

Registered number: 02962287



SUFFOLK LIFE GROUP LIMITED

FINANCIAL STATEMENTS

2013

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SUFFOLK LIFE GROUP LIMITED

STRATEGIC REPORT

Business review and future developments

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 Company made a profit of, £16,000 (2012: £18,000) for the year. The shareholders fund stood at £12,655,000 (2012: £12,639,000) at the year end.

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 Self Invested Personal Pensions.

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

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

Principal risks and uncertainties

1) Compliance Risk

Suffolk Life Group ('The Group') operates in a highly regulated and specialist industry and therefore is susceptible to any adverse changes in regulation and taxation legislation. Regulation and government taxation policy influence the overall framework for the design, marketing and distribution of products; the acceptance and administration of business; and the prudential capital that regulated companies should hold. There is an increasing volume of regulatory and legislative change and a developing international dimension; The SIPP competitor market is consolidating as a result.

The Group regards compliance with regulation as very important and is continuously monitoring the position to ensure that it meets its regulatory obligations. Significant, unanticipated changes could impact the Groups' ability to develop, market and administer its products effectively and compliantly and have a detrimental effect on the Group's strategy and profitability.

2) Market and economic conditions

The Group's principal business is the provision and administration of SIPPs and similar self invested products. Over recent years SIPPs have been growing in popularity compared to other pension 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 are often selected on price.

Market impacts on profitability or regulatory changes affecting the Group may lead to a requirement for Suffolk Life Group Limited to provide additional financial support to its subsidiaries, Suffolk Life Annuities Limited and Suffolk Life Pensions Limited, in order for them to maintain the necessary regulatory capital.

There is also an exposure to interest rate risk on banking deposits held in the ordinary course of business, which is continually monitored by the Company.

3) Operational risk impacting

The Group faces operational risks associated with the administration of SIPPs and similar self invested pension products. Given the nature of the Group's business, maintaining its reputation for self invested pension administration is important.

A continuous process is in place to formally identify, evaluate and manage significant operational risks to achieve the Group's objectives. A standard approach is used to assess risks; the Group's Management of Risk Framework is set out in note 2. The Group maintains a risk register that is regularly discussed by the Company's directors and senior management. The risk register is updated for changes and new risks when identified either by the directors or following reviews carried out by each department within the Group.

The loss of key personnel could impact the Group's financial and operational performance. The Group actively focuses on retaining the best personnel and ensuring that key dependencies do not arise through employee training and development programmes, remuneration strategies and succession planning. Failure to manage resource effectively, particularly during periods of significant change, may impact the Group's earnings and operational effectiveness.

4) Counterparty Credit Risk

The Group's exposure to counterparties is the risk arising from the failure of the banks that hold the Group's liquid assets. All cash deposits held by the Group are short term and are subject to pre-approval by the Suffolk Life Asset & Liability Committee (SLALCO). The amount of exposure to any individual counterparty is subject to a maximum limit set by the Legal & General Group Capital Committee. The actual limit and exposure is considered quarterly by the Group along with an assessment of the credit rating. The failure of a significant counterparty could result in disruption, adverse media and financial loss.

The Group is potentially exposed to the failure of an insurance company with which Suffolk Life Annuities Limited has taken out a trustee investment plan under a reinsurance agreement to hold SIPP investments as requested by the policyholder.

SUFFOLK LIFE GROUP LIMITED

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

5) Financial risk

The Group's exposure to financial risk through its financial assets and liabilities is not considered material to the assessment of the Group's assets, liabilities, financial position and the profit and loss of the Group.

The Group use Internal Capital Adequacy Assessment Process (ICAAP) and Individual Capital Assessment (ICA) principles to manage their risk capital requirements and to ensure they have the financial strength and capital adequacy to support the growth of the business and to meet the requirements of policyholders and regulation.

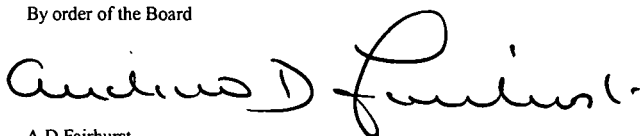
The liquidity risk relating to the obligation Suffolk Life Annuities Limited has towards policyholders is limited by the fact that all funds being administered are held under non-participating investment contracts where the policyholders accept the liquidity risk of the assets they choose.

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 2013	December 2012	Definition
Profit for the financial year (£'000)	16	18	This is on a United Kingdom GAAP reported basis and is compared group wide to plan on a monthly basis.

