

# **Legal & General Assurance (Pensions Management) Limited**

**Annual FSA Insurance Returns for the year ended**

**31 December 2012**

**IPRU(INS) Appendices 9.1, 9.3, 9.4, 9.6**

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**Statement of solvency - long-term insurance business**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2012	£000
			As at end of this financial year			As at end of the previous year
			1			2

**Capital resources**

Capital resources arising within the long-term insurance fund	11	30000	30000
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	246273	244624
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	276273	274624

**Guarantee fund**

Guarantee fund requirement	21	9245	7767
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	267028	266857

**Minimum capital requirement (MCR)**

Long-term insurance capital requirement	31	27734	23302
Resilience capital requirement	32		
Base capital resources requirement	33	2984	3056
Individual minimum capital requirement	34	27734	23302
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	27734	23302
Excess (deficiency) of available capital resources to cover 50% of MCR	37	262406	262973
Excess (deficiency) of available capital resources to cover 75% of MCR	38	255472	257148

**Enhanced capital requirement**

With-profits insurance capital component	39		
Enhanced capital requirement	40	27734	23302

**Capital resources requirement (CRR)**

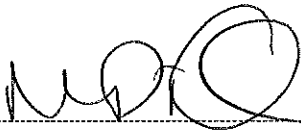
Capital resources requirement (greater of 36 and 40)	41	27734	23302
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	248539	251322

**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                                      **Legal & General Assurance (Pensions Management) Limited**  
Global business  
Financial year ended                                **31 December 2012**



.....  
**M D T Craston, Chief Executive**



.....  
**N M Higgins, Director**



.....  
**J C Browne, Director**

Date .....

**Components of capital resources**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**

Company registration number	GL/UK/CM	day	month	year	Units	
R3	1006112	GL	31	12	2012	£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	

**Core tier one capital**

Permanent share capital	11		100	100	100
Profit and loss account and other reserves	12		276173	276173	274713
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		276273	276273	274813

**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				

<b>Total tier one capital before deductions (19+24+25+26+27+28)</b>	<b>31</b>		276273	276273	274813
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				85
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				85
<b>Total tier one capital after deductions (31-37)</b>	<b>39</b>		276273	276273	274728

**Components of capital resources**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	1006112	GL	31	12	2012	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year
		1	2	3		4

**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				
<b>Upper tier two capital (44 to 47)</b>	<b>49</b>				

Fixed term preference shares	51				
Other tier two instruments	52				
Lower tier two capital in related undertakings	53				
<b>Lower tier two capital (51+52+53)</b>	<b>59</b>				

<b>Total tier two capital before restrictions (49+59)</b>	<b>61</b>				
Excess tier two capital	62				
Further excess lower tier two capital	63				
<b>Total tier two capital after restrictions, before deductions (61-62-63)</b>	<b>69</b>				

**Components of capital resources**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	1006112	GL	31	12	2012	£000
			General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year	
			1	2	3	4	

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	71					
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>			276273	276273	274728
Inadmissible assets other than intangibles and own shares	73					
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					104
Deductions of ineligible surplus capital	77					
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>			276273	276273	274624

**Available capital resources for GENPRU/INSRU tests**

Available capital resources for guarantee fund requirement	81			276273	276273	274624
Available capital resources for 50% MCR requirement	82			276273	276273	274624
Available capital resources for 75% MCR requirement	83			276273	276273	274624

**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					
<b>Sum of financial engineering adjustments (91+92-93+94+95)</b>	<b>96</b>					

