

Registered number 02962287



**SUFFOLK LIFE GROUP PLC**  
**REPORT AND ACCOUNTS**  
**2011**

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**SUFFOLK LIFE GROUP PLC**  
**REPORT AND ACCOUNTS 2011**  
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Registered office  
153 Princes Street  
Ipswich  
Suffolk  
IP1 1QJ

Registered number 02962287

## SUFFOLK LIFE GROUP PLC

### DIRECTORS' REPORT

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The Directors present their report together with the audited financial statements of Suffolk Life Group plc ("the Company") for the year ended 31 December 2011

#### Principal activities and future developments

As a wholly-owned subsidiary the Company is exempt from preparing consolidated accounts under Section 400 of the Companies Act 2006

The principal activity of the Company is that of a holding company for a Group which provides and administers Self Invested Personal Pensions (SIPPs) and similar self invested pensions

The Directors do not envisage any change in activities in the foreseeable future

The Board of Directors has decided to change the legal status of the Company from a public limited company to a private limited company, this change will come in to force during 2012

#### Business review

The Company's principal operating subsidiaries are Suffolk Life Annuities Limited and Suffolk Life Pensions Limited. The Suffolk Life Group's principal business is the provision and administration of SIPPs

Within the year the Board of Directors approved the liquidation of the following dormant companies within the Group: Suffolk Life Services Limited, E-Sipp Co Limited and Pension Nominees Limited

The liquidation of Suffolk Life Services Limited created a £53,000 charge in the profit and loss account for the year. This was due to the write off of the net book value of Suffolk Life Services Limited of £71,000 less the loan creditor due from Suffolk Life Group plc to Suffolk Life Services Limited of £18,000

#### Result for the year and dividend

The Company's loss before tax for the year was £27,000 (2010: profit of £29,000). The Company Directors do not recommend the payment of a dividend (2010: £ nil)

#### Principal risks and uncertainties facing the Company

The principal risks and uncertainties of the Company are shown below

##### *1) Group counterparty risk*

The Company's main debtor is a loan of £5 million outstanding to a fellow group company, Legal & General Finance Plc. The non repayment of the loan would create a significant risk to the Company

##### *2) Market and economic conditions impacting on Subsidiaries*

The Suffolk Life Group's principal business is the provision of SIPPs and similar self invested products. Over recent years SIPPs have been growing in popularity compared to other pensions products. However, the volume of new business is subject to economic conditions, individuals' propensity to save and competitor activity. The market is still increasingly competitive and products continue to be selected on price

Market impacts on profitability or regulatory changes affecting subsidiaries may lead to a requirement for the Company to provide additional financial support to these subsidiaries, in order for them to maintain the necessary regulatory capital

##### *3) Counterparties*

The Company's exposure to counterparties is the risk arising from the failure of the banks that hold the Company's liquid assets. All cash deposits held by the Company are short term and are subject to pre-approval by the Board. The amount of exposure to any individual counterparty is subject to a limit, which is considered monthly along with an assessment of the credit rating

## SUFFOLK LIFE GROUP PLC

### DIRECTORS' REPORT (continued)

#### Principal risks and uncertainties facing the group (continued)

##### 4) Other risks

The Company maintains appropriate cash balances to ensure it is able to meet its obligations as they fall due

##### 5) Financial risk management

Oversight at a Company and Suffolk Life Group level is delegated by the Board to the Suffolk Life Management Committee. The Management Committee consists of the Directors and certain officers and senior managers of the Suffolk Life Group.

The Management Committee meets on a monthly basis for a risk meeting to consider the key risks and issues and operational and regulatory risk events for the Suffolk Life Group. The committee ensures actions are taken to mitigate any risks that are considered to have arisen. On a quarterly basis this report is reviewed by the Company's Board.

The Management Committee also has oversight of

- counterparty credit risk and sets the limits in line with Legal & General Group limits for Suffolk Life Group's exposure to any single counterparty failure and processes to manage exposures within these limits
- the management of market and liquidity risks arising within the Company

The Management Committee has delegated, as part of the governance and controls framework, elements around counterparty credit risk to the Suffolk Life Asset and Liability Committee (SLALCO). The SLALCO meets on a monthly basis.