By order of the Board



A D Fairhurst
For and on behalf of Legal & General Co Sec Limited
Company Secretary

18 March 2014

SUFFOLK LIFE GROUP LIMITED

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of Suffolk Life Group Limited ("the Company") for the year ended 31 December 2013.

Result for the year and dividend

The results of the Company are set out on page 9.

The Company's profit on ordinary activity before taxation for the year was £20,000 (2012: profit of £24,000). The Directors do not recommend the payment of a dividend (2012: £ nil).

Share capital

The Company's issued share capital £3.939 million (2012: £3.939) million. There were no changes to the issued share capital during the reporting year.

Directorate

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 (Resigned 19 March 2013)
J M Bury
D P Fagan
D G Hobbs (Resigned 30 June 2013)
J Islam (Resigned 1 January 2013)

R A K Chester
C F Jones
W A Self
A M Blance (Resigned 1 October 2013)
S Lloyd (Appointed 4 December 2013)

Directors' indemnities

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.

Directors' insurance

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

Independent Auditors

The Company has re-appointed PricewaterhouseCoopers LLP as auditors.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT (continued)

Statement of Directors' Responsibilities (continued)

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 the Directors' report is approved, confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given in accordance with section 418(2) of the Companies Act 2006.

By order of the Board



A D Fairhurst
For and on behalf of Legal & General Co Sec Limited
Company Secretary

18 March 2014

SUFFOLK LIFE GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUFFOLK LIFE GROUP LIMITED

Our opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit 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.

This opinion is to be read in the context of what we say below.

What we have audited

The financial statements for the year ended 31 December 2013 which are prepared by Suffolk Life Group Limited, comprise:.

- Profit and Loss Account;
- Balance Sheet; and
- Notes to financial statements.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). 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 Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

SUFFOLK LIFE GROUP LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUFFOLK LIFE GROUP LIMITED
(continued)**

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 5-6, 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 ISAs (UK & 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.



Amy Ellison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 March 2014

SUFFOLK LIFE GROUP LIMITED**PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2013**

	<i>Note</i>	2013 £'000	2012 £'000
Profit on continuing operations			
Administrative expenses	3	(4)	(7)
Operating Loss		(4)	(7)
Interest receivable and similar income	5	24	31
Profit on ordinary activities before taxation	4	20	24
Tax on Profit on ordinary activities	6	(4)	(6)
Profit for the financial year	13	16	18

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

There is no material difference between Profit on ordinary activities before taxation and the Profit for the current financial year or prior financial year stated above and their historical cost equivalents.

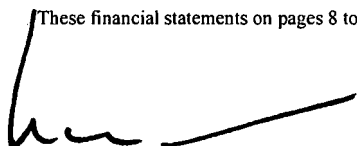
BALANCE SHEET

As at 31 December 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Investments	8	7,000		7,000	
			7,000		7,000
Current assets					
Debtors	10	5,108		5,089	
Cash at bank and in hand		556		562	
		5,664		5,651	
Creditors: amounts falling due within one year	11	(9)		(12)	
Net current assets			5,655		5,639
Total assets less current liabilities			<u>12,655</u>		<u>12,639</u>
Capital and reserves					
Called up share capital	12		3,939		3,939
Share premium account	13		7,146		7,146
Profit and loss account	13		1,570		1,554
Total shareholders' funds	13		<u>12,655</u>		<u>12,639</u>

The notes on pages 11 to 17 form an integral part of these financial statements.

These financial statements on pages 8 to 17 were approved by the Board of Directors on 18 March 2014 and signed on its behalf by:



W A Self
Director



R A K Chester
Director

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 Limited 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 financial statements.

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.

The Company is a wholly-owned subsidiary of Legal & General Retail Investments (Holdings) Limited and is included in the consolidated financial statements of Legal & General Group Plc which are publicly available. Consequently the Company has taken advantage of the exemption from preparing consolidated financial statements under Section 400 of the Companies Act 2006.

(b) Investments

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

(c) Taxation

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

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

Following the 2013 Budget announcement, the rate of corporation tax is expected to reduce progressively to 20% by 1 April 2015. To calculate the current tax on profits, the rate of tax used is 23.25% (2012: 24.5%), which is the average rate of corporation tax applicable for the year.

(d) 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.

(e) 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.

(f) 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.

2 Management of risk

The Suffolk Life group of companies (Suffolk Life Group Limited, Suffolk Life Pensions Limited, Suffolk Life Annuities Limited, together the "Group") approach to managing its principal risks is set out below.

Overall responsibility for the management of the Group's risks is vested in the Group's Board. To support it in this role, a risk framework is in place comprising a structure of committees, risk assessment and reporting processes and risk review functions. The framework provides assurance that risks are being appropriately identified and managed and that an independent assessment of risks is being performed.