**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	1006112	GL	31	12	2012	£000
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings				11			
<b>Investments in group undertakings and participating interests</b>							
UK insurance dependants	Shares			21			
	Debts and loans			22			
Other insurance dependants	Shares			23			
	Debts and loans			24			
Non-insurance dependants	Shares			25			1248
	Debts and loans			26			
Other group undertakings	Shares			27			
	Debts and loans			28			
Participating interests	Shares			29			
	Debts and loans			30			
<b>Other financial investments</b>							
Equity shares				41			
Other shares and other variable yield participations				42			
Holdings in collective investment schemes				43			
Rights under derivative contracts				44			
Fixed interest securities	Approved			45		226446	224887
	Other			46			
Variable interest securities	Approved			47			
	Other			48			
Participation in investment pools				49			
Loans secured by mortgages				50			
Loans to public or local authorities and nationalised industries or undertakings				51			
Loans secured by policies of insurance issued by the company				52			
Other loans				53			
Bank and approved credit & financial institution deposits	One month or less withdrawal			54		57176	51737
	More than one month withdrawal			55			
Other financial investments				56			
Deposits with ceding undertakings				57			
Assets held to match linked liabilities	Index linked			58			
	Property linked			59			



**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1006112	GL	31	12	2012	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

**Reinsurers' share of technical provisions**

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

**Debtors and salvage**

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

**Other assets**

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		1268
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		
Deductions from the aggregate value of assets	87		
Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	283622	279140

**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**Category of assets **Total other than long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1006112	GL	31	12	2012	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	283622	279140
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		104
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		85
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
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 101)	102	283622	279329
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**Category of assets **Total long term insurance business assets**

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2012		
	1006112	GL				£000	10
						As at end of this financial year	As at end of the previous year
						1	2
Land and buildings			11				

**Investments in group undertakings and participating interests**

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25		
	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		
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	30897	29981
	Other	46		
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools		49		
Loans secured by mortgages		50		
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52		
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	30390	24565
	More than one month withdrawal	55		
Other financial investments		56		
Deposits with ceding undertakings		57		
Assets held to match linked liabilities	Index linked	58		
	Property linked	59	238724358	226369754

**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1006112	GL	31	12	2012	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

**Reinsurers' share of technical provisions**

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

**Debtors and salvage**

Direct insurance business	Policyholders	71	26226	33831
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	845	1343
	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		
	due in more than 12 months	79		

**Other assets**

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	9177	12186
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	2	4
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	68458	62344

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	238890353	226534008
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**Analysis of admissible assets**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	1006112	GL	31	12	2012	£000	10
					As at end of this financial year	As at end of the previous year	
					1	2	

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

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	238890353	226534008
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96		
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100	249421	188221
Other asset adjustments (may be negative)	101		
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 101)	102	239139774	226722229
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103		

**Long term insurance business liabilities and margins**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**Total business/Sub fund **Total long term business**Units **£000**

As at end of this financial year 1	As at end of the previous year 2
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Mathematical reserves, after distribution of surplus	11	235683230	223625327	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	30000	30000	
Long term insurance business fund carried forward (11 to 13)	14	235713230	223655327	
Claims outstanding	Gross	15		
	Reinsurers' share	16		
	Net (15-16)	17		
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	56389	12461
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	16155	14601
	Other	38	3101544	2849363
Accruals and deferred income	39	3035	2256	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	3177123	2878681	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	238890353	226534008	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	28195	23004
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	235683230	223625327

Total liabilities (11+12+49)	71	238860353	226504008
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	249421	188221
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75	30000	30000
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	239139774	226722229

**Liabilities (other than long term insurance business)**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**

Company registration number	GL/UK/CM	day	month	year	Units	
R15	1006112	GL	31	12	2012	£000
				As at end of this financial year	As at end of the previous year	
				1	2	

**Technical provisions (gross amount)**

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

**Provisions and creditors**

Provisions	Taxation	21		
	Other risks and charges	22		
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	99	267
	Foreseeable dividend	48		
	Other	49	37250	34250
Accruals and deferred income		51		
Total (19 to 51)		59	37349	34517
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69	37349	34517

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	37250	34250
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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	246272	244813
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)	85	283621	279330

**Profit and loss account (non-technical account)**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**

		Company registration number	GL/ UK/ CM	day	month	year	Units
		R16	1006112	GL	31	12	2012
					This financial year		Previous year
					1		2
							£000
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			149434	137687
Investment income	Income		14			115	1869
	Value re-adjustments on investments		15			119	
	Gains on the realisation of investments		16			478	118
Investment charges	Investment management charges, including interest		17			50	50
	Value re-adjustments on investments		18				593
	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			(6)	(6)
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			150090	139025
Tax on profit or loss on ordinary activities			31			99	268
Profit or loss on ordinary activities after tax (29-31)			39			149991	138757
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			149991	138757
Dividends (paid or foreseeable)			51			148531	132800
Profit or loss retained for the financial year (49-51)			59			1460	5957



