

NPI Limited

Registered in England - No 3725037

Registered Office

The Pearl Centre
Lynch Wood
Peterborough
PE2 6FY

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



(Appendices 9.1 , 9.3 , 9.4 , 9.6)

NPI Limited

Year ended 31st December 2005

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Statement of solvency - long-term insurance businessName of insurer **NPI Limited**

Global business

Financial year ended **31st December 2005**

Solo solvency calculation

Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R2	3725037	GL	31	12	2005	£000
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	As at end of this financial year	As at end of the previous year
	1	2

Capital resources

Capital resources arising within the long-term insurance fund	11	24984	94932
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	83729	5122
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	108713	100054

Guarantee Fund

Guarantee Fund requirement	21	15228	15011
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	93485	85043

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	45682	45032
Resilience capital requirement	32	5094	
Base capital resources requirement	33	2030	2087
Individual minimum capital requirement	34	50776	45032
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34 + 35)	36	50776	45032
Excess (deficiency) of available capital resources to cover 50% of MCR	37	83325	77538
Excess (deficiency) of available capital resources to cover 75% of MCR	38	70631	66280

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	50776	45032

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	50776	45032
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	57937	55022

Contingent liabilities

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

Name of insurer **NPI Limited**

Global business

Financial year ended **31st December 2005**

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

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

..... **W R Treen** **Director**

Date: 31st March 2006

Components of capital resources

Name of insurer **NPI Limited**

Global business

Financial year ended **31st December 2005**

R3	Company registration number 3725037	GL/UK/CM GL	Period ended			Units £000	
			day	month	year		
	General insurance business 1	Long-term insurance business 2	31	12	2005	Total as at the end of this financial year 3	Total as at the end of the previous year 4

Core tier one capital

Permanent share capital	11		250000	250000	250000
Profit and loss account and other reserves	12		(81993)	(81993)	(95851)
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		168007	168007	154149

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		168007	168007	154149
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35		15613	15613	16353
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		15613	15613	16353
Total tier one capital after deductions (31-37)	39		152394	152394	137796

Components of capital resources

Name of insurer **NPI Limited**

Global business

Financial year ended **31st December 2005**

	Company registration number	GL/UK/CM	Period ended			Units	
			day	month	year		
	R3	3725037	GL	31	12	2005	£000
	General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4			

Tier two capital

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

Components of capital resources

Name of insurer **NPI Limited**

Global business

Financial year ended **31st December 2005**

R3	Company registration number 3725037	GL/UK/CM GL	Period ended			Units £000	
			day	month	year		
	General insurance Business 1	Long-Term insurance Business 2	31	12	2005	Total as at the end of this financial year 3	Total as at the end of the previous year 4

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71					
Total capital resources before deductions (39+69+71)	72		152394	152394	137796	
Inadmissible assets other than intangibles and own shares	73		43681	43681	37742	
Assets in excess of market risk and counterparty limits	74					
Deductions for related ancillary services undertakings	75					
Deductions for regulated non-insurance related undertakings	76					
Deductions of ineligible surplus capital	77					
Total capital resources after deductions (72-73-74-75-76-77)	79		108713	108713	100054	

Available capital resources for PRU tests

Available capital resources for guarantee fund requirement	81		108713	108713	100054	
Available capital resources for 50% MCR requirement	82		108713	108713	100054	
Available capital resources for 75% MCR requirement	83		108713	108713	100054	

Financial engineering adjustments

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

Analysis of admissible assets

Name of insurer **NPI Limited**

Global business

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

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	3725037	GL	31	12	2005	£000	1
Investments						As at the end of this financial year 1		As at the end of the previous year 2
Land and buildings				11				
Investments in group undertakings and participating interests								
UK insurance dependants	shares			21				
	debts and loans			22				
Other insurance dependants	shares			23				
	debts and loans			24				
Non-insurance dependants	shares			25				
	debts and loans			26				
Other group undertakings	shares			27				
	debts and loans			28				
Participating interests	shares			29				
	debts and loans			30				
Other financial investments								
Equity shares				41				
Other shares and other variable yield participations				42				
Holdings in collective investment schemes				43		19872		6260
Rights under derivative contracts				44				
Fixed interest securities	Approved			45				
	Other			46				
Variable interest securities	Approved securities			47				
	Other			48				
Participation in investment pools				49				
Loans secured by mortgages				50				
Loans to public or local authorities and nationalised industries or undertakings				51				
Loans secured by policies of insurance issued by the company				52				
Other loans				53				
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		64976		55
	More than one month withdrawal			55				
Other financial investments				56				

Analysis of admissible assetsName of insurer **NPI Limited**

Global business

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

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
			day	month	year				
	R13	3725037	GL	31	12	2005	£000	1	
							As at the end of this financial year 1	As at the end of the previous year 2	
Deposits with ceding undertakings				57					
Assets held to match linked liabilities			Index linked	58					
			Property linked	59					
Reinsurers' share of technical provisions									
Provision for unearned premiums				60					
Claims outstanding				61					
Provision for unexpired risks				62					
Other				63					
Debtors and salvage									
Direct insurance business			Policyholders	71					
			Intermediaries	72					
Salvage and subrogation recoveries				73					
Reinsurance			Accepted	74					
			Ceded	75					
Dependants			Due in 12 months or less	76					
			Due in more than 12 months	77					
Other			Due in 12 months or less	78		11			
			Due in more than 12 months	79					
Other assets									
Tangible assets				80					
Deposits not subject to time restriction on withdrawal with approved institutions				81		55			
Cash in hand				82					
Other assets (particulars to be specified by way of supplementary note)				83					
Accrued interest and rent				84				23	
Deferred acquisition costs				85					
Other prepayments and accrued income				86		55			
Deductions from the aggregate value of assets				87					
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				89		84969		6338	

Analysis of admissible assets

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

R13	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	3725037	GL	31	12	2005	£000	1
					As at the end of this financial year 1	As at the end of the previous year 2	

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	84969	6338
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98		
Reinsurers' share of technical provisions excluded from line 89	99		
Other asset adjustments (may be negative)	100		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101	84969	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102	11	

Analysis of admissible assets

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

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	3725037	GL	31	12	2005	£000	10
Investments						As at the end of this financial year 1	As at the end of the previous year 2	
Land and buildings				11		155669	149963	
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		140603	85460	
Rights under derivative contracts				44				
Fixed interest securities	Approved			45		380596	363515	
	Other			46		172797	140806	
Variable interest securities	Approved securities			47		1215	2980	
	Other			48		2819	2651	
Participation in investment pools				49				
Loans secured by mortgages				50		984	75810	
Loans to public or local authorities and nationalised industries or undertakings				51				
Loans secured by policies of insurance issued by the company				52		77	85	
Other loans				53				
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		1	10663	
	More than one month withdrawal			55				
Other financial investments				56				

Analysis of admissible assets

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

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	3725037	GL	31	12	2005	£000	10
							As at the end of this financial year 1	As at the end of the previous year 2
Deposits with ceding undertakings				57				
Assets held to match linked liabilities		Index linked		58		24990		21403
		Property linked		59		2988776		2893662
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				3784
		Intermediaries		72				
Salvage and subrogation recoveries				73				
Reinsurance		Accepted		74				
		Ceded		75		15392		
Dependants		Due in 12 months or less		76				
		Due in more than 12 months		77				
Other		Due in 12 months or less		78		13690		35238
		Due in more than 12 months		79				
Other assets								
Tangible assets				80				
Deposits not subject to time restriction on withdrawal with approved institutions				81		683		
Cash in hand				82				
Other assets (particulars to be specified by way of supplementary note)				83				
Accrued interest and rent				84		18624		22485
Deferred acquisition costs				85				
Other prepayments and accrued income				86		557		
Deductions from the aggregate value of assets				87				
Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)				89		3917473		3808505

Analysis of admissible assets

Name of insurer **NPI Limited**

Global business

Financial year ended **31st December 2005**

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

Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		day	month	year			
R13	3725037	GL	31	12	2005	£000	10
				As at the end of this financial year		As at the end of the previous year	
				1		2	

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

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	3917473	3808505
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	33681	
Reinsurers' share of technical provisions excluded from line 89	99	473370	
Other asset adjustments (may be negative)	100	10000	
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	4434524	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102	6787	

Long term insurance business liabilities and marginsName of insurer **NPI Limited**

Global business

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

			As at the end of this financial year 1	As at the end of the previous year 2
Mathematical reserves, after distribution of surplus		11	3653355	3448132
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13	24984	94932
Long term insurance business fund carried forward (11 to 13)		14	3678339	3543064
Claims outstanding	Gross amount	15	5421	8407
	Reinsurers' share	16		
	Net (15-16)	17	5421	8407
Provisions	Taxation	21		
	Other	22		
Deposits received from reinsurers		23		
Creditors	Direct insurance business	31		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36	162255	158088
Creditors	Taxation	37	1524	10151
	Other	38	53754	72351
Accruals and deferred income		39	567	353
Provision for "reasonably foreseeable adverse variations"		41	15613	16090
Total other insurance and non-insurance liabilities (17 to 41)		49	239134	265440
Excess of the value of net admissible assets		51		
Total liabilities and margins		59	3917473	3808504