SLALCO has the following primary responsibilities to provide assurance to the Management Committee that there is in place an effective credit risk management structure, supported by a robust policy and associated controls framework, covering

- cash management and investment activities,
- credit exposures to wholesale counterparties (banks and insurance companies),
- overdraft facilities taken out by Suffolk Life Annuities Limited in respect of the policies issued to its customers

In addition as part of the Legal & General Group, a monthly report is submitted to the Legal & General Savings Risk & Compliance Committee (Savings RCC). The Savings RCC is predominately responsible for reviewing the management of operational risks and compliance with regulation. The Savings RCC reports to the Legal and General Group Board monthly and to the ERC quarterly.

#### Key performance indicator

The Directors utilise a range of measures in their ongoing assessment of the Company's performance. The key measure along with their full year results is detailed below.

Key Performance Indicator	December 2011	December 2010	Definition
(Loss) / profit for the financial year (£'000)	(34)	21	This is on a United Kingdom GAAP reported basis and is compared groupwide to plan on a monthly basis.

#### Directors' indemnities and insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

The ultimate parent Company, Legal & General Group Plc, maintains an appropriate level of Directors' and Officers' liability insurance which is reviewed annually.

## SUFFOLK LIFE GROUP PLC

### DIRECTORS' REPORT *(continued)*

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#### Creditors policy

Although the Company does not follow a specified code or standard of payment practice, it is the Company's policy to agree terms for payment with suppliers in advance of the supply of goods and services and to make payment according to those terms. The number of supplier credit days outstanding at the year end was nil days (2010 nil)

#### Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were

M J Gregory (*Chairman*)

J M Bury

D P Fagan (Appointed 11 February 2011)

D G Hobbs (Appointed 5 January 2011)

W A Self (Appointed 12 December 2011)

R A K Chester

C F Jones

J Islam

E B E Brain (Resigned 15 April 2011)

#### Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Each of the directors who held office at the date of approval of this Directors' Report confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware and each of the directors have taken all reasonable steps they ought to have taken as directors to ascertain any relevant audit information and to ensure that the Company's auditors are aware of such information. This confirmation is given in accordance with section 418(2) of the Companies Act 2006

By order of the Board



A D Fairhurst  
Company secretary

27 March 2012

**SUFFOLK LIFE GROUP PLC**

**INDEPENDENT AUDITOR'S REPORT**

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**Independent auditors' report to the members of Suffolk Life Group plc**

We have audited the financial statements of Suffolk Life Group plc for the year ended 31 December 2011 which comprises the Profit and Loss Account and the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion,

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Thomas Robb (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
27 March 2012

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
<b>(Loss) / profit on continuing operations</b>			
Administrative expenses	2	(6)	(6)
<b>Operating loss</b>		<u>(6)</u>	<u>(6)</u>
Exceptional item	3	(53)	-
Interest receivable and similar income	4	32	35
<b>(Loss) / profit on ordinary activities before taxation</b>	3	<u>(27)</u>	<u>29</u>
Tax on (loss) / profit on ordinary activities	5	(7)	(8)
<b>(Loss) / profit for the financial year</b>	12	<u><u>(34)</u></u>	<u><u>21</u></u>

There were no gains or losses in the year other than those included in the above profit and loss account

There is no material difference between the profit or loss on ordinary activities before taxation and the profit or loss for the financial year stated above and their historical cost equivalents

## BALANCE SHEET

As at 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
<b>Fixed assets</b>					
Investments	7	7,000		7 072	
			7,000		7 072
<b>Current assets</b>					
Debtors	9	5,070		5,043	
Cash at bank and in hand		563		572	
		5,633		5,615	
<b>Creditors amounts falling due within one year</b>	10	(12)		(32)	
<b>Net current assets</b>			5,621		5,583
<b>Total assets less current liabilities</b>			<u>12,621</u>		<u>12 655</u>
<b>Capital and reserves</b>					
Called up share capital	11		3,939		3,939
Share premium account	12		7,146		7 146
Profit and loss account	12		1,536		1,570
<b>Total shareholders' funds</b>	12		<u>12,621</u>		<u>12,655</u>

These financial statements on pages 7 to 13 were approved by the Board of directors on 27 March 2012 and signed on its behalf by

DG Hobbs  
Director

RAK Chester  
Director



## SUFFOLK LIFE GROUP PLC

### NOTES TO THE FINANCIAL STATEMENTS

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#### 1 Accounting policies

The main accounting policies of the Company are as follows

##### (a) Basis of preparation

These financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

These separate financial statements contain information about Suffolk Life Group plc as an individual company and do not contain consolidated financial information as the parent of a Group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent Legal & General Group Plc.

