	331,397	432,606	522,172

(vi) SPL has significant hedge instruments that form a close match, in aggregate, to their liabilities. The hedge instruments include options on both bond (interest rate) and equity type assets.

(vii) The asset model of each main asset class - equities, risk free bonds, corporate bonds and cash were validated by projecting future income, gains and losses on asset values up to 40 years and comparing the net present value of these amounts to the current asset values. This is done for each of the dominant economies we have assets invested in, namely the UK, EU and USA. At 3000 scenarios, the difference between the average net present value of each asset class of each economy and the current asset value is close (i.e. not statistically significant). This helps to confirm that the total return is a martingale and risk neutral.

(viii) The projections of assets and liabilities are carried out on 3,000 scenarios. At 1,000 scenarios, the cost of options and guarantees converges to \pm £2.7M at a 95% confidence interval. When the number of scenarios is increased to 3,000, the cost of options and guarantees converges to \pm £1.5M. At 10,000 scenarios, it is estimated to be \pm £0.8M. 3000 scenarios are reasonable as it provides an acceptable level of accuracy without an exorbitant run time.

(b) Market cost of hedging
Not applicable

(c) Deterministic approach
Not applicable

(5) No assumptions have been made regarding future management actions except as shown in Section 10 for the purpose of the RCM calculation.

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

Policy Year	1	2	3	4	5	6	7	8	9	10	11+
<u>Conventional WP Life Business</u>											
All (excl Irish With-Profit Bond)	6	6	6	6	6	8	8	8	8	8	8
Irish With-Profit Bond	3	3	6	6	25	25	25	25	25	25	25
<u>Conventional WP Pensions Business</u>											
All	2	2	2	2	2	2	2	2	2	2	2
<u>Unitised Life Business</u>											
Capital Investment Bond (Edinburgh)	5	9	9	9	10	8	8	8	8	8	8
Capital Investment Bond (Kendal)	3	3	6	6	25	25	25	25	25	25	25
Other	3	3	6	6	25	25	25	25	25	25	25
<u>Unitised Pension Business</u>											
All	5.83	5.83	3	3	3	3	3	3	3	3	3

(7) Other policyholder actions

SPL – GAO

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

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

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

SPL – MVA-free options

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

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

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

7. Financing costs

There is a subordinate loan within the SPI fund. The capital and interest payments on the loan will be repaid from the assets within the SPI fund. The repayments are subordinate to the policyholders' interests. The face amount of the outstanding loan is £125m and the interest payable is 8.75% per annum. We have assumed that the debt will be redeemed at face value on the 13th May 2007 (i.e. the earliest opportunity).

8. Other long-term insurance liabilities

Description	£m
Discounted Value of Future Transfers to Shareholders	84.25
Excess charges on UWP fund	12.82
Mathematical Reserves in respect of Non-Profit GAOs	10.01
Provision for Data/ IT Legacy issues	1.23
Misselling provisions	1.52
Total	109.83

9. Realistic current liabilities

Description	£m
Regulatory Current Liabilities	244.1
Partial release of de-mutualisation compensation fund	-34.5
Deferred tax asset in respect of recoverable investment losses	0.0
Total	209.6

10. Risk capital margin

(a) The risk capital margin is £0m

This is based on the following assumptions.

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

UK and "Non-significant" Overseas Holdings	20%
Europe	20%
USA	20%

A fall in equity was more onerous.

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

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

	Nominal Change in Yields	% change in long term gilt yield
UK and "Non-significant" Overseas Holdings	0.81%	17.5%
Europe	0.71%	17.5%
USA	0.86%	17.5%

A decrease in yields was the most onerous.

(iii) Credit Risk Scenario

Average change in spread for bonds is 0.30%

The percentage change in the asset values is -

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

(iv) Persistency Risk Scenario

Lapse rates are assumed to drop by 32.5%. This led to a £41.6m increase in the value of the realistic liabilities.

(v) Correlation between values of Assets and Liabilities

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

(b) Management Actions

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

No assumption changes have been made.

(ii) The impact of management actions is to reduce the RCM by £90.4m.

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

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

(c) Assets covering risk capital margin

(i) The assets covering risk capital margin are held within the With Profit Fund and are in direct proportion to the assets categorised in Form 48.