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	34310	49182
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	2988776	2893662

Total liabilities (11+12+49)	71	3892489	3713572
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	473370	
Other adjustments to liabilities (may be negative)	74	(15613)	
Capital and reserves and fund for future appropriations	75	84278	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76	4434524	

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

Global business

Financial year ended **31st December 2005**

R15	Company registration number 3725037	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2005	

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

Technical provisions (gross amount)

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

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47	819	858
	Recommended dividend	48		
	Other	49	421	351
Accruals and deferred income		51		6
Total (19 to 51)		59	1240	1215
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	1240	1215

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	421	351
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Reinsurers' share of DAC	81		
Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	83279	
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	84519	

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

Global business

Financial year ended **31st December 2005**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	3725037	GL	31	12	2005	£000
				day	month	year		
				1	2			
				This financial year	Previous year			
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	78700					
Investment income	Income	14	282				282	
	Value re-adjustments on investments	15						
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17	12				28	
	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	(402)				(238)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	78568				16	
Tax on profit or loss on ordinary activities		31	(39)				5	
Profit or loss on ordinary activities after tax (29-31)		39	78607				11	
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	78607				11	
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	78607				11	

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

		Financial year	Previous year
		1	2
Income			
Earned premiums	11	193136	258247
Investment income receivable before deduction of tax	12	125274	97543
Increase (decrease) in the value of non-linked assets brought into account	13	23749	(2498)
Increase (decrease) in the value of linked assets	14	419359	246635
Other income	15	6938	7685
Total income	19	768456	607612
Expenditure			
Claims incurred	21	522874	616872
Expenses payable	22	15975	24580
Interest payable before deduction of tax	23	434	1666
Taxation	24	(3765)	(6006)
Other expenditure	25	18963	18703
Transfer to (from) non technical account	26	78700	
Total expenditure	29	633181	655815
Business transfers-in	31		
Business transfers-out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	135275	(48203)
Fund brought forward	49	3543064	3591267
Fund carried forward (39+49)	59	3678339	3543064

Long term insurance business : Analysis of premiums

Name of insurer **NPI Limited**

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

Financial year ended **31st December 2005**

Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
Gross						
Regular premiums	11	253	59084		59337	91720
Single premiums	12	5658	131193		136851	173402
Reinsurance - external						
Regular premiums	13					
Single premiums	14					
Reinsurance - intra-group						
Regular premiums	15		2259		2259	5288
Single premiums	16		793		793	1587
Net of reinsurance						
Regular premiums	17	253	56825		57078	86432
Single premiums	18	5658	130400		136058	171815
Total						
Gross	19	5911	190277		196188	265122
Reinsurance	20		3052		3052	6875
Net	21	5911	187225		193136	258247

Long term insurance business : Analysis of claims

Name of insurer **NPI Limited**

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

Financial year ended **31st December 2005**

Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
Gross						
Death or disability lump sums	11	9073	6984		16057	17618
Disability periodic payments	12					
Surrender or partial surrender	13	113572	312036		425608	503783
Annuity payments	14	5059	32716		37775	34816
Lump sums on maturity	15	4167	174324		178491	155808
Total	16	131871	526060		657931	712025
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	6306	905		7211	7481
Disability periodic payments	32					
Surrender or partial surrender	33	88274	37103		125377	86361
Annuity payments	34					
Lump sums on maturity	35		2469		2469	1311
Total	36	94580	40477		135057	95153
Net of reinsurance						
Death or disability lump sums	41	2767	6079		8846	10137
Disability periodic payments	42					
Surrender or partial surrender	43	25298	274933		300231	417422
Annuity payments	44	5059	32716		37775	34816
Lump sums on maturity	45	4167	171855		176022	154497
Total	46	37291	485583		522874	616872

Long term insurance business : Analysis of expenses

Name of insurer **NPI Limited**

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

Financial year ended **31st December 2005**

Units **£000**

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
Gross						
Commission - acquisition	11	4	2498		2502	5380
Commission - other	12	551	1044		1595	2572
Management - acquisition	13	171	1764		1935	2891
Management - maintenance	14	1952	8457		10409	5764
Management - other	15	-3	931		928	8436
Total	16	2675	14694		17369	25043
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					463
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34	1394			1394	
Management - other	35					
Total	36	1394			1394	463
Net of reinsurance						
Commission - acquisition	41	4	2498		2502	4917
Commission - other	42	551	1044		1595	2572
Management - acquisition	43	171	1764		1935	2891
Management - maintenance	44	558	8457		9015	5764
Management - other	45	-3	931		928	8436
Total	46	1281	14694		15975	24580

Long term insurance business : Linked funds balance sheet

Name of insurer **NPI Limited**
 Total business
 Financial year ended **31st December 2005**
 Units **£000**

		Financial year	Previous year
		1	2
Internal linked funds (excluding cross investment)			
Directly held assets (excluding collective investment schemes)	11	255171	300452
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13	2764808	2598230
Total assets (excluding cross investment) (11+12+13)	14	3019979	2898682
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16		
Other liabilities	17	10473	2508
Total net assets (14-15-16-17)	18	3009506	2896174
Directly held linked assets			
Value of directly held linked assets	21		
Total			
Value of directly held linked assets and units held (18+21)	31	3009506	2896174
Surplus units	32	20730	2512
Deficit units	33		
Net unit liability (31-32+33)	34	2988776	2893662

Long term insurance business : Revenue account for internal linked funds

Name of insurer **NPI Limited**
 Total business
 Financial year ended **31st December 2005**
 Units **£000**

		Financial year	Previous year
		1	2
Income			
Value of total creation of units	11	212337	142215
Investment income attributable to the funds before deduction of tax	12	96663	69623
Increase (decrease) in the value of investments in the financial year	13	419359	246635
Other income	14	6280	471
Total income	19	734639	458944
Expenditure			
Value of total cancellation units	21	585701	560929
Charges for management	22	27434	28965
Charges in respect of tax on investment income	23	7274	4494
Taxation on realised capital gains	24	168	(92)
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		(22)
Other expenditure	26	730	748
Total expenditure	29	621307	595022
Increase (decrease) in funds in financial year (19-29)	39	113332	(136078)
Internal linked fund brought forward	49	2896174	3032252
Internal linked funds carried forward (39 + 49)	59	3009506	2896174

Long term insurance business : Summary of new business

Name of insurer **NPI Limited**

Total business

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

		UK Life	UK Pension	Overseas	Total Financial year	Total Previous year
		1	2	3	4	5
Number of new policyholders/scheme members for direct insurance business						
Regular premium business	11		620		620	
Single premium business	12	102	6560		6662	
Total	13	102	7180		7282	
Amount of new regular premiums						
Direct insurance business	21		261		261	
External reinsurance	22					
Intra-group reinsurance	23		478		478	
Total	24		739		739	
Amount of new single premiums						
Direct insurance business	25	4967	13780		18747	
External reinsurance	26					
Intra-group reinsurance	27	889	117413		118302	
Total	28	5856	131193		137049	

Long term insurance business : Analysis of new business

Name of insurer **NPI Limited**

Total business

Financial year ended **31st December 2005**

Units **£000**

UK Life / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)			102	4497
700	Life property linked single premium				470

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Long term insurance business : Analysis of new business

Name of insurer **NPI Limited**

Total business

Financial year ended **31st December 2005**

Units **£000**

UK Life / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)				889

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Long term insurance business : Analysis of new business

Name of insurer **NPI Limited**

Total business

Financial year ended **31st December 2005**

Units **£000**

UK Pension / Direct insurance business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)			286	3970
525	Individual pensions UWP			125	753
535	Group money purchase pensions UWP			46	23
725	Individual pensions property linked	21	99		8238
730	Individual pensions property linked - increments				20
735	Group money purchase pensions property linked	52	162		771
795	Miscellaneous property linked				5

Long term insurance business : Analysis of new business

Name of insurer **NPI Limited**

Total business

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

UK Pension / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
395	Annuity non-profit (PLA)				82266
525	Individual pensions UWP				2402
535	Group money purchase pensions UWP				2
540	Group money purchase pensions UWP - increments				
725	Individual pensions property linked		453		30972
735	Group money purchase pensions property linked		25		1771

Long term insurance business : Non-linked assetsName of insurer **NPI Limited**Category of assets **Total long term insurance business assets**Financial year ended **31st December 2005**Units **£000**

		Unadjusted assets	Economic Exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
Assets backing non-profit liabilities and non-profit capital requirement						
Land and buildings	11	155669				
Approved fixed interest securities	12	387156	387156	19244	4.26	
Other fixed interest securities	13	176581	176581	9651	4.79	
Variable interest securities	14	4315	4315	169	3.70	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17		2420		4.30	
Other assets	18	179986	333235	6559	1.83	
Total	19	903707	903707	35623	3.46	
Assets backing with-profits liabilities and with-profits capital requirement						
Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					
Overall return on with-profits assets						
Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Long term insurance business : Fixed and variable interest assetsName of insurer **NPI Limited**Category of assets **Total long term insurance business assets**Financial year ended **31st December 2005**Units **£000**