In accordance with FRS 1 'Cash flow statements' (Revised 1996) the Company has not prepared a cash flow statement as the ultimate holding company Legal & General Group Plc has included a group cash flow statement within its publicly available accounts.

The Company has taken advantage of the exemptions under the terms of FRS 8 'Related party disclosures' from disclosing related party transactions with entities that are wholly owned by Legal & General Group Plc.

The directors and key management of the Company had no material transactions with the Company or any other group undertakings.

##### (b) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment. Loans are carried at cost less provision for impairment.

##### (c) Tax

The tax shown in the profit and loss account comprises current tax.

##### (d) Current tax

Current tax comprises tax payable on current period profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous periods.

##### (e) Tax rates

Following the 2010 Budget announcement, the rate of corporation tax is expected to reduce progressively to 23% by 1 April 2014. To calculate the current tax on profits, the rate of tax used is 26.5% (2010: 28%) which is the average rate of corporation tax applicable for the year.

##### (f) Investment income

Investment income includes dividends and interest. Dividends receivable from Group companies are recognised when paid for interim dividends and when approved by the Subsidiary Board for final dividends.

##### (g) Impairment

The Company reviews the carrying value of its assets at each balance sheet date where there has been an indication that impairment has occurred. If the carrying value of a fixed asset or goodwill is impaired, the carrying value is reduced through a charge to the profit and loss account.

##### (h) Exceptional items

Exceptional items are those items that in the Directors' view are required to be separately disclosed by virtue of their size or incidence to enable a full understanding of the Company's financial performance.

**SUFFOLK LIFE GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2 Administrative expenses**

	2011 £'000	2010 £'000
Audit, accountancy and tax	5	5
Irrecoverable VAT	1	1
	<u>6</u>	<u>6</u>

**3 (Loss) / Profit on ordinary activities before taxation**

	2011 £'000	2010 £'000
<b>Profit on ordinary activities before taxation is stated after charging</b>		
Auditors remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>5</u>	<u>5</u>

The disclosure of fees payable to the auditor and its associates for other (non-audit) services has not been made because these have been disclosed in the consolidated accounts of the Company's ultimate parent (Legal & General Group Plc)

**Exceptional item**

The exceptional item in the year is created by the liquidation of Suffolk Life Services Limited, a wholly owned subsidiary of Suffolk Life Group plc. The liquidation of the asset held by Suffolk Life Group plc created a £53,000 charge in the 2011 profit and loss account. This was due to the write off of the net book value of the asset within the balance sheet of £71,000 less the loan creditor of £18,000.

**4 Interest receivable and similar income**

	2011 £'000	2010 £'000
Bank deposit interest	6	5
Inter group loan interest	26	30
	<u>32</u>	<u>35</u>

**5 Tax on (loss) / profit on ordinary activities**

	2011 £'000	2010 £'000
<i>Current tax</i>		
United Kingdom corporation tax on profits of the year	7	8
<b>Tax on (loss) / profit on ordinary activities</b>	<u>7</u>	<u>8</u>

The tax assessed for the year is the same (2010: the same) as the standard rate of corporation tax in the United Kingdom of 26.5% (2010: 28%) as explained below:

<b>(Loss) / profit on ordinary activities before taxation</b>	<u>(27)</u>	<u>29</u>
(Loss) / profit on ordinary activities multiplied by the United Kingdom corporation tax at 26.5% (2010: 28%)	(7)	8
Expenses not deductible for tax purposes	(5)	-
Difference between taxable and accounting realised gains / losses	19	-
Adjustments to tax charge in respect of prior years	-	-
<b>Total current tax charge for the year</b>	<u>7</u>	<u>8</u>

**6 Staff numbers and costs**

	2011 £'000	2010 £'000
Directors' emoluments	<u>-</u>	<u>-</u>

The Company has no employees.

No emoluments were paid to any Director nor were any pension contributions paid in respect of their services to this Company (2010: £nil). All emoluments paid to the Directors are borne by other group entities.

SUFFOLK LIFE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Fixed assets investments

	Shares in group undertakings 2011 £'000	Shares in group undertakings 2010 £'000
<i>Cost</i>		
At 1 January	7,072	5,072
Additions	-	2,000
Disposals	(72)	-
At 31 December	<u>7,000</u>	<u>7,072</u>
<i>Net book value</i>		
At 31 December	<u>7,000</u>	<u>7,072</u>

8 Subsidiary Undertakings

The principal subsidiary undertakings of Suffolk Life Group plc are listed below. Each undertaking operates mainly in its country of incorporation and has only one class of issued ordinary shares, all of which are held by the Suffolk Life Group. None of the subsidiary undertakings omitted from the list materially affects the profits or assets of the Company.