**Long-term insurance business : Revenue account**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2012**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Earned premiums	11	25113975	25387590
Investment income receivable before deduction of tax	12	6718234	6241284
Increase (decrease) in the value of non-linked assets brought into account	13		
Increase (decrease) in the value of linked assets	14	13827644	3114731
Other income	15	262780	240694
<b>Total income</b>	<b>19</b>	<b>45922633</b>	<b>34984299</b>

**Expenditure**

Claims incurred	21	33479574	35642278
Expenses payable	22	110199	92384
Interest payable before the deduction of tax	23	349	424
Taxation	24	125175	115825
Other expenditure	25		
Transfer to (from) non technical account	26	149434	137687
<b>Total expenditure</b>	<b>29</b>	<b>33864731</b>	<b>35988598</b>

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	12057902	(1004299)
Fund brought forward	49	223655328	224659627
Fund carried forward (39+49)	59	235713230	223655328

## Long-term insurance business : Analysis of premiums

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2012**  
 Units **£000**

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

**Gross**

Regular premiums	11					
Single premiums	12		24737511	388060	25125571	25409395

**Reinsurance - external**

Regular premiums	13					
Single premiums	14		11596		11596	21805

**Reinsurance - intra-group**

Regular premiums	15					
Single premiums	16					

**Net of reinsurance**

Regular premiums	17					
Single premiums	18		24725915	388060	25113975	25387590

**Total**

Gross	19		24737511	388060	25125571	25409395
Reinsurance	20		11596		11596	21805
Net	21		24725915	388060	25113975	25387590

**Long-term insurance business : Analysis of claims**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2012**  
 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				
Disability periodic payments	12				
Surrender or partial surrender	13	33026612	477480	33504092	35677867
Annuity payments	14	949		949	1050
Lump sums on maturity	15				
<b>Total</b>	<b>16</b>	<b>33027561</b>	<b>477480</b>	<b>33505041</b>	<b>35678917</b>

**Reinsurance - external**

Death or disability lump sums	21				
Disability periodic payments	22				
Surrender or partial surrender	23	24518		24518	35589
Annuity payments	24				
Lump sums on maturity	25				
<b>Total</b>	<b>26</b>	<b>24518</b>		<b>24518</b>	<b>35589</b>

**Reinsurance - intra-group**

Death or disability lump sums	31				
Disability periodic payments	32				
Surrender or partial surrender	33				
Annuity payments	34	949		949	1050
Lump sums on maturity	35				
<b>Total</b>	<b>36</b>	<b>949</b>		<b>949</b>	<b>1050</b>

**Net of reinsurance**

Death or disability lump sums	41				
Disability periodic payments	42				
Surrender or partial surrender	43	33002094	477480	33479574	35642278
Annuity payments	44				
Lump sums on maturity	45				
<b>Total</b>	<b>46</b>	<b>33002094</b>	<b>477480</b>	<b>33479574</b>	<b>35642278</b>

**Long-term insurance business : Analysis of expenses**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2012**  
 Units **£000**

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

**Gross**

Commission - acquisition	11					
Commission - other	12					
Management - acquisition	13		20823	409	21232	14959
Management - maintenance	14		78335	1539	79874	73035
Management - other	15		9093		9093	4390
<b>Total</b>	<b>16</b>		<b>108251</b>	<b>1948</b>	<b>110199</b>	<b>92384</b>

**Reinsurance - external**

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
<b>Total</b>	<b>26</b>					

**Reinsurance - intra-group**

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
<b>Total</b>	<b>36</b>					

**Net of reinsurance**

Commission - acquisition	41					
Commission - other	42					
Management - acquisition	43		20823	409	21232	14959
Management - maintenance	44		78335	1539	79874	73035
Management - other	45		9093		9093	4390
<b>Total</b>	<b>46</b>		<b>108251</b>	<b>1948</b>	<b>110199</b>	<b>92384</b>