		Value of assets	Mean term	Yield before adjustment	Yield after adjustment
		1	2	3	4
UK government approved fixed interest securities	11	65813	9.05	4.14	4.14
Other approved fixed interest securities	21	321343	10.14	4.28	4.27
Other fixed interest securities					
AAA/Aaa	31	40764	11.38	4.62	4.55
AA/Aa	32	47882	9.72	4.73	4.58
A/A	33	87935	9.73	4.89	4.58
BBB/Baa	34				
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39	176581	10.11	4.79	4.57
Approved variable interest securities	41	1392	22.64	1.29	1.29
Other variable interest securities	51	2923	12.66	4.85	4.55
Total (11+21+39+41+51)	61	568052	10.05	4.42	4.34

Long term insurance business : Summary of mathematical reserves

Name of insurer **NPI Limited**

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

Financial year ended **31st December 2005**

Units **£000**

		UK Life	UK Pension	Overseas	Total Financial Year	Total Previous Year
		1	2	3	4	5
Gross						
Form 51 - with-profits	11					
Form 51 - non-profit	12	69794	516536		586330	
Form 52	13	349549	133247		482796	
Form 53 - linked	14	154208	2834568		2988776	
Form 53 - non-linked	15	11739	30550		42289	
Form 54 - linked	16	2489	22501		24990	
Form 54 - non-linked	17	331	1212		1543	
Total	18	588110	3538614		4126724	
Reinsurance - external						
Form 51 - with-profits	21					
Form 51 - non-profit	22					
Form 52	23					
Form 53 - linked	24					
Form 53 - non-linked	25	1			1	
Form 54 - linked	26					
Form 54 - non-linked	27					
Total	28	1			1	
Reinsurance - intra-group						
Form 51 - with-profits	31					
Form 51 - non-profit	32					
Form 52	33	346953	126415		473368	
Form 53 - linked	34					
Form 53 - non-linked	35					
Form 54 - linked	36					
Form 54 - non-linked	37					
Total	38	346953	126415		473368	
Net of reinsurance						
Form 51 - with-profits	41					
Form 51 - non-profit	42	69794	516536		586330	
Form 52	43	2596	6832		9428	
Form 53 - linked	44	154208	2834568		2988776	
Form 53 - non-linked	45	11738	30550		42288	
Form 54 - linked	46	2489	22501		24990	
Form 54 - non-linked	47	331	1212		1543	
Total	48	241156	3412199		3653355	

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

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 Units **£000**
UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
395	Annuity non-profit (PLA)	6183	5278		n/a	n/a	n/a	68401
435	Miscellaneous non-profit	116	5626	27	n/a	n/a	n/a	53
440	Additional reserves non-profit OB				n/a	n/a	n/a	1340

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

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 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
390	Deferred annuity non-profit		307		n/a	n/a	n/a	4480
400	Annuity non-profit (CPA)	2762	37604		n/a	n/a	n/a	509481
435	Miscellaneous non-profit	21	1757	7	n/a	n/a	n/a	255
440	Additional reserves non-profit OB				n/a	n/a	n/a	2320

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

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 Units **£000**
UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
500	Life UWP single premium	12744	393817		397570	346858	2132	348990
610	Additional reserves UWP						559	559

Long term insurance business : Valuation summary of accumulating with-profits contractsName of insurer **NPI Limited**Total business / subfund **Total long term insurance business**Financial year ended **31st December 2005**Units **£000****UK Life / Reinsurance ceded intra-group**

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		397968		397570	346858	95	346953

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

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 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	1509	29237	561	33770	29002	1508	30509
535	Group money purchase pensions UWP	5903	58075	4855	61073	56586	5088	61674
570	Income drawdown UWP	207	26863		48712	40827	199	41026
605	Miscellaneous protection rider		5674	39			38	38

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

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 Units **£000**
UK Pension / Reinsurance ceded intra-group

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		33770	561	33770	29002		29002
535	Group money purchase pensions UWP		61073	4855	61073	56586		56586
570	Income drawdown UWP		48712		48712	40827		40827

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 Units **£000**

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
700	Life property linked single premium	916	144717		140566	140566	19	140585
715	Life property linked endowment regular premium - savings		13642	184	13642	13642		13642
750	Miscellaneous protection rider		147	5			4	4
800	Additional reserves property linked						11716	11716

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 Units **£000**
 UK Life / Reinsurance coded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
790	Miscellaneous protection rider		26	1			1	1

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Long term insurance business : Valuation summary of property linked contracts

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 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	17678	1983173	30601	1978640	1961337	5000	1966337
735	Group money purchase pensions property linked	29349	674884	57322	671886	662430	23276	685706
750	Income drawdown property linked	1103	209801		187952	187952	(1411)	186541
755	Trustee investment plan	57	14653		14663	14663	(21)	14642
790	Miscellaneous protection rider		4773	79			66	66
795	Miscellaneous property linked	3	8210		8186	8186		8186
800	Additional reserves property linked						3640	3640

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Long term insurance business : Valuation summary of property linked contracts

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 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
790	Miscellaneous protection rider		35	1				

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **NPI Limited**

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

Financial year ended **31st December 2005**

Units **£000**

UK Life / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity	83	241		2489	2489	331	2820

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Long term insurance business : Valuation summary of index linked contracts

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 Units **£000**
UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index linked annuity	105	1484		22501	22501	1212	23713

Long term insurance business : Unit prices for internal linked funds

(Sheet 1)

Name of insurer **NPI Limited**

Total Business

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

Fund name	Type of fund	Net assets	Main series	Unit mgmt charge	Price at previous valuation date	Price at current valuation date	Change in price during year
1	2	3	4	5	6	7	8
Pension Global Care Managed	14 - individual pension - other managed fund	131538	Ordinary Series 1 & 2	1.01	1.654346	1.951836	17.99
Pension Managed	12 - individual pension - balanced managed fund	1780896	Ordinary Series 1 & 2	1.01	11.945568	14.170902	16.63
Pension UK Equity	15 - individual pension - UK equity	274688	Ordinary Series 1 & 2	1.01	15.637539	18.867066	20.65

Long term insurance business : index linked businessName of insurer **NPI Limited**

Global business

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

Type of assets and liabilities	Name of index link	Value of assets or liabilities	Gross derivative value
	1	2	3
UK TREASURY 2.5% INDEX-LINKED 20/05/09	RPI	10128	
UK TREASURY 2.5% INDEX-LINKED 26/07/16	RPI	5171	
UK TREASURY 4.125% INDEX-LINKED 22/07/30	RPI	5427	
UK TREASURY 2% INDEX-LINKED 26/01/35 GBP	RPI	4264	
Total assets		24990	n/a
Total liabilities			n/a
Net total assets		24990	n/a

Long-term insurance business - analysis of valuation interest rates

Name of insurer **NPI Limited**
 Total business / subfund **Total long term insurance business**
 Financial year ended **31st December 2005**
 Units **£000**

Product group	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets
1	2	3	4	5
UKL NP Code 395/905	70072	4.00	4.00	4.34
UKP NP Code 390/400/905	517734	4.00	4.00	4.34
UKL WP Code 500/575	2596	3.20	4.00	4.32
UKP WP Code 525/535/570	6793	4.00	4.00	4.32
UKL WP Code 800	11735	4.00	4.00	4.32
UKP WP Code 725/735	30483	4.00	4.00	4.32
Misc	176	n/a	n/a	
Total:	639589	n/a	n/a	n/a

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

		Financial year	Previous year
		1	2
Valuation result			
Fund carried forward	11	3678339	3543064
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	78700	
Transfer to other funds/parts of funds	14		
Subtotal (11 to 14)	15	3757039	3543064
Mathematical reserves	21	3653355	3448132
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29	103684	94932
Composition of Surplus			
Balance brought forward	31	94932	73397
Transfer from non-technical account	32		
Transfer from other funds/parts of funds	33		
Surplus arising since the last valuation	34	8752	21535
Total	39	103684	94932
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	78700	
Total distributed surplus (46+47)	48	78700	
Surplus carried forward	49	24984	94932
Total (48+49)	59	103684	94932
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 NPI Limited

Original insurer NPI Limited

Date of maturity value/open market option 1st February 2006

Category of with-profits policy	Original term (years)	Maturity value/ open market option	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	25	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	5	11883	511	0	UWP	Y	11883
Regular premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Regular premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	5	11362	0	0	UWP	Y	11362
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	15	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	20	n/a	n/a	n/a	n/a	n/a	n/a

Long-term insurance business: With-profits payouts on surrenderName of insurer **NPI Limited**Original insurer **NPI Limited**Date of surrender value **1st February 2006**

Category of with-profits policy	Duration at surrender (years)	Surrender value	Terminal bonus	MVA	CWP/UWP	MVA permitted?	Death benefit
1	2	3	4	5	6	7	8
Endowment assurance	5	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	10	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	15	n/a	n/a	n/a	n/a	n/a	n/a
Endowment assurance	20	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	2	n/a	n/a	n/a	n/a	n/a	n/a
With-profits bond	3	10220	0	0	UWP	Y	10537
With-profits bond	5	11561	0	0	UWP	Y	11561
With-profits bond	10	n/a	n/a	n/a	n/a	n/a	n/a
Single premium pension	2	11277	931	0	UWP	Y	11277
Single premium pension	3	11972	1282	0	UWP	Y	11972
Single premium pension	5	9317	0	-2045	UWP	Y	11362
Single premium pension	10	n/a	n/a	n/a	n/a	n/a	n/a