(ii) A support arrangement of £125m is in existence. The funds are invested in cash and short term fixed interest bonds. They are held within the Non-Profit Fund and are available for transfer into the SPI Fund should the need arise.

11. Tax

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

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

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

12. Derivatives

The derivative contracts described in the following sections were held by the SPI Fund or located outside the With-Profits fund to cover risk capital margin in part or in full at the valuation date.

I. Structured Derivatives

The following structured derivatives are held within the With Profit funds to hedge various guarantees attaching to certain with profit policies:

Type 1 A schedule of European vanilla put options with a combined equity and fixed interest index as the underlying. The options represent hedges of cash guarantees (i.e., maturity guarantees for CWP and MVA Free guarantees for UWP business).

Type 2 A schedule of two-asset compound options with a combined equity and fixed interest index and a reference annuity index as the underlying instruments. The options represent hedges of guaranteed annuity options on top of with-profit maturity guarantees

Type 3 A schedule of two-asset exchange and compound options with a combined equity and fixed interest index and a reference annuity index as the underlying instruments. The options represent hedges of maturity guarantees in respect of deferred with profit deferred annuity contracts with guaranteed commutation rates.

As at 31 December 2006, the aggregate nominal amount and value of the options were £1.4 billion and £194.4 million, respectively. The nominal amount is distributed according to the structured derivative type as follows:

Type 1	67%
Type 2	17%
Type 3	16%
Total	100%

II. Futures

At 31 December 2006, equity futures positions represented exposures (not values) in the amount of £36.7 million and were held in the SPI Fund for efficient portfolio management purposes.

13. Analysis of working capital

	Working capital arising (£M)
Opening Working Capital position (Including planned future enhancements)	84.0
(a) Investment return on the opening working capital	3.9
(b) Mismatched profits and losses	32.7
(c) Assumption changes	
<i>Non-economic</i>	-67.9
<i>Economic</i>	17.8
<i>Policyholder Actions</i>	0.0
(d) Other Variances	
<i>Non-economic</i>	49.6
<i>Economic</i>	10.2
(e) Impact of new business	0.0
(f) Changes in other liabilities	-3.9
(g) Modelling changes and opening adjustments	18.8
Closing Working Capital position (Including planned future enhancements)	145.3

14. Optional disclosure

Not applicable

Returns under the Accounts and Statements Rules

Supplementary Notes to the Returns

Scottish Provident Limited

Financial year ended 31 December 2006

***0201* Details of Section 148 orders**

The FSA, on the application of the firm, made a direction in August 2006 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction is to enable the firm to contract to pay benefits under linked long term contracts relating to SPI Property Life fund, SPI Property Pension fund, SPI Managed Life fund, SPAL Balanced Growth Managed Life fund, SPAL Managed Distribution Life fund, SPAL Cautious Managed Life fund, SPAL Managed Life fund, SPAL Managed Growth Life fund and SPAL Property Pension fund which are themselves determined, either wholly or partly, by reference to units in the Resolution Asset UK Property Fund.

***0211* Restatement of prior year figures**

Form 19 was resubmitted in August 2006 due to a restatement of prior year figures. Forms 2 and 18 were also resubmitted but were not changed from the initial submission. Instead the resubmission was to confirm that there was no impact of the Form 19 revision on these forms.

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

	2006	2005
	£'000	£'000
Net Assets per FSA Return :		
Form 13, Line 89 (other than long-term business)	264,381	552,156
Form 13, Line 89 (long-term business)	6,650,832	7,215,068
Form 14, Line 11	(4,910,988)	(5,563,791)
Form 14, Line 49	(381,045)	(355,771)
Form 15, Line 69	(72,512)	(69,661)
Total Capital Resources after deductions, Form 3, Line 79	1,550,669	1,778,001

***0310* Positive valuation differences**

Net positive valuation differences are analysed below:

		2006	2005
		£'000	£'000
Positive valuation difference			
Adjustment to realistic liabilities in respect of FRS 27	(a)	1,142,750	888,424
Negative valuation difference			
Excess of staff pension fund surplus over its deficit reduction amount	(b)	<u>(1,091)</u>	<u>(23,838)</u>
Net positive valuation differences, Form 3 Line 14		<u>1,141,659</u>	<u>912,262</u>

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

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

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

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

- (a) Prior to 1 September 2006 deposits could only be made with counterparties, which had been agreed by the Company's Credit and Market Risk Committee or its Investment Sub-Committee as set up under the Banco Santander Central Hispano governance structure. Banco Santander Central Hispano was until that date the Company's ultimate parent undertaking. Since that date, deposits can only be made with counterparties which have been agreed by the Company's Counterparty Risk Committee as set up under the Resolution Group governance structure. From that date Resolution plc is the Company's ultimate parent undertaking.