**Long-term insurance business : Linked funds balance sheet**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Total business

Financial year ended **31 December 2012**Units **£000**

Financial year	Previous year
1	2

**Internal linked funds (excluding cross investment)**

Directly held assets (excluding collective investment schemes)	11	228487582	219854000
Directly held assets in collective investment schemes of connected companies	12	7984719	4410986
Directly held assets in other collective investment schemes	13	21776	23194
<b>Total assets (excluding cross investment) (11+12+13)</b>	<b>14</b>	<b>236494077</b>	<b>224288180</b>
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16	2018	411
Other liabilities	17	808829	662442
<b>Total net assets (14-15-16-17)</b>	<b>18</b>	<b>235683230</b>	<b>223625327</b>

**Directly held linked assets**

Value of directly held linked assets	21		
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**Total**

Value of directly held linked assets and units held (18+21)	31	235683230	223625327
Surplus units	32		
Deficit units	33		
<b>Net unit liability (31-32+33)</b>	<b>34</b>	<b>235683230</b>	<b>223625327</b>

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

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business  
 Financial year ended **31 December 2012**  
 Units **£000**

Financial year	Previous year
1	2

**Income**

Value of total creation of units	11	25113975	25387590
Investment income attributable to the funds before deduction of tax	12	6707496	6232171
Increase (decrease) in the value of investments in the financial year	13	13827615	3117356
Other income	14		
<b>Total income</b>	<b>19</b>	<b>45649086</b>	<b>34737116</b>

**Expenditure**

Value of total cancellation of units	21	33485259	35647666
Charges for management	22	8404	8127
Charges in respect of tax on investment income	23	96659	84662
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26	861	961
<b>Total expenditure</b>	<b>29</b>	<b>33591183</b>	<b>35741416</b>

Increase (decrease) in funds in financial year (19-29)	39	12057903	(1004300)
Internal linked fund brought forward	49	223625327	224629627
Internal linked funds carried forward (39+49)	59	235683230	223625327

**Long-term insurance business : Summary of new business**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business  
 Financial year ended **31 December 2012**  
 Units **£000**

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

**Number of new policyholders/  
scheme members for direct insurance business**

Regular premium business	11					
Single premium business	12					
<b>Total</b>	<b>13</b>					

**Amount of new regular premiums**

Direct insurance business	21					
External reinsurance	22					
Intra-group reinsurance	23					
<b>Total</b>	<b>24</b>					

**Amount of new single premiums**

Direct insurance business	25		22226927	382605	22609532	23122548
External reinsurance	26		1301566		1301566	1602938
Intra-group reinsurance	27		1209018	5455	1214473	683909
<b>Total</b>	<b>28</b>		<b>24737511</b>	<b>388060</b>	<b>25125571</b>	<b>25409395</b>

Long-term insurance business : Analysis of new business

Name of insurer  
 Legal & General Assurance (Pensions Management) Limited

Total business

Financial year ended  
 31 December 2012

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
765	Group managed fund				22226927



**Long-term insurance business : Analysis of new business**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Total business

Financial year ended **31 December 2012**

Units

**£000**

UK Pension / Reinsurance accepted external

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
765	Group managed fund				1301566

**Long-term insurance business : Analysis of new business**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Total business

Financial year ended

Units

**31 December 2012**

**£000**

UK Pension / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
765	Group managed fund				1209018

Long-term insurance business : Analysis of new business

Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Total business

Financial year ended

Units

Overseas / Direct Insurance Business

31 December 2012

£000

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
765	Group managed fund				382605

**Long-term insurance business : Analysis of new business**

**Legal & General Assurance (Pensions Management) Limited**

Name of insurer

Total business

Financial year ended

**31 December 2012**

Units

**£000**

Overseas / 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
765	Group managed fund				5455

**Long-term insurance business : Assets not held to match linked liabilities**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 2012**  
 Units **£000**