Long term insurance capital requirement

Name of insurer **NPI Limited**
 Global business
 Financial year ended **31st December 2005**
 Units **£000**

		LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
		1	2	3	4	5	6
Insurance death risk capital component							
Classes I, II and IX	11	0.1%					
Classes I, II and IX	12	0.15%			0.50		
Classes I, II and IX	13	0.3%	80687	13417		121	178
Classes III, VII and VIII	14	0.3%	9639	9639	1.00	29	18
Total	15		90326	23056		150	196
Insurance health risk capital component							
Class IV and supplementary classes 1 and 2	21						
Insurance expense risk capital component							
Classes I, II and IX	31	1%	1074256	595758	0.85	9131	9001
Classes III, VII and VIII (investment risk)	32	1%	178437	178436	1.00	1784	1814
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%	114717	114717	1.00	1147	833
Classes III, VII and VIII (other)	34	25%				723	743
Class IV	35	1%					
Class V	36	1%					
Class VI	37	1%					
Total	38					12785	12391
Insurance market risk capital component							
Classes I, II and IX	41	3%	1074256	595758	0.85	27394	27002
Classes III, VII and VIII (investment risk)	42	3%	178437	178436	1.00	5353	5443
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%	114717	114717			
Classes III, VII and VIII (other)	44	0%	2764444	2764444			
Class IV	45	3%					
Class V	46	0%					
Class VI	47	3%					
Total	48		4131854	3653355		32747	32445
Long term insurance capital requirement	51					45682	45032

Returns under the Accounts and Statements Rules

Supplementary Notes

NPI Limited

Global Business

Financial year ended 31st December 2005

Appendix 9.1

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

	2005 £000	2004 £000
Net admissible assets:		
Form 13 Line 89 (other than long term business)	84,969	6,338
Form 13 Line 89 (long term business)	3,917,473	3,808,505
Less Form 14 Lines 11,12 and 49	(3,892,489)	(3,713,572)
Less Form 15 Line 69	(1,240)	(1,215)
Total capital resources after deductions	<u>108,713</u>	<u>100,056</u>

0310 Net valuation differences shown in Form 3 line 35

	2005 £000	2004 £000
Negative valuation differences included within Form 3 Line 35		
Provision for reasonably foreseeable adverse variations FSA only additional reserve	15,613	16,090
	-	263
	<u>15,613</u>	<u>16,353</u>

1305 Counterparty limits

1311

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

Returns under the Accounts and Statements Rules

Supplementary Notes

NPI Limited

Global Business

Financial year ended 31st December 2005

Appendix 9.1 (continued)

1306 Counterparty exposure at the end of the financial year

1312

There were 4 cases where exposure of the insurer to any one counterparty at the end of the financial year exceeded 5% of the sum of the base capital resources requirement and the long-term insurance liabilities, excluding property linked benefits and net of reinsurance ceded.

The amounts and nature of the assets giving rise to this exposure are:-

	2005 £000
Bonds held with the following institutions:	
European Investment Bank	147,500
KFW International Finance	104,000
UK Treasury	92,000
Hendersons UCITS scheme	146,751

1308 Unlisted and listed investments

The aggregate value of unlisted investments falling within lines 41, 42, 46, and 48 which have been valued in accordance with the rules in PRU1.3 is £0.1m.

The aggregate value of listed investments falling within lines 41, 42, 46, and 48 which have been valued in accordance with the rules in PRU1.3 and which are not readily realisable is Nil.

The aggregate value of units or beneficial interests in certain collective investment schemes falling within lines 41, 42, 46, and 48 which have been valued in accordance with the rules in PRU1.3 is Nil.

1309 Hybrid securities

Included within line 46 and line 48 of Form 13 Total long term insurance business assets are hybrid securities of £28.6 million.

1318 Other asset adjustments

Included in line 100 of Form 13 Total long term insurance business assets is a deferred tax asset of £10 million.

Returns under the Accounts and Statements Rules

Supplementary Notes

NPI Limited

Global Business

Financial year ended 31st December 2005

Appendix 9.1 (continued)

1401 Provision for reasonably foreseeable adverse variations

On 30th September 1999, the insurer entered into a refinancing arrangement with a wholly owned subsidiary of Abbey National Group PLC. The insurer has originated a portfolio of residential property investments subject to life tenancies (reversions) against which it has sold Extra Income Plan annuity contracts. The insurer has sold 93% of "shared growth" reversions and entered into an arrangement whereby the Abbey National Subsidiary will commit to acquire future "shared growth" reversions which the insurer originates on pre-agreed terms. As part of the arrangement, the insurer has undertaken to indemnify the Abbey National Subsidiary against profits or losses arising from mortality or surrender experience which differs from the basis used to calculate the reversion amount. There is an interest charge of LIBOR plus 1.125% on capital used for the reversion purchases. The insurer will be liable for the first 7% of any losses arising from sales proceeds underperforming the movement of the regional Halifax house price indices. Losses in excess of 7%, together with any loss arising from the movement of the regional Halifax house price indices, will be borne by the Abbey National Subsidiary. On 30th April 2002, Abbey National Group Plc ceased to refinance new reversions.

The key assumptions used to calculate the reversion amounts were:

Mortality: 80% IML/IFL 1992 Year of Use together with a surrender assumption to allow for sale before death without immediate repurchase.
Future specific house price inflation 1.0% p.a.

A provision for adverse mortality and specific house price inflation experience was calculated based on a cash flow projection assuming:

Mortality: 72% IML/IFL 1992 Year of Use together with a surrender assumption to allow for sale before death without immediate repurchase set at three quarters the rate assumed in the reversion basis.
Future specific house price inflation 0.5% p.a. below the growth in the Halifax house price index is assumed (of 1.25%).

A future LIBOR rate of 5.64% p.a. and a discount rate of 4.0% p.a. were assumed in calculating the provision

The total provision was £15.6 million

No other provision for adverse changes is made as consideration is given to ensure assets of an identical or similar nature are held so that the derivative contracts are effectively covered. All contracts are reasonably covered and any potential provision is considered immaterial.

Returns under the Accounts and Statements Rules

Supplementary Notes

NPI Limited

Global Business

Financial year ended 31st December 2005

Appendix 9.1 (continued)

***1402* Liabilities**

1502

- (a) There are no charges over assets.
- (b) The total potential liability to taxation on capital gains for the long term insurance business fund and the other than long term insurance business fund, which might arise if the insurer were to dispose of its assets is nil.
- (c) There are no contingent liabilities or instalments due on investments held at the end of the financial year.
- (d) The insurer has no guarantees, indemnities or other contractual commitments effected other than in the ordinary course of its insurance business in respect of related companies.
- (e) In the opinion of the directors, there are no other fundamental uncertainties affecting the financial position of the insurer.

***1405* Other adjustments to liabilities**

Line 74 comprises provision for reasonably foreseeable adverse variations.

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

The insurer does not trade derivative contracts against uncovered positions on other than long term business and it is therefore not necessary to make a provision for adverse changes.

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

Assets and liabilities denominated in foreign currency are translated using the closing rate method. Exchange differences on opening net assets are dealt with on the profit and loss account.

***1603* Other income and charges**

Other charges includes consultancy services.

***1700* Analysis of derivative contracts**

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

Returns under the Accounts and Statements Rules

Supplementary Notes

NPI Limited

Global Business

Financial year ended 31st December 2005

Appendix 9.3

***4002* Other income and expenditure**

Other income includes an amount of £3.4 million representing annual management charge income and £0.6 million of policy charges. The balance of line 15 is represented by administration fees and expense charges.

Other expenditure in line 25 includes an amount of £19 million, which represents the annual management charge payable to National Provident Life Limited.

***4008* Provision of management services**

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

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

Since 1st January 2000, NPI Limited has entered into a number of reinsurance treaties with Pearl Assurance plc and National Provident Life Limited. Details of these reinsurance treaties are to be found in paragraph 9 of the Abstract of valuation report.

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

Investments are stated at current value at the end of the financial year, calculated as follows:

- listed investments are stated at the middle market value
- short term deposits are included at cost
- other investments are shown at directors' estimates of market value

Returns under the Accounts and Statements Rules

Supplementary Notes

NPI Limited

Global Business

Financial year ended 31st December 2005

Appendix 9.3 (continued)

4402 Information on derivative contracts

Options	2005 £000	2004 £000
The aggregate value of assets	663	Nil
The aggregate value of liabilities	(248)	Nil

4502 Other income and expenditure

Other income consists of management fee rebates and currency gains.

Other expenditure consists of distributions paid out of Higher/Classic distributions funds and safe custody fees.

4803 Coupon Rates

Where the coupon rate of a sinkable bond exceeds the yield for that bond; it is assumed that the bond will be redeemed at the earliest possible date.