Oversight of risk management across the Legal & General group is performed by the Legal & General Group Risk Committee. The committee's role is to ensure the effectiveness of the overall risk framework and that key risks to the Legal and General group are being identified and assessed relative to the appetite, and monitored and controlled in line with the Legal & General group risk appetite.

The Legal & General Executive Risk Committee's (ERC) primary focus is the oversight of the management of operational and regulatory risk. The ERC is supported in this role by various Legal & General group sub-committees involved with financial risk, these comprise of the Group Capital Committee, Counterparty Credit Risk Committee, Investment and Market Risk Committee and the Group Insurance Risk Committee.

Oversight of risks at Suffolk Life Group level is then delegated by the Boards to the Suffolk Life Management Oversight Committee which is delegated to the Suffolk Life Management Risk & Compliance Committee (SLMRCC) and the Suffolk Life Asset & Liability Committee (SLALCO). Both SLMRCC and SLALCO consists of the Directors, officers and senior managers of the Suffolk Life Group and Legal & General Group. The SLMRCC's primary role is the oversight of the risk management and control framework in place across Suffolk Life to identify, assess, monitor and control areas of operational risk and operational compliance.

Strategic and inherent risks are reviewed on a six monthly basis by the SLMRCC and the Suffolk Life Boards. Strategic risks are the risks and uncertainties that arise from, or are associated with, the strategy of Suffolk Life and the business environment in which it operates. Inherent risks are generally those risks that may arise from the types of products sold; the investment assets held to meet liabilities; and the overall business operating model.

The nature of strategic and inherent risks is such that it is not always possible to fully mitigate the potential for loss should the risk crystallise. Accordingly, as part of the evaluation of Suffolk Life's risk based capital requirement, consideration is given to the risk capital, to be held where appropriate, against these types of risk.

Counterparty credit risk

Counterparty credit risk is the risk of loss if another party fails to perform its financial obligations to the Company.

The Group's exposure to counterparties is the risk arising from the failure of the banks that hold the Group's liquid assets. All cash deposits held by the Group are short term and are subject to pre-approval by the Suffolk Life Asset & Liability Committee (SLALCO). The amount of exposure to any individual counterparty is subject to a maximum limit set by the Legal & General Group capital Committee. The actual limit and exposure is considered quarterly by the Group along with an assessment of the credit rating. The failure of a significant counterparty could result in disruption, adverse media and financial loss.

Suffolk Life Annuities Limited is potentially exposed to the failure of an insurance company with which the company has taken out a trustee investment plan under a reinsurance agreement to hold SIPP investments as requested by the policyholder. This is considered when deciding on the capital reserves required by Suffolk Life Annuities Limited for regulatory Pillar I solvency purposes and amounts to a contingent credit reserve of £0.45 million (2012: £0.7 million).

Financial and liquidity risk

Financial risk is the risk that a firm will be unable to meet its financial obligations.

Suffolk Life Pensions Limited (SLP) is not significantly exposed to financial risk through its financial assets and financial liabilities.

SLP uses Internal Capital Adequacy Assessment Process (ICAAP) principles to manage the Company's risk capital requirements and to ensure that it has the financial strength and capital adequacy to support the growth of the business and to meet the requirements of policyholders and regulators.

Suffolk Life Annuities Limited is not significantly exposed to financial risk through its financial assets and financial liabilities as these are held within non-participating investment contracts so SLA bears no insurance risk for such obligations. The financial risk on these contracts is borne by the policyholders as there is a direct link between the investments and the obligations arising from them. SLA is, therefore, not directly exposed to any market risk or currency risk for these contracts.

2 Management of risk (continued)

Financial and liquidity risk (continued)

Suffolk Life Annuities Limited uses Individual Capital Assessment (ICA) principles to manage the Company's risk capital requirements and to ensure that it has the financial strength and capital adequacy to support the growth of the business and to meet the requirements of policyholders and regulators.

Liquidity risk is the risk that the Company, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost.

In relation to Suffolk Life Annuities Limited's non-participating investment contracts payment obligations are dependent on sufficient liquid funds being available for each specific contract. This is managed by holding all cash in separate instant access bank accounts so that any funds required should be immediately available.

The liquidity risk relating to the obligation Suffolk Life Annuities Limited has towards policyholders is limited by the fact that all funds being administered are held under non-participating investment contracts where the policyholder accepts the liquidity risk of the investments they choose.

Market risk

Market risk is the risk that arises from fluctuations in values of, or income from, assets or in interest or exchange rates.