The maximum exposure allowable depends on the credit rating and type of the institution. The maximum allowed is 5% of funds for AAA banks in respect of UK non-linked business and 10% in respect of Irish non-linked business.

- (b) These limits apply also to counterparties which are not 'approved counterparties'.
- (c) There were no breaches of overall limits during the period.

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

At 31 December 2006 exposure to the following counterparties was greater than 5% of the sum of base capital resources requirement and long-term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

	SHF £'000	LTBF £'000	Total £'000
Resolution plc *			
Unsecured Debt	672,948	-	672,948
<hr/>			
Banco Santander Central Hispano			
Derivatives	-	194,411	194,411
Accrued income	-	1,865	1,865
Cash	63,116	-	63,116
	<u>63,116</u>	<u>196,276</u>	<u>259,392</u>

* Resolution plc is the company's ultimate parent undertaking

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

Form 13 line 44 includes a hedge asset of £194m held with Abbey National Treasury Services, which is secured by a collateral loan of £224m.

***1308* Unlisted investments**

The aggregate value of unlisted investments included in lines 41, 42 or 46 is nil in the Special With Profit Fund, £394,537 in the SPI Fund and £4,607 in the Non Profit Fund, comprising entirely of debt.

***1318* Other Asset Adjustments**

Other asset adjustments on Form 13 line 100 are shown below.

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

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

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

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

- (a) No charge has been made on the assets of the Company.
- (b) Full provision is made in respect of Corporation tax on the Long-Term Business Fund within line 21 of Form 14. Full provision is made in respect of Corporation tax on the Life fund proportion of unrealised capital gains in the Long Term business fund. The provision is net of capital losses and appropriate deferred expenses.
- (c) No other guarantees, indemnities or other contractual commitments have been effected by the Company other than in the ordinary course of its insurance business.
- (d)
 - (i) Form 14 line 22 of the SPI Fund includes a provision for costs of £1m associated with the demutualisation of the Scottish Provident Institution whose business transferred into the company on 1 August 2001.
 - (ii) There may be a requirement to pay compensation to policyholders who were advised by agents of the Company in the purchase of certain mortgage endowment products. A provisions of £1.5m is held within technical provisions to cover this.
 - (iii) The company is required under the Financial Services Compensation Scheme to contribute towards levies raised by that scheme on long term insurance business companies for the purpose of assisting policyholders of UK long-term business insurers that may become insolvent. The amount collected may vary, but cannot exceed 0.8% of relevant net premium income in any one financial year of the scheme. The amount levied in the year was £237,000.
 - (iv) The Company has in the past been required to pay compensation to policyholders who were advised by agents of the Company in the purchase of pension products. At 31 December 2006 any remaining liability in this respect is considered not to be material. There may also be a requirement to contribute under the Financial Services Compensation Scheme to compensate policyholders advised independently in the purchase of pension products. The uncertainties surrounding these issues are such that the liabilities are currently unquantifiable as regards the Financial Services Compensation Scheme.
 - (v) On 22 April 1997, SPI Finance plc, a wholly owned subsidiary of the Company, issued £125m 8.75% undated Subordinated Guaranteed Bonds, which are guaranteed by the SPI Fund. The proceeds, after deduction of costs associated with the issue, were lent on to the SPI Fund on terms equal to those applicable to the bonds. The earliest repayment date of the bonds, repayable by SPI Finance plc, is 13 May 2007 and thereafter on each fifth anniversary so long as the bonds are outstanding. It is intended that the loan and related bonds will be repaid on 13 May 2007.

(vi) The company and its subsidiaries are registered with HM Revenue & Customs as members of a group for VAT purposes and, as a result, they are jointly & severally liable on a continuing basis for amounts owing by any other member of that group in respect of unpaid VAT. Any liability in this respect is considered to be remote. At 31 December 2006 the Group liability was £4m.