4901 Credit Agency

The credit agency used to provide the Form 49 split is UBS Warburg.

5104 Hybrid Contracts

5204

5304

Benefits on hybrid contracts have been included proportionally to the policyholder count in the appropriate forms.

5701 Authorised collective investment schemes

Included within Equity shares and holdings in collective investment schemes are investments in authorised collective investment schemes consisting wholly of cash for the valuation of liabilities. The yield on these investments have only been adjusted for the 2.5% deduction to all asset yields.

Returns under Accounts and Statements Rules

Statement of additional information on derivative contracts required by rule 9.29

NPI Limited

Global Business

Financial year ended 31st December 2005

- (a) During the financial year the company operated an investment policy for the use and control of derivatives. This policy lists the approved derivative contracts and the approved uses of derivatives, establishes procedures for introducing new contracts or uses, identifies areas of risk, and establishes a control framework for dealing, settlement and independent monitoring and reporting of derivatives.

The company uses derivatives in its portfolio management to hedge against market movements in the values of assets in the portfolio (reduction of investment risks), and as a means of effecting a change in exposure to different asset classes without disturbing underlying physical holdings (efficient portfolio management).

It is the company's policy that all derivative contracts are covered by either cash, physical securities or other specific commitments. Consequently the company does not trade derivative contracts against uncovered positions, and portfolios may not be geared by means of derivatives.

The company controls market risks through the setting of exposure limits which are subject to detailed monitoring and review. Market and liquidity risks are reduced by requiring all futures and options positions to be backed by cash or securities.

The company permits the purchase of partly paid shares, subject to the unpaid capital being covered by cash, and also convertible bonds as alternatives to investment in the underlying equities.

- (b) Subject to the principles described above, the investment policy permits the writing of contracts, under which the company had an obligation to acquire or dispose of assets, which were not reasonably likely to be exercised, at the time when the contract was entered into. In these circumstances the portfolio manager must be satisfied that the strike price is reasonable in terms of the current portfolio and market conditions at outset, in case the contract is subsequently exercised.

The investment policy for the use and control of derivatives imposes overriding provisions that the investment rationale for their use is clearly understood, that each contract is admissible in terms of the Integrated Prudential Sourcebook for Insurers and that derivatives may not be used to gear a portfolio. The policy specifically excludes the use of exotic options, including barrier options, without the prior approval of the senior management of the Investment Manager. The purchase of free-standing out of the money call options is not permitted.

- (c) There were no options bought or sold during 2005 which were over 5% of the strike price at inception.
- (d) The extent to which Form 13 would be changed if assets which the company had agreed 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 and disposed of, is that there would be no effect as the contracts are held in the linked funds.

Returns under Accounts and Statements Rules

Statement of additional information on derivative contracts required by rule 9.29

NPI Limited

Global Business

Financial year ended 31st December 2005

(Continued)

(e) If options outstanding at the end of the financial year had been exercised so as to change exposures by the maximum amount (allowing for options that either must be exercised together, or the exercise of one precludes the possibility of the other being exercised), the numbers in (d) above would not be materially different.

(f) The maximum extent to which the information provided in (d) above would have been materially different if (d) had applied to derivative contracts at other points during year is nil.

The maximum extent to which the information supplied in (e) above would have been different if (e) had applied to derivative contracts at other points during the year is nil.

(g) The maximum loss which would have been incurred by the company on the failure by any one other person to fulfil its obligations under derivative contracts outstanding at the end of the financial year under existing market conditions was £0.6m.

The maximum loss which would have been incurred by the company on the failure by any one other person to fulfil its obligations under derivative contracts outstanding at the end of the financial year, in the event of other foreseeable market conditions, was £0.6m.

The maximum loss under foreseeable market conditions at any other time during the year was £0.7m.

(h) The company has not made use of any derivative contract at any time during the financial year which required a significant provision to be made under PRU 4.3.17R or did not fall within the definition of a permitted derivative contract.

(i) The total value of fixed considerations received during the financial year in return for granting rights under derivative contracts was nil. The contracts under which such rights were granted were:

Proceeds from Option Sales	
Equity	£1.8m
Fixed Interest	£0.0m
Total	£1.8m

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

NPI Limited

Global Business

Financial year ended 31st December 2005

The persons who, to the knowledge of the Company, were controllers at any time during the financial year were Henderson Finances (formerly Pearl Group), Henderson Group PLC (formerly HHG PLC), AMP Financial Services Holdings Limited, AMP Holdings Limited, AMP Group Holdings Limited and AMP Limited which ceased to be controllers on 13th April 2005, Pearl Group Limited (formerly Life Company Investor Group Limited), Sun Capital Investments Limited, Hera Investments One Limited, Xercise Limited, Jambright Limited, Hugh Osmond, Alan McIntosh, Matthew Allen, Edward Spencer-Churchill, Marc Jonas, TDR Capital LLP and TDR Capital Nominees Limited which became controllers on 13th April 2005 and Pearl Assurance Group Holdings Limited which ceased to be controller on 12th May 2005.

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

1. Pearl Group Limited

As at 31st December 2005, Pearl Group Limited owned 100% of the issued share capital of NPI Limited and was able to exercise 100% of the voting power at any general meeting.

2. Sun Capital Investments Limited

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

3. Hera Investments One Limited

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

4. Xercise Limited

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

5. Jambright Limited

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

Returns under the Accounts and Statements Rules

Statement of additional information on controllers required by rule 9.30

NPI Limited

Global Business

Financial year ended 31st December 2005

(Continued)

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

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

7. TDR Capital Nominees Limited

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

8. TDR Capital LLP

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

Returns under the Accounts and Statements Rules

Statement of information on the actuary who has been appointed to perform the with-profits actuary function as required by rule 9.36

NPI Limited

Global Business

Financial year ended 31st December 2005

The with-profits actuary from 1st January 2005 until 31st March 2005 was A R Walton. In accordance with rule 9.36 of the Accounts and Statements Rules, the following information relating to Mr Walton is in respect of this period in 2005:

1.
 - a) Mr Walton held no shares or share options in 2005.
 - b) Mr Walton had no transactions with the insurer throughout the year.
 - c) The aggregate of the remuneration and value of other benefits receivable by Mr Walton from the Company for the period specified was £210,771 inclusive of severance payments.
 - d) Mr Walton was throughout the period a member of the Pearl Staff Pension Scheme and was entitled to the standard benefits under the rules of the scheme.
2. The above particulars were obtained from the insurer's Human Resources records.

Returns under the Accounts and Statements Rules

Statement of information on the actuary who has been appointed to perform the with-profits actuary function as required by rule 9.36

NPI Limited

Global Business

Financial year ended 31st December 2005

(continued)

The with-profits actuary from 1st April 2005 until 31st December 2005 was P Turnbull. In accordance with rule 9.36 of the Accounts and Statements Rules, the following information relating to Mr Turnbull is in respect of this period in 2005:

1.
 - a) Mr Turnbull holds no shares or share options in 2005.
 - b) Mr Turnbull had no transactions with the insurer throughout the year but his Spouse held a number of policies issued by the Insurer.
 - c) The aggregate of the remuneration and value of other benefits receivable by Watson Wyatt LLP (of which Mr Turnbull was a partner) until 1st August 2005 and thereafter by Watson Wyatt Limited, (the employer of Mr Turnbull from 1st August 2005), from the insurer during the period specified was £3,500,000.
 - d) Mr Turnbull was throughout the period a member of the Pearl Staff Pension Scheme (NPI Limited being a subsidiary of Pearl Group Limited) and was entitled to the standard benefits under the rules of the scheme in respect of a prior period of employment by a subsidiary of Pearl Group Limited. Mr Turnbull did not accrue further pension benefits in the scheme throughout the period.
2. The insurer has made a request to Mr Turnbull to furnish it the particulars specified in rule 9.36(1) of the Accounts and Statements Rules. The above particulars were obtained with the agreement of Mr Turnbull.

Note 1

Under rule 9.36(4) of the Accounts and Statements Rules, reference to the insurer includes reference to any body corporate which is the insurers subsidiary undertaking or parent undertaking and to other subsidiary undertaking of its parent undertaking.

Note 2

Regarding Section 1(c) referring to Mr Turnbull, the remuneration details supplied relate to the contractual sums paid to Watson Wyatt LLP and Watson Wyatt Limited for the provision of actuarial services. These services include the performance of the with profit actuary function by Mr P Turnbull.