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

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

Land and buildings	11					
Approved fixed interest securities	12	30897	30897		0.35	
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	135098	135098	141	0.10	
<b>Total</b>	<b>19</b>	<b>165995</b>	<b>165995</b>	<b>141</b>	<b>0.15</b>	

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

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

**Overall return on with-profits assets**

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

**Long-term insurance business : Fixed and variable interest assets**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Category of assets **10 Total long term insurance business assets**  
 Financial year ended **31 December 2012**  
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	30897	0.26	0.35	0.35
Other approved fixed interest securities	21				
<b>Other fixed interest securities</b>					
AAA/Aaa	31				
AA/Aa	32				
A/A	33				
BBB/Baa	34				
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
<b>Total other fixed interest securities</b>	<b>39</b>				
Approved variable interest securities	41				
Other variable interest securities	51				
<b>Total (11+21+39+41+51)</b>	<b>61</b>	<b>30897</b>	<b>0.26</b>	<b>0.35</b>	<b>0.35</b>

**Long-term insurance business : Summary of mathematical reserves**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2012**  
 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		5426	5426	6056
Form 52	13				
Form 53 - linked	14		231588312	4338913	235927225
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
<b>Total</b>	<b>18</b>		<b>231593738</b>	<b>4338913</b>	<b>235932651</b>

**Reinsurance - external**

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24		243995	243995	182165
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
<b>Total</b>	<b>28</b>		<b>243995</b>	<b>243995</b>	<b>182165</b>

**Reinsurance - intra-group**

Form 51 - with-profits	31				
Form 51 - non-profit	32		5426	5426	6056
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
<b>Total</b>	<b>38</b>		<b>5426</b>	<b>5426</b>	<b>6056</b>

**Net of reinsurance**

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43				
Form 53 - linked	44		231344317	4338913	235683230
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
<b>Total</b>	<b>48</b>		<b>231344317</b>	<b>4338913</b>	<b>235683230</b>

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

Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Total business / subfund

Financial year ended

Units

UK Pension / Gross

Total long term business

31 December 2012

£000

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
400	Annuity non-profit (CPA)	77	1059					5426



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

Name of insurer **Legal & General Assurance (Pensions Management) Limited**

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

Financial year ended **31 December 2012**

Units **£000**

UK Pension / Reinsurance ceded intra-group

1 Product code number	2 Product description	3 Number of policyholders / scheme members	4 Amount of benefit	5 Amount of annual office premiums	6 Nominal value of units	7 Discounted value of units	8 Other liabilities	9 Amount of mathematical reserves
400	Annuity non-profit (CPA)	77	1059					5426

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

Name of insurer  
 Total business / subfund  
 Financial year ended  
 Units  
 UK Pension / Gross

Legal & General Assurance (Pensions Management) Limited

Total long term business

31 December 2012

£000

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
765	Group managed fund				231588312	231588312		231588312



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

Name of insurer Legal & General Assurance (Pensions Management) Limited

Total business / subfund

Total long term business

Financial year ended

31 December 2012

Units

£000

Overseas / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
765	Group managed fund				4338913	4338913		4338913

