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SUFFOLK LIFE GROUP PLC

REPORT AND ACCOUNTS

2010

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SUFFOLK LIFE GROUP PLC

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Registered Office
153 Princes Street
Ipswich
Suffolk
IP1 1QJ

Registered in England & Wales No 02962287

The Directors present their annual report together with the audited financial statements of Suffolk Life Group plc ("the Company") for the year ended 31 December 2010

Principal activities

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

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

Business review

The Company's principal subsidiaries are Suffolk Life Annuities Limited and Suffolk Life Pensions Limited. Suffolk Life Group's principal business is the provision and administration of Self Invested Personal Pensions (SIPPs).

During the year the Company made a capital contribution of £2 million to its subsidiary Suffolk Life Pensions Limited.

Result for the year and dividend

The Company's profit before tax for the year was £29,000 (2009: £68,000). The Company directors do not recommend the payment of a dividend (2009: nil).

Principal risks and uncertainties facing the group

The principal risks and uncertainties of the company are determined by the activities of its subsidiaries and are shown below.

1) Regulation and Legislation

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 fiscal 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.

The group regards compliance with regulation as very important and is continuously monitoring the position to ensure that it meets its regulatory obligations. The potential for change is continuously identified and analysed. Sudden, unanticipated changes in legislation, or the differing interpretation and application of regulation over time, may have a detrimental effect on the group's strategy and profitability.

2) Market and Economic Conditions

Suffolk Life Group's principal business is the provision and administration of Self Invested Personal Pensions (SIPPs).

The group's principal business is the provision of Self Invested Personal Pensions (SIPPs) and similar self invested products. Its principal business channel is the pensions market and uncertainty in this would limit new clients. Competitor activity and changes in market would impact new business targets.

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 and individuals' propensity to save.

The market is still increasingly competitive and products continue to be selected on price.

3) Operational risk

The other main risks faced by the group are operational risks around the administration of the group's SIPP and similar self invested pension products. Given the nature of the group's business, maintaining reputation is important.

A continuous process is in place to formally identify, evaluate and manage significant risks to achieve the Group's objectives. A standard approach is used to assess risks. The group maintains a risk register that is regularly considered by the senior management. The risk register is updated for changes and new risks when identified either by the senior management or following reviews carried out by each department within the group.

The group relies on certain critical suppliers to provide an appropriate level of service which presents a significant reputation and financial risk to the firm. Critical suppliers are relationship managed.

DIRECTORS' REPORT I

4) Counterparties

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 board. The amount of exposure to any individual counterparty is subject to a limit, which is considered six monthly along with an assessment of the credit rating.

5) Other risks

The liquidity risk relating to the obligation the group has towards SIPP investors is limited by the fact that all funds being administered are held under contracts where the investors accept the liquidity risk of the assets they choose.

The group maintains appropriate cash balances to ensure it is able to meet its non-SIPP obligations as they fall due.

There is no significant economic insurance risk for the company.

6) Financial risk management

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 uses Individual Capital Assessment principles to manage the group's capital requirements and to ensure we have the financial strength and capital adequacy to support the growth of the business and to meet the requirements of investors and regulators.

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.

Creditors

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 (2009 Nil).

Directors

The directors of the Company, who served during the year together with their dates of appointment and resignation, where appropriate, are shown below:

EBE Brain	(Appointed 1 April 2010)	SP Harry	(Resigned 2 September 2010)
JM Bury	(Appointed 30 November 2010)	J Islam	(Appointed 12 October 2010)
HN Catchpole	(Resigned 31 March 2010)	CF Jones	
RAK Chester		AJ Moret	(Resigned 31 December 2010)
IW Furniss	(Resigned 31 August 2010)	SR Pistell	(Resigned 2 September 2010)
MJ Gregory	(Chairman)	PV Weir	(Resigned 31 December 2010)

Since 31 December 2010, the following changes to the directorate were made:

D G Hobbs	(Appointed 5 January 2011)
D Fagan	(Appointed 11 February 2011)

Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP, who have expressed their willingness to be re-appointed will be proposed at the Annual General Meeting.

DIRECTORS' REPORT

Statement of Directors' Responsibilities

The directors are responsible for preparing the Director's 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 elected to prepare 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 those 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping proper 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 in 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) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board



A D Fairhurst
Company Secretary

14 March 2011

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 2010 which comprise the Profit and Loss Account 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 (UK 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.