NPI LIMITED

APPENDIX 9.4

ABSTRACT OF VALUATION REPORT

Introduction

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

Product range

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

Discretionary charges and benefits

3. (1) Market value reductions ("MVR") were applied as follows:

Product	Policy Year of Entry	Period applied
Portfolio Bond Series 1	Jan 2000 to Jun 2002	Throughout 2005
Portfolio Bond Series 2	Feb 2000 to Jun 2002	Throughout 2005
Investment Bond	Oct 2000 to Jun 2002	Throughout 2005
Socially Responsible Investment Bond	Oct 2000 to Jun 2002	Throughout 2005
Pensions business (excluding Capital Account)	Jan 2000 to Jun 2002	Throughout 2005
Socially Responsible With-profit Pensions business	Jan 2001 to Jun 2002	Throughout 2005

Note: MVRs apply by date of each investment in the fund, not by policy date

- (2) NPI Limited has not sold any reviewable protection business.
- (3) There are no deposit administration policies.
- (4) Policy fees on linked policies were increased on 1 January 2005 in line with the Retail Prices Index, an increase of 3.1%.
- (5) The unit-linked policies within NPI Limited do not have any benefit charges (mortality, morbidity etc).
- (6) During the financial year, unit management charges for accumulating with-profits and linked business remained unchanged.
- (7) (a) Units are of two types – initial and ordinary. The following method is applied to both types of units.
 - (i) The creation unit price is determined by valuing the assets at the offered dealing price including all costs that would be incurred in purchasing assets and net of all

investment management charges, charges and deductions, if any, for tax. This total is divided by the number of units. The cancellation unit price is calculated by valuing the assets at the price at which they could be sold and deducting the dealing costs, management charges and taxes if applicable. This total is divided by the number of units.

- (ii) The offer price is determined as the creation or cancellation price divided by 95%, plus any rounding adjustment. Units are deallocated at 95% of the offer price plus any rounding adjustment. For the Pooled Managed Fund, which has a 1.75% bid-offer spread the 95% used in the calculation of the offer and bid prices, is replaced by 98.25%. Similarly, where there is no bid offer spread the 95% is replaced by 100%.
 - (iii) Units are allocated to policies at the offer price and deallocated at the bid price. NPI Limited values the assets on an offer basis where there is a net creation of units and a bid basis where there is a net cancellation of units. During 2005 all prices were calculated on an offer basis with two exceptions; the NUPS15 Fund (Pension Protected Equity 100%) and the NUPS16 Fund (Pension Bonusbuilder 90%). NPI Limited retains the right to price on a bid basis on all Funds.
 - (iv) The assets of the internal linked funds are valued at noon on each working day. If markets move significantly between noon and 4 pm, allowance for this market movement is made.
- (b) During the financial year there were no times at which different pricing bases applied to different policies.
- (c) Where the funds invest in unit trusts or open-ended investment companies managed by NPI Limited the units are valued at the price at which NPI Limited would have been able to purchase the investments. To ensure unit holders are not subject to two sets of initial charges arrangements are in place to ensure that the unit trust investments are undertaken free of any manager's initial charges.
- (8) The deduction for tax is calculated on a daily basis on the movements in unrealised gains and losses using a tax rate reflecting the expected tax payable by NPI Limited as these gains and losses are realised. The current tax rate applicable is 0% as a result of future gains being offset against prior year losses.
- (9) For the internal linked funds, a provision is made for the potential liability to tax on the unrealised gain, after indexation allowance, accrued to the pricing date. The current tax rate applicable is 0% as a result of future gains being offset against prior year losses.
- (10) The internal linked funds receive an initial charge discount and an annual management charge rebate when purchasing, selling or holding units in collective investment funds. This ensures that the policyholder is not subject to two sets of charges.

Valuation basis (other than for special reserves)

4. (1) The general principles and methods adopted in the valuation are:

NON-LINKED BUSINESS

Mathematical reserves have been determined using a gross premium method except as mentioned below.

Some non-profit assurances have been valued using the net premium method of valuation. It is unmodified, except for:

- (i) Policies subject to an extra premium are valued as if effected at the standard premium and a further provision of one year's extra office premium is held.
- (ii) Where the net premium on the valuation basis is greater than the actual office premium, the premium valued is the office premium.
- (iii) For classes of business where the difference between the office premium and the net premium is considered insufficient to cover future expenses an additional reserve has been established.

A provision for the immediate payment of claims is made.

A reserve for policies where premiums are unpaid is held. This reserve is equivalent to the normal net premium reserve assuming premiums are paid to date, less the outstanding office premiums.

All deferred annuities with a return on death are valued ignoring mortality before vesting.

The amount of the gross mathematical reserve for unitised with-profit, unitised Socially Responsible with-profit and capital accounts is calculated as follows:

- (i) The present value of the units are determined by accumulating the existing units at the guaranteed minimum bonus rates to the retirement date for pensions or over the expected lifetime of the policyholder for life and discounting the resulting sum at the valuation rate of interest shown on Form 52. Under Portfolio Bond 2 any guaranteed bonus payable at the first policy anniversary, if it has not yet been reached, any remaining fees dues in the first five years and the additional bonus payable at the fifth policy anniversary and every five years thereafter are all taken into account. Under PPP Series 2 and FIP (nil bid-offer spread version) the number of existing units is increased by the number of loyalty bonus units due at the retirement date.

For regular premium policies the units that will be bought from future premiums are accumulated at the guaranteed minimum bonus rates to the retirement date and discounted at the valuation rate of interest. From this the value of the future premiums less future commission (discounted at the valuation rate of interest) is deducted. Allowance is made for the possibility that the policy is made paid-up, and hence future premiums not paid, in these calculations.

- (ii) An expense reserve is calculated by applying an annuity factor for the appropriate term to the expense provision, net of a prudent allowance for charges recoverable. The annuity factor is calculated at a rate of interest that allows for future inflation at an assumed rate. An extra reserve for any future fund based renewal commission is added, where appropriate.

INDEX LINKED BUSINESS

Mathematical reserves have been determined using a gross premium method.

LINKED BUSINESS

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

The non-unit reserve is calculated using a discounted cash flow approach. Where the projected cashflows show no future shortfall in any year there is no recourse to additional finance and no sterling reserve is required. Where the projection produces a shortfall, the discounted value of the cashflows is calculated. This is the sterling reserve required to ensure that no recourse to additional finance is required.

(2) The following table sets out the rates of interest used for all classes of business:

Product Group	2005	2004
All products except index linked annuities	4.00%	4.50%
Index linked annuities	1.10%	1.60%

Notes:

For index linked annuities a real interest rate is used to allow for RPI/LPI increases.

(3) Yields on other fixed interest or variable yield were reduced to allow for the risk of default whilst retaining the margin over gilt yields in respect of reduced liquidity of corporate bonds. The level of the reduction was assessed by reference to the term, seniority and credit ratings of the assets. The reductions were obtained from a base table derived from published rates of default and rating changes then adjusted for market movements since the publication and uplifted by 25% as a margin for adverse variation.

There are no significant equity or property holdings in NPI Limited other than those held in linked funds. Yields on equities are taken to be the same as those on the actual unit trust holdings.

(4) The following table sets out the mortality bases used for all classes of business:

Product Group	2005		2004		Product Code
	Males	Females	Males	Females	
Pre-vesting					
All business	100% AM92	100% AF92	100% AM92	100% AF92	All
Post-vesting/In payment					
Pension annuities	102% RMV92	85% RFV92	93% RMV92 Alt	78% RFV92 Alt	390, 400, 905
Group GAF annuities	102% RMV92	85% RFV92	93% RMV92 Alt	78% RFV92 Alt	395
Life/IRS/Individual GAF annuities	72% IML92	72% IFL92	72% IML92	72% IFL92	395,905
Life deferred annuities	72% IML92	72% IFL92	72% IML92	72% IFL92	390
Pensions deferred annuities	102% RMV92	85% RFV92	93% RMV92 Alt	78% RFV92 Alt	390

Notes:

1. Ultimate mortality has been used in all cases.
2. The RMV92 Alt and RFV92 Alt tables used at 31 December 2004 are based on the published RMV92 and RFV92 tables but have the mortality rates reduced at certain ages to bring the resultant mortality in line with the low cohort equivalent.
3. For post-vesting mortality, future mortality improvements in line with the CMI medium cohort projections for males and short cohort projection for females have been assumed at 31 December 2005. At 31 December 2004 future mortality improvements in line with the CMI 17 report were assumed.

For annuity contracts life expectation for males are as follows:

Product Group	Annuities in payment		Deferred annuities: life expectation at age 65	
	Age 65	Age 75	Age 45	Age 55
Pensioners annuities	22.3	14.1		
Group GAF annuities	22.3	14.1		
Life/IRS/Ind GAF annuities	22.4	14.0		
Life deferred annuities			23.7	23.2
Pensions deferred annuities			23.6	23.0

For annuity contracts life expectation for females are as follows:

Product Group	Annuities in payment		Deferred annuities: life expectation at age 65	
	Age 65	Age 75	Age 45	Age 55
Pensioners annuities	25.6	16.5		
Group GAF annuities	25.6	16.5		
Life/IRS/Ind GAF annuities	25.3	16.2		
Life deferred annuities			26.3	25.9
Pensions deferred annuities			26.6	26.1

- (5) There are no products representing a significant amount of business that use a morbidity basis.