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

Name of insurer Legal &amp; General Assurance (Pensions Management) Limited

Total business

Financial year ended 31 December 2012

Units £000

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
PMC CASH	24 - group managed fund - other managed fund	1632941			6.3740	6.5656	3.01
PMC INDEX-LINKED BOND FUND	24 - group managed fund - other managed fund	177064			9.4506	9.4982	0.50
PMC ACTIVE CORP BOND ALL ST FD	24 - group managed fund - other managed fund	8635585			1.8026	2.0551	14.00
PMC 15YEAR FIXED INT FUND	24 - group managed fund - other managed fund	143111			1.8436	1.8985	2.98
PMC ACTIVE CORP BOND > 10YR FD	24 - group managed fund - other managed fund	4393611			2.2289	2.5840	15.93
PMC HIGH YIELD BOND FUND	24 - group managed fund - other managed fund	167617			1.2796	1.5057	17.65
PMC PAN EUROPEAN CREDIT FUND	24 - group managed fund - other managed fund	798404			1.3232	1.5328	15.84
PMC US CREDIT FUND	24 - group managed fund - other managed fund	122719			1.7408	1.8495	6.25
PMC CORE PLUS	24 - group managed fund - other managed fund	1172316			1.5343	1.7352	13.09
PMC LIQUIDITY FUND	24 - group managed fund - other managed fund	1966934			1.0673	1.1097	3.98
PMC UK TREASURY BILLS FUND	24 - group managed fund - other managed fund	207127			1.0202	1.0086	(1.14)
PMC ACTIVE USD CRD ALL STK FD	24 - group managed fund - other managed fund	120379			1.2900	1.3759	6.66
PMC ACTIVE USD CRD OVR 10 YR	24 - group managed fund - other managed fund	100046			1.3530	1.4825	9.56
PMC ACTIVE GBP CRDT ALL ST FD	24 - group managed fund - other managed fund	8340888			1.8045	2.0573	14.01
PMC USD ACT CDT DUR NEUTRAL	24 - group managed fund - other managed fund	123364			1.0807	1.1263	4.22
PMC EUR ACT CRD DJURAT NEUT FD	24 - group managed fund - other managed fund	157504			1.0109	1.0952	8.34
PMC ACTIVE EUR CRDT ALL ST FD	24 - group managed fund - other managed fund	172096			1.0472	1.1774	12.44
PMC ACT GBP CR +10YR FD	24 - group managed fund - other managed fund	4261886			2.2308	2.5874	15.99

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

Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Total business

Financial year ended **31 December 2012**Units **£000**

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
PMC ACT USD DUR NEUT LG DTD	24 - group managed fund - other managed fund	104817			0.9813	1.0269	4.65
PMC CORE PLUS (USS) FUND	24 - group managed fund - other managed fund	501247			1.1073	1.2529	13.15
PMC LDI RPI LKD ACT CORP BD	24 - group managed fund - other managed fund	136837			1.5565	1.7425	11.95
PMC LDI RPI2035 ACT CORP BD	24 - group managed fund - other managed fund	193361			1.9303	2.0428	5.83
PMC LDI 2035 ACT CORP BD	24 - group managed fund - other managed fund	330099			1.6913	1.8774	11.00
PMC LDI 2045 ACT CORP BD FD	24 - group managed fund - other managed fund	197072			1.4315	1.5404	7.60
PMC LDI 2025 ACT CORP BD FD	24 - group managed fund - other managed fund	330403			1.4185	1.6415	15.72
PMC LDI RPI2045 ACT CORP BD	24 - group managed fund - other managed fund	174287			1.7885	1.7957	0.40
PMC LDI RPI2025 ACT CORP BD	24 - group managed fund - other managed fund	147390			1.5848	1.7687	11.61
PMC LDI ACT CORP BD (LIBOR)	24 - group managed fund - other managed fund	2362634			1.0165	1.1211	10.30
PMC LDI 6A CORP BD (LIBOR)	24 - group managed fund - other managed fund	1017838			0.9581	1.0294	7.45
PMC AAA AA A ALL IDX 2040RPI	24 - group managed fund - other managed fund	100703			1.7372	1.7439	0.39
PMC LDI ACTIVE CORP BD (2030)	24 - group managed fund - other managed fund	244894			1.5793	1.7792	12.66
PMC LDI ACT CORP BD (2020)	24 - group managed fund - other managed fund	246739			1.4390	1.6672	15.86
PMC LDI ACT CORP BD (2030) RPI	24 - group managed fund - other managed fund	138659			1.5711	1.6861	7.32
PMC LDI ACT CORP BD (2055)	24 - group managed fund - other managed fund	120530			1.4819	1.5904	7.32
PMC LDI ACT CORP BD (2040)	24 - group managed fund - other managed fund	164674			1.6389	1.7895	9.19
PMC LDI ACT CORP BD (2050)	24 - group managed fund - other managed fund	113800			1.7092	1.8302	7.08