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 2010 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

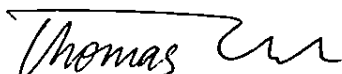
Opinion on other matter prescribed by the Companies Act 2006

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
14 March 2011

SUFFOLK LIFE GROUP PLC
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2010

	<i>Note</i>	2010 £'000	2009 £'000
Profit on continuing operations			
Administrative expenses		(6)	4
Operating (loss)/profit		(6)	4
Other interest receivable and similar income	2	35	64
Profit on ordinary activities before taxation	3	29	68
Tax charge on profit on ordinary activities	5	(8)	(11)
Profit for the financial year	11	<u>21</u>	<u>57</u>

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

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

The notes on pages 9 to 13 form an integral part of these financial statements

SUFFOLK LIFE GROUP PLC
BALANCE SHEET

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As at 31 December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Investments	6	7,072		5,072	
			7,072		5,072
Current assets					
Debtors	8	5,043		7,028	
Cash at bank and in hand		572		557	
		5,615		7,585	
Creditors: amounts falling due within one year	9	(32)		(23)	
Net current liabilities			5,583		7,562
Net assets			<u>12,655</u>		<u>12,634</u>
Capital and reserves					
Called up share capital	10		3,939		3,939
Share premium account	11		7,146		7,146
Profit and loss account	11		1,570		1,549
Shareholders' funds attributable to equity interests	11		<u>12,655</u>		<u>12,634</u>

The notes on pages 9 to 13 form an integral part of these financial statements

These financial statements on pages 7 to 13 were approved by the Board of directors on 14 March 2011 and signed on its behalf by

DG Hobbs
Director

al.c. Lt

EBrain
EBE Brain
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.

In accordance with FRS 1 'Cash Flow Statements' (Revised 1996) the Company has not prepared a cashflow statement as the ultimate holding company, Legal & General Group Plc, has included a group cashflow 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) **Deferred tax**

The charge for taxation is based on the result for the year adjusted for disallowable items. Deferred taxation is provided in full on all timing differences at the rate at which it is expected that the tax liability or benefit will arise. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(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.

2 Other interest receivable and similar income

	2010 £'000	2009 £'000
Bank deposit and other interest	35	64
	<u>35</u>	<u>64</u>

3 Profit on ordinary activities before taxation

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>5</u>	<u>(5)</u>

4 Staff numbers and costs

	2010 £'000	2009 £'000
Directors' emoluments	<u>-</u>	<u>-</u>

Directors' emoluments for the year amounted to £266,061 (2009 £1,314,935). The remaining Directors of the Company do not receive any incremental emoluments for the role as Director of the Company. All emoluments paid to the Directors are borne by other group entities.

5 Taxation

	2010 £'000	2009 £'000
<i>Current tax</i>		
UK corporation tax on profits of the period	8	11
Tax charge on profit on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 28%) as explained below

Profit before taxation	<u>29</u>	<u>68</u>
UK corporation tax at 28% (2009 28%)	8	19
Adjustments in respect of prior years	-	(8)
Current tax charge for the period	<u>8</u>	<u>11</u>

6 Investments in group undertakings

	Shares in group undertakings £'000
<i>Cost</i>	
At beginning of year	5,072
Additions	2,000
At end of year	<u>7,072</u>
<i>Net book value</i>	
At 31st December 2010	<u>7,072</u>
At 31 December 2009	<u>5,072</u>

7 Subsidiary Undertakings

During the year the Company made a capital contribution to Suffolk Life Pensions Limited of £2m

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 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
Suffolk Life Services Limited	71,671	71,671	300,000	Non trading
Held indirectly through subsidiary undertakings				
SLA Property Company Limited	100	100	100	Trustee Company
Suffolk Life (Spartan Estate) Limited	2	2	2	Trustee Company
E-Sipp co Ltd	1	1	1	e-based SIPPs
Pension Nominees Limited	100	100	100	Nominee Company
Suffolk Life Trustees Limited	100	100	100	Trustee Company

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

8 Debtors

	2010 £'000	2009 £'000
Amounts owed by group undertakings	5,043	7,028
	<u>5,043</u>	<u>7,028</u>

9 Creditors – amounts falling due within one year

	2010 £'000	2009 £'000
Amounts due to group undertakings	19	-
Other taxation and social security	8	15
Accruals and deferred income	5	8
	<u>32</u>	<u>23</u>

10 Share capital

	2010 £'000	2009 £'000
<i>Authorised</i>		
Equity Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
Equity Ordinary shares of £1 each	<u>3,939</u>	<u>3,939</u>

11 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	3,939	7,146	1,549	12,634
Credit in relation to share option charges	-	-	-	-
Profit for the financial year	-	-	21	21
At end of year	<u>3,939</u>	<u>7,146</u>	<u>1,570</u>	<u>12,655</u>

No dividend was paid during the year (2009 nil)

12 Deferred taxation

No amounts have been provided for deferred taxation during the year

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 & Wales - the controlling party which consolidates the financial statements of the Company. These accounts therefore provide information about the Company as an individual undertaking. Copies of the accounts of the ultimate holding company, Legal & General Group Plc, are available at the Registered Office, One Coleman Street, London, EC2R 5AA.