(6) The expense bases are as follows:

NON-LINKED BUSINESS

Per policy expenses, before allowance for tax relief, were as follows:

Regular premium policies:

Product Group	2005 £pa	2004 £pa	Product Code
Endowments/term assurance	81.25	73.77	435
Personal Pension Plan rebate	55.50	50.39	525, 725
Group Money Purchase Plan rebate	129.90	117.95	535, 735
Personal Pension Plan	53.78	48.84	525, 725
Personal Pension Investment Plan	71.59	65.00	725
Free Standing AVC Plan	61.40	55.75	525, 725
Group Money Purchase Plan and Variable Premium Group Personal Pension Plan	52.12	47.32	535, 735
High TV Personal Pension Plan	34.72	31.52	525, 725
New Approach Personal Pension Plan	47.81	43.41	525, 725
New Approach Free Standing AVC Plan	54.53	49.51	525, 725
New Approach Executive Pension Plan	83.66	75.96	525, 725
Flexible Personal Pension Plan	34.72	31.52	525, 725

Notes:

All expenses above are shown as per policy rather than per benefit. For some products the valuation requires an expense charge per benefit, in which case this is derived by applying the ratio of the benefit count to the policy count.

Single premium and paid up policies:

Product Group	2005 £pa	2004 £pa	Product Code
Endowments/term assurance	40.56	36.82	435
Extra Income Plan	186.58	169.41	395, 905
Investment Bond	40.60	36.60	500, 700
With Profit Bonds/Capital Investment Bond /Distribution Bond	40.60	36.86	500, 700
Annuities	30.37	27.57	390, 395, 400, 905
Executive Pension Plan	118.25	107.37	535, 735
Pension Transfer Plan	48.66	44.19	525, 725
Flexible Income Plan	147.87	134.26	570, 750
Personal Pension Plan rebate	32.60	29.60	525, 725
Group Money Purchase Plan rebate	81.25	73.77	535, 735
Personal Pension Plan	31.93	28.99	525, 725
Personal Pension Investment Plan	28.85	26.20	725
Free Standing AVC Plan	33.22	30.16	525, 725
Group Money Purchase Plan and Variable Premium Group Personal Pension Plan	26.53	24.09	535, 735
Penfund	57.47	52.18	535, 735
Phased Retirement Account	96.04	87.20	725
Trustee With-Profit Bond	43.26	39.28	535
Trustee Transfer Plan	38.80	35.23	535, 735
High TV Personal Pension Plan	20.66	18.76	525, 725
New Approach Personal Pension Plan	28.28	25.68	525, 725
New Approach Free Standing AVC	32.37	29.39	525, 725
New Approach Executive Pension Plan	49.66	45.09	525, 725
Trustee Investment Plan	40.60	36.86	755
Flexible Personal Pension Plan	20.66	18.76	525, 725

Notes:

All expenses above are shown as per policy rather than per benefit. For some products the valuation requires an expense charge per benefit, in which case this is derived by applying the ratio of the benefit count to the policy count.

Under each policy valued on the net premium basis the reserve is increased by an allowance for future expenses for any part of the term where premiums are not payable. If there are no further premiums payable, this will be for the full outstanding term.

An allowance for expenses for the full outstanding term has also been added to other contracts not valued on the net premium basis.

If there is more than one investment fund, including unitised with-profits and capital account, attaching to one benefit then the expense amount is split appropriately.

For group life insurance provided by a separate contract the reserve of 50% of one year's premium contains a provision for expenses.

LINKED BUSINESS

For non-unit reserve calculations the above expenses and inflation are used for each product class. For policies invested in both unit-linked and unitised with-profit funds the per policy expenses are split in proportion to the premiums payable to each fund for regular premium policies and in proportion to the unit values for single premium and paid up policies.

The unit growth rates before management charges are set out in the table below:

	2005	2004
Life business	4.05%	4.40%
Pensions business	5.06%	5.50%

LINKED AND NON-LINKED BUSINESS

Gross Investment Expenses

Investment expenses, before allowance for tax, have been allowed for through a reduction to the valuation interest rates. The table below sets out the basis point ("bp") reductions applied:

Fund	2005 bps	2004 bps
Unit-linked/Unitised With-profit reassured from National Provident Life Limited to NPI Limited	11.25	11.25
Non-profit	16.80	15.00
Unit-linked Life	30.00	25.00
Unit-linked Pensions – non-ALIS business	20.00	20.00
Unit-linked Pensions – ALIS business	20.00	14.50
Unitised With-profit Pensions	16.00	14.00
Unitised With-profit Life	n/a	n/a

Notes:

1. These rates are before applying VAT at 17.5%
2. Under the terms of the Unitised With-profit Pensions reinsurance treaty, Pearl Assurance plc make payments to NPI Limited to cover the annual management charge net of investment expenses. The fee agreed by Pearl Assurance plc with its investment managers is assumed to be payable.

3. Where the policy is invested in external funds, for some of these funds the projected unit growth rate is reduced by the fee payable to the external fund manager assuming mid-table performance is achieved.

Inflation Rates

Expense and charge inflation is set out in the table below:

	2005	2004
Expense inflation	4.50%	4.50%
Policy Charge Inflation	4.50%	4.50%

- (7) All with-profits business is reassured, except for the expense reserves, hence the future bonus assumptions are not relevant. In calculating the gross and reinsurance ceded reserves the assumption is that existing unit values are accumulated at any guaranteed minimum bonus rates. Under Portfolio Bond 2 any guaranteed bonus payable at the first policy anniversary, if it has not been reached, and the additional bonus payable at each fifth policy anniversary are all taken into account. Under PPP Series 2 and FIP (nil bid-offer spread version) the number of existing units is increased by the loyalty bonus units due at retirement date.

(8) Tax Rates

Relief for tax applied to expenses is 20% for UK Life (excluding life annuities) business and 0% for other business. Tax on investment income is set out in the following table:

Type of business	2005	2004
UK Life – dividend income	0%	0%
UK Life – income from assets backing life annuities	0%	0%
UK Life – other income	20%	20%
UK Pensions – all income	0%	0%

Surrender/Lapse Rates

No allowance is made for surrender/lapse.

Paid Up Rates

No allowance is made for policies being made paid up other than for accumulating with-profits business and unit-linked business.

The paid up assumption rates used are as follows:

Product Group	Paid up rates		Product Code
	2005	2004	
Personal Pension Plan and Group Personal Pension Plan	15.0%	15.0%	525, 535
Personal Pensions rebate policies	15.0%	15.0%	525
Executive Pension Plan	20.0%	20.0%	535
Group Money Purchase Plan and Variable Premium Group Personal Pension Plan	33.0%	33.0%	535
New Approach	15.0%	15.0%	525

Notes:

1. The regulatory valuation assumes a paid up rate for all regular premium unitised with-profit policies as this is more prudent than assuming all premiums continue.
2. For unit-linked business and other unitised with-profit business the reserves are calculated twice, once assuming premiums continue and once assuming all policies are immediately paid up. The reserves for each class code are compared and the higher reserve taken.

- (9) Derivative contracts are only held within the unit-linked funds. No account was taken of derivative contracts in the determination of the long-term liabilities.

Options and guarantees

5. (1) There are no guaranteed annuity options under any policies.
- (2) The only unit linked investment performance guarantee is that the value of units invested in any of the Deposit funds are guaranteed not to fall. No additional provision is required as the assets backing these funds will not fall in value.

There are no other guaranteed surrender or maturity unit-linked values.

- (3) There are no guaranteed insurability options.
- (4) Additional provision has been made of £1m for guaranteed minimum pension (GMP) guarantees in respect of transfers from contracted out schemes.

Expense reserves

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

Explicit per policy expense loadings	£6.6 million
Implicit allowances	£0.1 million
Allowance for investment management expenses	£5.8 million

- (2) Non-linked, non-profit business has been valued using the net premium method of valuation. The implicit allowance for expenses has been taken as the difference between the office premium and the net premium calculated on the valuation basis. Where the net premium on the valuation basis is greater than the actual office premium, the premium valued is the office premium. For classes of business where the difference between the office premium and the net premium is considered insufficient to cover future expenses an additional reserve has been established. Investment expense allowances are implicitly calculated by a margin in the valuation interest rate.
- (3) There is no significant difference between the allowance for maintenance expenses shown above and those shown in Form 43.
- (4) NPI Limited has ceased to write new business, except for annuities arising from maturing policies and annuity business and increment business reassured from National Provident Life Limited. No new business expense overrun reserve is held due to the management services agreement in place with Pearl Group Services Limited.
- (5) The company is largely closed to new business and the future volume of business will be significantly less than that assumed when the expense charges were agreed with Pearl Group Services Limited. There is a risk the unit costs will be higher than that expected and this cost could be passed on to NPI Limited. An additional reserve of £5 million was set up to cover these risks. For business administered on ALIS, a 40% increase to expenses has been assumed.

Mismatching reserves

7. (1) All liabilities and assets are denominated in sterling.
- (3) No currency mismatch reserve is held.
- (4) The most onerous scenario under PRU 4.2.16R for assets invested in the United Kingdom and other assets that fall under this rule for the purposes of calculating the resilience capital requirement is described below:
 - (i) a fall in the market value of equities of at least 10% or, if greater, the lower of:
 - (a) a percentage fall in the market value of equities which would produce an earnings yield on the FTSE Actuaries All Share Index equal to 4/3rds of the long-term gilt yield; and
 - (b) a fall in the market value of equities of 25% less the equity market adjustment ratio;

This resulted in a fall of 10%.
 - (ii) a fall in real estate values of 20% less the real estate market adjustment ratio for an appropriate real estate index;

This resulted in a fall of 20%.