There is an exposure to interest rate risk on banking deposits held in the ordinary course of business, which is continually monitored by the SLALCO.

Suffolk Life Annuities Limited is not materially affected by market risks in respect of obligations under non-participating investment contracts as they are directly related to the investments held within them other than situations where an overdraft exists for a contract and the value of the assets (specifically property) falls to a value less than the total liabilities under the contract. Suffolk Life Annuities Limited can try and recover the amount from the policyholder but this is reliant on the policyholder having funds to meet the liability.

An increase in the rate of inflation would increase the expenses likely to be incurred in the running of the business.

Operational risk

Operational risk is the exposure to loss arising from inadequate or failed internal processes, people, systems, or from external events.

Operational risks exists around the administration of SIPP's and similar self invested pension products. Suffolk Life Annuities Limited insources the administration of products to a fellow Group company, Suffolk Life Pensions Limited, under a service level agreement. Suffolk Life Pensions Limited also administers products in its own right. Operational risk therefore spans the Suffolk Life Group.

All business managers are required to confirm monthly the performance of controls over operational risks. There are a number of categories under which operational risk and its management across the Group can be considered, and these are outlined in the following paragraphs.

Internal process failure

The Group is potentially exposed to the risk of loss from failure of the internal processes with which it transacts its business. The Group is responsible for ensuring the adequacy of the controls over its processes and regular reviews are undertaken of their appropriateness and effectiveness.

People

The Group is potentially exposed to the risk of loss from inappropriate actions by its staff. The risk is actively managed by business management and the human resource (HR) function. Recruitment is managed centrally by the HR function, and all new recruits undergo a formal induction programme. All employees have job descriptions setting out their accountabilities and reporting lines, and are appraised annually in accordance with agreed performance management frameworks. Employees in the Group are provided with appropriate training to enable them to meet the relevant regulatory requirements. Risks relating to health and safety and other legislation are managed through the provision of relevant training to all staff.

Critical supplier

The Group is potentially exposed to the actions or failure of suppliers contracted to provide critical services. The required minimum standards of control for outsourced and critical supplier arrangements are set out in Legal & General's outsourcing and critical supplier policy.

2 Management of risk (continued)**Operational risk (continued)***Legal*

Legal risk is the risk of loss from unclear or deficient product documentation; inadequate documentation in support of material contracts such as reinsurance treaties; third party administration contracts; the incorrect interpretation of changes in legislation; employment related disputes and claims; and commercial disputes with suppliers. The risks are actively managed through the Legal & General Group Legal Risk framework, which defines minimum standards of control to be applied to minimise the risk of loss.

Compliance

Compliance risk within the Suffolk Life group relates to the risk of non-adherence to legislative requirements, regulations and internal policies and procedures. Responsibility for ensuring adherence to relevant legal and regulatory requirements is vested in individual business managers. Suffolk Life's Risk and Compliance function, with support from the Legal & General Group Regulatory Risk and Compliance function, has oversight of the Group's compliance with conduct of business requirements and standards, providing policy advice and guidance and oversight of compliance arrangements and responsibilities.

The Group regards compliance with regulation as very important and is continuously monitoring the position to ensure that it meets its regulatory obligations. Significant, unanticipated changes could impact the Group's ability to develop market and administer its products effectively and compliantly and have a detrimental effect on the Group's strategy and profitability.

Event

Event risk relates to the potential for loss arising from significant external events such as terrorism, financial crisis, and major changes in fiscal systems or disaster. Typically, such events have a low likelihood of occurrence, but could have a material impact and can be difficult to prevent.

The Group's risk mitigation focuses on minimising the business disruption and potential financial loss which may ensue from such an event. This includes maintaining a framework for the management of major incidents, the maintenance and regular testing of detailed business, technical and location recovery plans and the provision of insurance cover for the loss of buildings, contents and information technology systems and for the increased cost of working in the event of business disruption.

Fraud and financial crime

The Group is potentially exposed to the risk of internal fraud, claims-related fraud, identity theft and external action by third parties, including being used to launder money or receive the proceeds of crime. The risks are actively managed through the Financial Crime Prevention Committee (FCPC) which meets formally on a quarterly basis.

The Group's approach to mitigating fraud, bribery, corruption and other financial crime is supported by promoting an open and honest culture in all dealings between employees, managers and those parties with which the Group has contact. A formal code of ethics sets out the Legal & General group's expectations in this respect. Effective and honest communication is essential if malpractice is to be effectively dealt with. The Legal & General group has defined whistle blowing procedures to enable all employees to raise matters of concern in confidence.