***1405* Other Adjustments to Liabilities**

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

	SPI £'000	NP £'000	Special £'000	Total £'000
Form 14 Line 74				
Offset of assets and liabilities	(38,622)	(10,823)	(50)	(49,495)
Net derivative variation margin	29,763	-	-	29,763
FRS 27 realistic liabilities	1,132,078	-	10,672	1,142,750
Excess of staff pension fund surplus over its deficit reduction amount	-	(1,091)	-	(1,091)
	<u>1,123,219</u>	<u>(11,194)</u>	<u>10,621</u>	<u>1,121,927</u>

***1507* Other adjustments to liabilities**

	SHF £'000
Form 15 Line 83	
Deferred tax on present value of in force business	75,430
Offset of assets and liabilities	<u>(7,479)</u>
	<u>67,950</u>

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

Assets and liabilities in currencies other than sterling have been translated at the rate of exchange ruling at 31 December 2006. Revenue transactions are converted at the rates of exchange ruling at the time of the transaction.

***1603* Other income and charges**

At line 21 Form 16 is an amount of £(90,465)k in respect of charges relating to the following:

	SHF £'000
Movement in present value of in force business	(104,379)
Deferred tax on present value of in force business	13,915
Sundry write-off	1
	<hr/>
	(90,465)
	<hr/>

***1700* Derivatives**

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

***1701* Derivative contracts**

At 31 December 2006, the variation margin received has been invested in £224,502,000 in holdings in collective investment schemes (included in Form 13 Line 43).

***1811* Restatement of prior year figures**

Form 19 was resubmitted in August 2006 due to a restatement of prior year figures. Forms 2 and 18 were also resubmitted but were not changed from the initial submission. Instead the resubmission was to confirm that there was no impact of the Form 19 revision on these forms.

***1901* Capital support**

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

***1911* Restatement of prior year figures**

The amounts shown in Form 19 Lines 34, 41 and 43 (Column 2) differ from the corresponding amounts shown in the previous year's return (Column 1). This is due to the correction of an error in the original submitted results whereby the bases used to value the assets and liabilities were inconsistent. This was identified during 2006 and an updated version of the returns were submitted to the FSA in August 2006.

***4002* Other expenditure**

Other expenditure on Form 40 line 25 consists of intra-fund transfers. The transfer-in for the receiving fund is shown as negative on the same line so that there is no effect on the total sheet.

For 2005, the net amount of claims and premiums on unitised with profits business written by the Company has been included at Form 40 Line 25. The net amount cannot be analysed between premiums and claims. The corresponding amount for 2006 of £111,179 has been included at Form 42 Line 13 (see Note 4201).

2006	NP £'000	SPI £'000	Special £'000	Total £'000
Form 40 Line 25				
Transfer SWP 1/9th bonus	-	(125)	125	-
2005	NP £'000	SPI £'000	Special £'000	Total £'000
Form 40 Line 25				
Transfer SWP 1/9th bonus	-	(127)	127	-
Unitised with profits claims	(127,736)	127,736	-	-
	(127,736)	127,609	127	-

***4005* Foreign currency translation**

Assets and liabilities in foreign currencies have been translated using the rate of exchange ruling at 31 December 2006. Long-term business fund revenue transactions in the Republic of Ireland have been translated at the rate of exchange ruling at the time of the transaction. Other revenue items have been translated at the rate of exchange ruling at the time of the transaction or, in the case of accrued expenditure, at the rate of exchange ruling at 31 December 2006.

***4006* Basis of apportionment between funds**

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

***4008* Management Services**

During the year, investment management and business administration services were provided to the Company via Abbey National Asset Managers Limited, Abbey National Financial and Investment Services plc and Abbey National Financial & Investment Services (Ireland) plc, all of which are or were wholly owned subsidiaries of Abbey National plc. On 1 September 2006, investment management services were transferred to Resolution Investment Services Limited following the acquisition of Scottish Provident Limited by Resolution plc. Business administration services continued to be provided by Abbey National Financial and Investment Services plc and Abbey National Financial & Investment Services (Ireland) plc, which were renamed RMS (Glasgow) Limited and RMS (Ireland) Limited respectively following their acquisition by Resolution plc.

Charges from these companies were £64.2m from RMS (Glasgow) Limited, £3.9m from RMS (Ireland) Limited, £0.5m from Resolution Investment Services Limited and £0.4m from Abbey National Asset Managers Limited.