 - (iii) a fall in yields on all fixed interest securities by a percentage point amount equal to 20% of the long-term gilt yield.

This resulted in a fall of 82 bps.
- (5) All assets invested outside the UK were fixed-interest securities denominated in sterling so the United Kingdom fall in fixed interest yields was used as the nearest equivalent.
- (6) (a) The amount of the resilience capital requirement is £5.1 million.
- (b) Under the most onerous scenario the long term insurance liabilities rose by £52.8million.

- (c) Under this scenario, the value of assets allocated to match these liabilities increased in value by £47.7million from the amount of those assets shown in Form 13.

(7) No further reserve is held as a result of the test on assets in PRU 7.2.34R(2).

Other special reserves

8. Provision for CGT compensation to unit-linked life policyholders

At the point of demutualisation there were tax reserves held within the unit pricing for unrealised gains in National Provident Institution. On 1 January 2000 the unit-linked liabilities were reassured from National Provident Life Limited to NPI Limited and the matching assets were transferred by way of a reinsurance premium. For tax purposes this transaction prevented NPI Limited from relieving taxable losses that subsequently arose on linked assets against the spread capital gains liabilities left in National Provident Life Limited. Without this reinsurance arrangement it is likely that relief for the losses would have been available. Hence it is potentially the case that policyholders have suffered detriment to their benefits and so a provision has been established for the potential cost of compensation to policyholders and any other affected parties. This provision has been reviewed and split between NPI Limited and National Provident Life Limited. The provision held by NPI Limited is £11.7 million in the mathematical reserves.

Compensation on the property unit fund

The property unit fund was invested in cash type assets rather than property assets for approximately 18 months prior to closure of the fund. Hence policyholders potentially missed out on growth in other investments that they may have chosen had they been informed of the change. As a result NPI Limited compensated the policyholders by injecting £4.3 million of cash into the property unit funds. An accounting provision of £2.4 million is held for the expected cost of compensating policyholders that have terminated their policies.

Provision for reasonably foreseeable adverse variation

This provision is in respect of "shared reversion" assets refinanced to a subsidiary of Abbey National Group plc ("Abbey National") where NPI Limited has undertaken to indemnify Abbey National against losses arising from mortality or surrender experience which differs from the basis used to determine the terms of the refinancing, and is also liable for the first 7% of any losses arising as a result of sales proceeds underperforming the regional Halifax house price indices. The best estimate mortality basis has changed since the refinancing commenced, and so an accounting provision is first calculated using surrender and mortality assumptions which are intended to be slightly more prudent than the best estimate assumptions. The amount of this accounting provision is £25.5 million.

The provision is then recalculated using the regulatory valuation assumptions together with a more prudent (higher) projection rate and higher assumed underperformance compared to the Halifax regional price index. The difference between the recalculated provision and the accounting provision described above is shown in Form 14 of the FSA returns as a provision for reasonably foreseeable adverse variation. The amount of this additional provision is £15.6 million.

Data integrity

A data integrity reserve of £12.2 million has been held in respect of uncertainties in the reinsurance cashflows between NPI Limited and National Provident Life Limited.

Reinsurance

9. (1) There were no reinsurance arrangements on a facultative basis in force at any time during the period of the report with any company not authorised to carry on insurance business in the United Kingdom.

(2) The following treaties were in force at the valuation date:

(d) Reinsurer	Pearl Assurance plc	Pearl Assurance plc	Pearl Assurance plc
(e) Nature and extent	Portfolio Bond 1 policies are fully reassured on original terms except for market value reductions on switches from unitised with-profit to unit-linked.	Portfolio Bond 2 and Investment Bond policies are fully reassured on original terms.	Pensions unitised with-profit and capital account are fully reassured except for retention of the expenses of administration.
(f) Premiums Paid in 2005 (£'000)	Nil	Nil	£3,052
(g) Deposit Back	Nil	Nil	Nil
(h) Open or Closed	Closed	Closed	Closed
(i) Undischarged Obligations	Nil – this is original terms reinsurance	Nil – this is original terms reinsurance	Expenses of administration
(j) Reserves Ceded (£'000)	£6,421	£340,533	£126,414
(k) Retention for new business	Not applicable	Not applicable	Not applicable

(l) Pearl Assurance plc is authorised to carry on insurance business in the UK.

(m) Pearl Assurance plc is a connected company of the insurer, both of which since 13 April 2005 have been members of Pearl Group Limited, having previously been part of HHG plc.

(n) There are no material contingencies under any of these treaties.

(o) There is no provision to refund any reinsurance commission.

(p) There were no financing arrangements in force at any time during the period of the report.

Reversionary (or annual) bonus

10. (1) The following table sets out the annual bonus rates for each class of business:

Bonus Series	31.12.2005 Basic mathematical reserve £000	31.12.2005 Reversionary bonus %	31.12.2004 Reversionary bonus %	31.12.2005 Total guaranteed bonus %	Product Code
WP09L, WP10L (Portfolio Bond 1b & 2)	18,304	1.00%	1.50%	-	500
WP11L, EWP1L Series 1 (Investment Bond - unitised with-profits and Socially Responsible with-profits)	328,649	1.00%	1.50%	-	500
WP05P, CA05P, EWP1P Series 2 (PPP (Series 2), Flexible PPP FSAVC, FIP, FIP (nil bid-offer spread version), PRA and PTP)	63,077	1.50% (1) 3.25% (2)	2.00% (1) 3.25% (2)	-	525, 570
WP07P, CA07P, EWP1P Series 3 (FIP and Flexible PPP (AMC only versions))	629	1.76% (1) 3.51% (2)	2.26% (1) 3.51% (2)	-	525, 570
WP06P, CA06P, EWP1P Series 4 (New Approach PPP, FSAVC and EPP)	1,541	2.37% (1) 4.14% (2)	2.88% (1) 4.14% (2)	-	525
Funds 19, 20 and 35 (with underlying AMC of 1%) (GMP, VGPP, GAVC and TTP)	67,153	1.50% (1) 3.25% (2)	2.50% (1) 3.25% (2)	-	535

Notes:

1. Bonus rates suffixed with (1) applied to units invested in the unitised with-profit account (e.g. WP05P) and the socially responsible with-profit account (e.g. EWP1P) where applicable.
2. Bonus rates suffixed by (2) applied to units invested in the unitised capital account (e.g. CA05P).
3. All bonus rates are the compound increases in unit price during the year.
4. For GMP, VGPPP, GAVC, TTP & PTP unitised with-profit accounts and capital accounts with other rates of underlying annual management charge (AMC), the bonus rate was determined by the following formulae:

$$(1.025 / 0.99) * (1 - a) - 1 \text{ for unitised with-profit accounts}$$

$$(1.0325 / 0.99) * (1 - a) - 1 \text{ for capital accounts}$$

where "a" was the level of AMC and the result was rounded to a percentage with two decimal places.

The basic mathematical reserves in the above tables are the gross mathematical reserves calculated in accordance with paragraph 4 and exclude the special reserves and capital requirements detailed in paragraphs 5 to 8.

Returns under the Accounts and Statements Rules

Certificate required by rule 9.34

NPI Limited

Global Business

Financial year ended 31st December 2005

We certify that: -

1. (a) the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU; and
(b) the directors are satisfied that:
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) and PRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
2. (a) in the directors' opinion, premiums for contracts entered into during the financial year and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the insurer that are available for the purpose, to enable the insurer to meet its obligations in respect of those contracts and, in particular, to establish adequate mathematical reserves;
(b) the sum of the mathematical reserves and the deposits received from reinsurers as shown in Form 14, constitute proper provision at the end of the financial year in question for the long-term insurance business liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the long-term insurance business;
(c) the with-profits fund has been managed in accordance with the Principles and Practices of Financial Management, as established, maintained and recorded under COB 6.10; and
(d) the directors have, in preparing the return, taken and paid due regard to:
 - (i) advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - (ii) advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16R.

I W Laughlin
Managing Director

J S Moss
Director

W R Treen
Director

Date: 31st March 2006

Returns under the Accounts and Statements Rules

Independent auditors' report to the directors pursuant to rule 9.35

NPI Limited

Global business

Financial year ended 31st December 2005

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

- Forms 2, 3, 13 to 16, 40 to 45, 48, 49, 56, 58 and 60 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 ("the statement"); and
- the valuation report required by rule 9.31(a) ("the valuation report").

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

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

This report is made solely to the insurer's directors, in accordance with rule 9.35 of the Accounts and Statements Rules. Our examination has been undertaken so that we might state to the insurer's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the insurer for our examination, for this report, or for the opinions we have formed.

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) under the provisions of the Rules. Under rule 9.11 the Forms, the statement and the valuation report are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31(a) are required to reflect appropriately the requirements of PRU 7.3.

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

Basis of opinion

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" and Bulletin 2004/5 "Supplementary guidance for auditors of insurers in the United Kingdom" issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year on which we reported on 31st March 2006. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms, the statement and the valuation report.

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

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

Opinion

In our opinion:

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

Ernst & Young LLP
Registered Auditor

Date: 31st March 2006

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