Technology

The Group places a high degree of reliance on IT in its business activities. The failure of IT systems could potentially expose the group to significant business disruption and loss.

To mitigate this risk, standards and methodologies for developing, testing and operating IT systems are maintained. Controls are in place to prevent unauthorised access to IT systems and the data held. Disaster recovery facilities enable IT operations to be conducted at remote locations in the event of the loss of computer facilities at a principal office site. All records are remotely backed up and computer suites are equipped with alternative power sources.

Reputational risk

Reputational risk is the risk related to the trustworthiness of business. Damage to the Group's reputation can result in lost revenue or destruction of shareholder value.

The Group has defined policies and procedures for managing matters that may have reputational implications, to ensure that Suffolk Life's position is correctly understood.

Contagion

The potential for contagion risk arises as a consequence of the use of a common brand across the majority of the Legal & General group and the provision of intra-group loans and indemnities. The Legal & General group has defined policies and procedures for managing matters that may have reputational implications, to ensure that Legal & General group's position is correctly understood. The Legal & General group also has defined policies for the provision of guarantees, indemnities and letters of comfort.

SUFFOLK LIFE GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS (continued)

3 Administrative expenses

	2013 £'000	2012 £'000
Audit, accountancy and tax	4	6
Irrecoverable VAT	-	1
	<u>4</u>	<u>7</u>

4 Profit on ordinary activities before taxation

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>5</u>	<u>5</u>

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

5 Interest receivable and similar income

	2013 £'000	2012 £'000
Bank deposit interest	5	5
Inter group loan interest	19	26
	<u>24</u>	<u>31</u>

6 Tax on Profit on ordinary activities

	2013 £'000	2012 £'000
Current tax		
UK corporation tax at 23.25% (2012: 24.5%)		
- Current tax for the year	<u>4</u>	<u>6</u>
Total current tax charge	<u>4</u>	<u>6</u>
Tax charge on profit on ordinary activities	<u>4</u>	<u>6</u>

Factors affecting current tax charge for the year:

Tax attributable to equity holders differs from the tax calculated at the standard UK corporation tax rate as follows:

	2013 £ '000	2012 £ '000
Profit on ordinary activities before taxation	<u>20</u>	<u>24</u>
Tax calculated at the standard UK corporation tax rate of 23.25% (2012: 24.5%)	<u>4</u>	<u>6</u>
Income tax expense	<u>4</u>	<u>6</u>

7 Staff numbers and costs

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 (2012: £nil). All emoluments paid to the Directors are borne by other group entities.

SUFFOLK LIFE GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS (continued)

8 Investments

	Shares in group undertakings 2013 £'000	Shares in group undertakings 2012 £'000
<i>Cost</i>		
At 1 January	7,000	7,000
Additions	-	-
Disposals	-	-
At 31 December	<u>7,000</u>	<u>7,000</u>
<i>Net book value</i>		
At 31 December	<u>7,000</u>	<u>7,000</u>

9 Subsidiary Undertakings

The principal subsidiary undertakings of Suffolk Life Group Limited 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 Suffolk Life Group Limited. 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.

10 Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	<u>5,108</u>	<u>5,089</u>

This debtor is in respect of a loan between Suffolk Life Group Limited 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.

SUFFOLK LIFE GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS (continued)

11 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Corporation tax	4	6
Accruals and deferred income	5	6
	<u>9</u>	<u>12</u>

12 Called up share capital

	2013 £'000	2012 £'000
Issued: 3,938,979 ordinary shares of £1 each fully paid	<u>3,939</u>	<u>3,939</u>

13 Reconciliation of movements in shareholders' funds

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and Loss account £'000	Total £'000
At beginning of year 1 January 2013	3,939	7,146	1,554	12,639
Profit for the financial year	-	-	16	16
At end of year 31 December 2013	<u>3,939</u>	<u>7,146</u>	<u>1,570</u>	<u>12,655</u>

	Called Up Share Capital £'000	Share Premium Account £'000	Profit and loss account £'000	Total £'000
At beginning of year 1 January 2012	3,939	7,146	1,536	12,621
Profit for the financial year	-	-	18	18
At end of year 31 December 2012	<u>3,939</u>	<u>7,146</u>	<u>1,554</u>	<u>12,639</u>

No dividend was paid during the year (2012: £ nil).

14 Related party disclosures

Certain Directors have a self-invested personal pension administered by Suffolk Life Pensions Limited.

15 Ultimate parent company

The immediate parent undertaking is Legal & General Retail Investments (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 or from the Company Secretary at the Registered Office, One Coleman Street, London, EC2R 5AA.