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

- (a) At 31 December 2006, claims expense on line 21 includes £1,764,000 in respect of reinsurance accepted from Scottish Mutual International plc, a fellow group company (in 2005 £1,043,000 is included in premium income on line 11).
- (b) At 31 December 2006, the company had entered into other connected party transactions with Resolution plc group companies – refer to note 1306. Resolution plc is the Company's ultimate parent.
- (c) At 31 December 2006, the Company had entered into option contracts valued at £195m (2005: £274m) with Abbey National Treasury Services plc, which prior to 10 August 2006 was a fellow Group company. As collateral for the maturity proceeds on the option contracts, Abbey National Treasury Services plc has lent the Company sums amounting to £225m (2005: £300m). The options have been offset with the collateral loan as there is a legally enforceable right to off set the amounts and settlements will be on a net basis, giving a net collateral loan at 31 December 2006 of £30m (2005: £26m).

Details of the derivative option contracts are set out below.

Guaranteed Options Hedges

During the financial year, the Company held the following structured derivatives within the with profit fund to hedge various guarantees attaching to certain with profit policies:

- Type 1 A schedule of European vanilla put options with a combined equity and fixed interest index as the underlying. The options represent hedges of cash guarantees (i.e. maturity guarantees for CWP and MVA Free guarantees for UWP business).
- Type 2 A schedule of two-asset compound options with a combined equity and fixed interest index and a reference annuity index as the underlying instruments. The options represent hedges of guaranteed annuity options on top of with-profit maturity guarantees.
- Type 3 A schedule of two-asset exchange options with a combined equity and fixed interest index and a reference annuity index as the underlying instruments. The options represent hedges of maturity guarantees in respect of deferred annuity contracts (without guaranteed commutation options).

As at 31 December 2006, the aggregate nominal amount and value of the options were £1.4 billion and £194 million, respectively. The nominal amount is distributed according to the structured derivative type as follows:

Type 1	67%
Type 2	17%
Type 3	16%
Total	100%

Option Guarantee Type	Option type	Maturity Date Range
Maturity guarantees on Conventional With Profit policies and Market Value Adjustment free guarantees on UWP policies	European put	29/12/06 to 31/01/30
CWP pensions maturity guarantees with guaranteed annuity options	Bespoke payoff	29/09/07 to 31/08/27
CWP deferred annuity contracts without guaranteed commutation options	Bespoke payoff	30/06/06 to 14/08/30

The premium payable by the Company for the purchase of these options was £262m (2005: £268m). The unrealised loss on the options held at 31 December 2006 is £67m (2005: £5m unrealised gain). The contract/notional amount of the OTC options held at 31 December 2006 is £1,418m (2005: £1,500m).

***4201* Unitised With Profits Business**

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

2006		SPI £000	NP £000	Total £000
Form 42				
Line 13	With Profit Unit Expenses	8,374	(8,374)	-
Line 13	With Profit Unit Transfers	102,805	(102,805)	-
		111,179	(111,179)	-

The corresponding amounts for 2005 are included at Form 40 Line 25 (see Note 4002).

***4401* Basis of valuation**

The fair values of financial instruments are determined by reference to quoted market prices or published prices. If quoted market prices or published prices are not available, fair values are determined or estimated by using various different techniques, including but not limited to balance sheet analysis and comparison to similar quoted securities.

***4402* Aggregate value of derivative**

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

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

Separate sheets for the SPI Fund and Special Fund have not been included since they would be blank. As those for the Non Profit Fund would be identical to those headed "Total", the latter has not been included.

***4502* Other income and expenditure**

Other income included in line 26 represents an exchange gain of £1,663,000 on internal linked funds carried forward.

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

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

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

Assets backing with-profits liabilities and with-profits capital requirements	Asset Mix (%)
Land and buildings	0%
Approved fixed interest securities	22%
Other fixed interest securities	21%
Variable interest securities	0%
UK listed equity shares	1%
Non-UK listed equity shares	37%
Unlisted equity shares	0%
Other assets	19%
Total	100.0%

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

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

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

***4901* Source of credit ratings**

The Standard & Poors rating was used to provide the split by credit rating.