All subsidiary undertakings below are wholly-owned by the Company, are registered in England and Wales and have a 31 December financial year end.

	Ordinary Shares at cost £	Net book value £	Nominal value of ordinary shares £	Principal activity
Suffolk Life Annuities Limited	1,644,000	1,644,000	1,700,000	Life insurance and pension provider
Suffolk Life Pensions Limited	2,837,597	5,356,299	3,484,770	Management and administration of pension funds

All subsidiary undertakings below are held indirectly by the Company through subsidiary undertakings, are registered in England and Wales and have a 31 December financial year end.

	Ordinary Shares at cost £	Net book value £	Nominal value of ordinary shares £	Principal activity
SLA Property Company Limited	100	100	100	Trustee Company
Suffolk Life (Spartan Estate) Limited	2	2	2	Trustee Company
Suffolk Life Trustees Limited	100	100	100	Trustee Company

All subsidiaries are 100% owned and have a 31 December financial year end.

The Directors consider the value of this investment to be supported by its underlying assets.

During the year the following subsidiary undertakings have been liquidated:

Suffolk Life Services Limited	71,671	71,671	300,000	Non trading
E-Sipp Co Limited	1	1	1	e-based SIPPs
Pension Nominees Limited	100	100	100	Nominee Company

SUFFOLK LIFE GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Debtors

	2011 £'000	2010 £'000
Amounts owed by group undertakings	5,070	5,043

This debtor is in respect of a loan between Suffolk Life Group plc and another subsidiary Legal & General Finance Plc within the Legal & General Group. The final repayment of this loan is December 2018 and interest is payable at a rate of LIBOR less 12.5 basis points.

10 Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts due to group undertakings	-	19
Taxation	7	8
Accruals	5	5
	12	32

11 Share capital

	2011 Number of shares	2011 £'000	2010 £'000
<i>Issued</i>			
<i>Allotted and fully paid</i>			
Equity: ordinary shares of £1 each	3,938,979	3,939	3,939

12 Reconciliation of movements in shareholders' funds

	Share Capital Account £'000	Share Premium Account £'000	Profit and loss account £'000	Total £'000
At beginning of year 1 January 2011	3,939	7,146	1,570	12,655
Loss for the financial year	-	-	(34)	(34)
At end of year 31 December 2011	3,939	7,146	1,536	12,621

	Share Capital Account £'000	Share Premium Account £'000	Profit and loss account £'000	Total £'000
At beginning of year 1 January 2010	3,939	7,146	1,549	12,634
Loss for the financial year	-	-	21	21
At end of year 31 December 2010	3,939	7,146	1,570	12,655

No dividend was paid during the year (2010 £ nil)

**SUFFOLK LIFE GROUP PLC**

**NOTES TO THE FINANCIAL STATEMENTS *(continued)***

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**13 Related party disclosures**

Certain of the directors have a self-invested personal pension administered by Suffolk Life Pensions Limited

**14 Ultimate parent company**

The immediate parent undertaking is Legal & General Retail Investment (Holdings) Limited

The ultimate parent Company is Legal & General Group Plc a Company incorporated in England and Wales - the ultimate controlling party which heads the smallest and largest group of undertakings and consolidates the financial statements of the Company. These financial statements therefore provide information about the Company as an individual undertaking. Copies of the financial statements of the ultimate holding company Legal & General Group plc are available on the Group website, [www.legalandgeneralgroup.com](http://www.legalandgeneralgroup.com) or from the Company Secretary at the Registered Office One Coleman Street London EC2R 5AA.

**Detailed profit and loss account  
for the year ended 31st December 2011**

	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Other income		<u>32</u>		<u>35</u>
Total income		32		35
<i>Administrative expenses</i>				
Audit, accountancy and tax	5		5	
(Profit)/loss on disposal of investment	53		-	
Irrecoverable VAT	1		1	
		<u>59</u>		<u>6</u>
<b>Profit on ordinary activities before taxation</b>		<u>(27)</u>		<u>29</u>
Tax on result of ordinary activities		(7)		(8)
<b>Profit for the financial year</b>		<u>(34)</u>		<u>21</u>