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

## Legal &amp; General Assurance (Pensions Management) Limited

Name of insurer

Total business

Financial year ended 31 December 2012

Units £000

Fund name 1	Type of fund 2	Net assets 3	Main series 4	Unit management charge 5	Price at previous valuation date 6	Price at current valuation date 7	Change in price during year 8
PMC LDI ACT CORP BD (2055) RPI	24 - group managed fund - other managed fund	231813			1.5757	1.5643	(0.73)
ACTIVE GLOBAL CORPORATE BD FD	24 - group managed fund - other managed fund	121771				1.0407	
ACTIVE GBL CORP (GBP HDG) BD F	24 - group managed fund - other managed fund	318547				1.0743	
PMC CASH (CHARGES INCLUDED)	24 - group managed fund - other managed fund	304681			6.2507	6.2705	0.32
LIQUIDITY (CHG)	24 - group managed fund - other managed fund	107750				1.0667	
HYBRID PROPERTY (70:30)	24 - group managed fund - other managed fund	106468				1.1949	
Property	27 - group managed fund - property	1440697			30.2874	31.0556	2.54

**Long-term insurance business : Distribution of surplus**

Name of insurer **Legal & General Assurance (Pensions Management) Limited**  
 Total business / subfund **Total long term business**  
 Financial year ended **31 December 2012**  
 Units **£000**

Financial year	Previous year
1	2

**Valuation result**

Fund carried forward	11	235713230	223655327
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	149434	137687
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	235862664	223793014
Mathematical reserves	21	235683230	223625327
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	179434	167687

**Composition of surplus**

Balance brought forward	31	30000	30000
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	149434	137687
Total	39	179434	167687

**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	149434	137687
Total distributed surplus (46+47)	48	149434	137687
Surplus carried forward	49	30000	30000
Total (48+49)	59	179434	167687

**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 capital requirement**Name of insurer **Legal & General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2012**Units **£000**

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

**Insurance death risk capital component**

Life protection reinsurance	11	0.0%				
Classes I (other), II and IX	12	0.1%				
Classes I (other), II and IX	13	0.15%				
Classes I (other), II and IX	14	0.3%				
Classes III, VII and VIII	15	0.3%				
<b>Total</b>	<b>16</b>					

**Insurance health risk and life protection reinsurance capital component**

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

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	5426	0.85	46	51
Classes III, VII and VIII (investment risk)	33	1%				
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%			27550	23096
Class IV (other)	36	1%				
Class V	37	1%				
Class VI	38	1%				
<b>Total</b>	<b>39</b>				<b>27596</b>	<b>23147</b>

**Insurance market risk capital component**

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	5426	0.85	138	154
Classes III, VII and VIII (investment risk)	43	3%				
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%	235683230	235683230		
Class IV (other)	46	3%				
Class V	47	0%				
Class VI	48	3%				
<b>Total</b>	<b>49</b>		<b>235688656</b>	<b>235683230</b>	<b>138</b>	<b>154</b>

<b>Long term insurance capital requirement</b>	<b>51</b>				<b>27734</b>	<b>23302</b>
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**Returns under the Accounts and Statements Rules  
Supplementary Notes  
Legal & General Assurance (Pensions Management) Limited  
Financial year ended 31 December 2012**

**\*0301\* Reconciliation of Net Admissible Assets to the capital resources shown on Form 3**

	2012 £'000
Form 13, Line 89 (other than long-term)	283,622
Form 13, Line 89 (long-term)	238,890,353
LESS:	
Form 14, Line 11	(235,683,230)
Form 14, Line 49	(3,177,123)
Form 15, Line 69	(37,349)
Core tier one capital (line 19)	<u>276,273</u>
Total capital resources after deductions (line 79)	<u>276,273</u>

**\*0313\* Reconciliation of Profit and Loss account and other reserves Form 3 line 12 to the profit and loss retained Form 16 line 59**

	£'000
Form 3, Line 12, (Profit and Loss account and other reserves 2011)	276,173
Form 3, Line 12, (Profit and Loss account and other reserves 2010)	(274,713)
Form 16, Line 59 (Profit and Loss retained for the financial year)	<u>1,460</u>

**\*1301\* OLTB: Aggregate Value of Certain Investments**

The Company has no assets of the types specified in instruction 5 to Form 13.

**\*1302\* OLTB: Hybrid Securities**

The Company has no hybrid securities.