***5101* Number of Group Schemes**

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

Fund	Product Code	Product Description	Number of group schemes
UK Pension With-Profit	390	Deferred annuity non-profit	7
	435	Miscellaneous non-profit	27
OS With-Profit	390	Deferred annuity non-profit	3
	435	Miscellaneous non-profit	1
UK Life Non-Profit	435	Miscellaneous non-profit	1
UK Pension Non-Profit	435	Miscellaneous non-profit	9
OS Pension Non-Profit	435	Miscellaneous non-profit	1

***5201* Number of Group Schemes**

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

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

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

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

Fund	Product code	Product description	Details of business included
UK Life Non-Profit	795	Miscellaneous property linked	<ul style="list-style-type: none"> ▪ Assurance business ▪ Long term care business

***5604* Consistency of liabilities with Form 54**

Form 56 shows the assets backing the investment liabilities in respect of index-linked benefits. The amount shown excludes the expense liability included in the long-term liabilities on Form 54 for this business.

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

Negative mathematical reserves from products in the following product groupings:

“UK, L&GA, Non-Profit, Form 51 assurances, 3.15%”

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

“UK, Pens, Non-Profit, Form 51/54 annuities, 4.20%”

The total value of these negative liabilities is -£34.2m.

***5901* Conventional with-profits death benefit**

The death benefit for conventional with-profit benefits is the basic sum assured. Attaching bonuses would be added to this in the event of death.

Returns under the Accounts and Statements Rules

Statement required by Rule 9.29 of the IPRU(INS)

Scottish Provident Ltd

Financial Year ended 31 December 2006

Additional information on derivative contracts

The investment guidelines operated by the Company during the period up to 31 December 2006 for the use of derivative contracts were based on the principles of reduction of risk or efficient portfolio management.

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

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

- b The investment guidelines do not prohibit entry into contracts, which were not at the time of entry, reasonably likely to be exercised, to ensure that Life Division North is not prevented from entering into contracts which could potentially enhance efficient portfolio management.
- c The company was not a party to any contract during 2006 that was not expected, at the time when the contract was entered into, to be capable of exercise.
- d The extent to which amounts recorded on Form 13 would be changed if assets which the Company had a right or obligation to acquire or dispose of under derivative contracts outstanding at the end of the financial year (being in the case of options, only those options which it would have been prudent to assume would be exercised) had been so acquired or disposed of (including collateral):

SPI Fund:		£'000	
	Form 13		
	Line 41	Equity shares	696
	Line 43	Collective inv schemes	(7,516)
	Line 44	Derivatives	6,819

- e If such options as were outstanding at 31 December 2006 had been exercised to change the amounts shown in Form 13 to the maximum extent there would be an effect of £22.2m.
- f There was no material difference between positions at the year end and that during the financial year.
- g No loss would have been incurred by the Company in the event of failure by any one other person to fulfil its obligations under derivative contracts outstanding at the year-end. At other times during

the relevant period there may have been a loss but at any time the possible losses are included within the overall monitoring of counterparty exposure and subject to strict internal guidelines, collateralisation also limits overall exposure.

- h. There has been no use of derivatives or contracts having the equivalent effect which did not meet the requirements of an approved derivative contract or did not fall within the definition of a permitted derivative contract.
- i. The Company did not grant any uncovered rights under derivative contracts during the year.

Returns under the Accounts and Statements Rules

Statement required by Rule 9.30

Scottish Provident Limited

Financial year ended 31 December 2006

Prior to 10 August 2006 Scottish Provident Limited had the following controllers:

<u>Controller</u>	<u>Relationship</u>	<u>% Interest</u> * ¹
Banco Santander Central Hispano, S.A.	Ultimate parent company	100%
Abbey National plc	Ultimate UK parent company	100%
Abbey National SMA Holdings Limited * ²	Immediate parent company	100%

From 10 August 2006 Scottish Provident Limited had the following controllers:

<u>Controller</u>	<u>Relationship</u>	<u>% Interest</u> * ¹
Resolution plc	Ultimate parent company	100%
RLL Holdings Limited * ²	Immediate parent company	100%

*¹ Interest in respect of both share capital and voting rights

*² RLL Holdings Limited changed its name in September 2006. It was previously known as Abbey National SMA Holdings Limited.

Returns under the Accounts and Statement Rules

Statement required by Rule 9.36

Scottish Provident Limited

Financial year ended 31 December 2006

Information on With Profits Actuary

Mr G Ross was the with-profits actuary from 1 September 2006. Mr D Ramsay was the with-profits actuary until 31 August 2006.

The following information relates to the year ended 31 December 2006:

- a Mr G Ross held the following share options in Resolution plc as at 31 December 2006:

Number of shares	Granted	Exercisable	Option price
9,275	March 2004	March 2007	£3.08
4,585	March 2000	March 2007	£6.55

Mr G Ross's spouse held 24,706 shares in Resolution plc as at 31 December 2006.

Mr D Ramsay held 7,229 shares in Banco Santander Central Hispano S.A. during the period to 31 August 2006.

- b Aggregate fees and remuneration, excluding pension contributions, received by Mr G Ross from Resolution Management Services Limited were £65,469. Aggregate remuneration, excluding pension contributions, received by Mr D Ramsay from Abbey National Financial and Investment Services plc during the period to 31 August was £91,833.

- c Other pecuniary benefits:

Mr G Ross is a deferred member of a Group Staff Pension Scheme.

The above particulars were furnished by Mr D Ramsay and Mr G Ross upon request and they agree with the accounts and records of the Company.

Returns under the Accounts and Statements Rules

Certificate required by Rule 9.34(1)

Scottish Provident Limited

Financial year ended 31 December 2006

We certify that:

- a. the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU;
- b. we are satisfied that:
 - i. throughout the financial year, the Company has complied in all material aspects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), PRU, GENPRU and INSPRU (as applicable); and
 - ii. it is reasonable to believe that the Company has continued so to comply subsequently, and will continue so to comply in future;
- c. in our opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- d. the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14 constitute proper provision at the end of the financial year in question for the long-term insurance liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business; and
- e. we have, in preparing the return, taken and paid due regard to:
 - i. advice from every actuary appointed by the Company to perform the actuarial function in accordance with SUP 4.3.13R; and
 - ii. advice from every actuary appointed by the Company to perform the with-profits actuary function in accordance with SUP 4.3.16AR.

Graham Singleton
Managing Director

Stephen McGee
Director

Kerr Luscombe
Director

27 March 2007

Note to the certificate required by Rule 9.34

During the year the Company underwent a change in ownership and control, which took effect on 10 August 2006. We have made appropriate enquiry of previous management to certify that we are satisfied that the Company has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU (INS), PRU, GENPRU and INSPRU (as applicable). We also carried out the usual due diligence enquiries prior to the change of ownership. As a result we have not been made aware of, nor discovered any evidence to suggest that the Company was not continuing in compliance in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU (INS), PRU, GENPRU and INSPRU (as applicable) during the period 1 January 2006 to 9 August 2006.

We have omitted part of the standard wording of the certificate as we are unable to certify that the with profits fund has been managed in accordance with the Principles and Practice of Financial Management, as established, maintained and recorded under COB6.10 due to:

3 minor technical issues arising, one of which relates to 2005 and earlier years which had not previously come to light. There have been no adverse consequences for any policyholder.

Independent auditors' report to the directors pursuant to rule 9.35 of the Accounts and Statements Rules

Scottish Provident Limited

Global business

Financial year ended 31 December 2006

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, the General Prudential Sourcebook and the Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000

- Forms 2, 3, 11 to 19, 40 to 45, 48, 49, 56, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement"); and
- the reports required by rule 9.31 ("the valuation reports")

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

- Forms 46, 47, 50 to 55, 57, 59A and 59B (including the supplementary notes);
- the statements required by rules 9.30 and 9.36; and
- the certificate signed in accordance with rule 9.34(1).

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 reports) under the provisions of the Rules. The requirements of the Rules have been modified by the direction referred to in supplementary note 0201. Under rule 9.11 the Forms, the statement and the valuation reports are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of INSPRU 1.2 and 1.3.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation reports meet these requirements, and to report our opinion to you. We also report to you if, in our opinion, the insurer has not kept proper accounting records or if we have not received all the information we require for our examination.

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation reports. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 27 March 2007. It also included an assessment of the significant estimates and judgments made by the insurer in the preparation of the Forms, the statement and the valuation reports.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation reports are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with 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 reports fairly state the information provided on the basis required by the Rules as modified and have been properly prepared in accordance with the provisions of those Rules; and
- (b) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports prepared in accordance with rule 9.31 appropriately reflect the requirements of INSPRU 1.2 and 1.3.

Ernst & Young LLP

Registered Auditor

London

27 March 2007