**\*1303\* OLTB: Salvage or Subrogation Recoveries**

The Company has not included any salvage or subrogation recoveries in Form 13.

**\*1304\* OLTB: Set Off**

In accordance with paragraph 8 of Appendix 9.1, amounts shown in Forms 13 and 15 have been calculated by netting amounts due to any one person against amounts due from that person.

**\*1305\* OLTB: Counterparty Limits**

The investment managers of the shareholders' and General Insurance funds of UK companies in the Legal & General Group have been given counterparty limits as authorised by the Group Counterparty Credit Committee which is a sub committee of the Group Risk & Compliance Committee. These global limits for cash deposits, money market investments, foreign exchange

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and interest rate management transactions (including exposures related to derivatives, stock lending and cash balances with custodian banks) apply to groupwide shareholders' funds in all UK companies of the Group.

- (a) These limits are for approved counterparties and are graded by counterparty and duration, but the maximum counterparty exposure limit was £685 million.
- (b) Limits are also established for unapproved counterparties for the purpose of investing in Commercial Paper issued by such counterparties. The maximum limit for such counterparties is £45 million.
- (c) These limits were not exceeded during the financial year.

**\*1307\* OLTB: Secured Obligations**

The Company has no OLTB rights to which paragraph 14 of Part I of Appendix 4.2 applies. For the Company's secured LTB rights, see Note 1313 below.

**\*1308\* LTB: Aggregate Value of Certain Investments**

The Company has no assets of the types specified in instruction 5 to Form 13.

**\*1309\* LTB: Hybrid Securities**

The Company has no hybrid securities.

**\*1310\* LTB: Set Off**

In accordance with paragraph 8 of Appendix 9.1, amounts shown in Forms 13 and 14 have been calculated by netting amounts due to any one person against amounts due from that person.

**\*1311\* LTB: Previous year comparative**

The reinsurance treaty with Swiss Re, as described in the Abstract of the Valuation Report Section 9.(1)B, has been shown as reinsurance and therefore the previous year column has been amended for comparative purposes.

**\*1312\* LTB: Counterparty Limits**

The non-linked assets held within the long-term insurance fund are treated as shareholders' funds for this purpose (see Note 1305).

**Returns under the Accounts and Statements Rules  
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**\*1313\* LTB: Secured Obligations**

The Company has rights to which paragraph 14 of Part I of Appendix 4.2 applies under its reinsurance treaty with Swiss Re Europe S.A (see section 9 of the Abstract of the Valuation Report prepared by the Actuarial Function Head). The potential value of these rights at the Valuation Date was equal to the deduction for Reinsurance Ceded shown on Form 53.

**\*1401\* LTB: Provision for Adverse Changes**

The Company has no obligations to which rule INSPRU 3.2 applies. Accordingly there is no method used to determine any provision for adverse changes.

**\*1402\* LTB: Details of Charges over Assets, Contingent Liabilities etc.**

- (i) No charge has been made on the assets of the Company to secure the liabilities of any other person.
- (ii) The fund has no liability to tax on capital gains that might arise if the Company disposed of its assets.
- (iii) Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance of actual experience from that assumed may result in such liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of such contracts, or the circumstances in which policyholders have entered into them. In addition, the extent of liabilities in respect of contracts with policyholders may be affected by Court judgments, Ombudsman rulings, regulatory action and industry compensation schemes. Whilst it is not possible to predict with certainty the resultant financial impact or timing of all these factors, the Company considers that provisions have been made on a prudent basis and that it has adequate capital and reserves to meet all reasonably foreseeable eventualities.
- (iv) There are no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business in respect of the existing or future liabilities of any related Company.
- (v) There is no other fundamental uncertainty.

**\*1411\* LTB: Previous year comparative**

The reinsurance treaty with Swiss Re, as described in the Abstract of the Valuation Report Section 9.(1)B, has been shown as reinsurance and therefore the previous year column has been amended for comparative purposes.

**\*1501\* OLTB: Provision for Adverse Changes**

The Company has no obligations to which rule INSPRU 3.2 applies. Accordingly there is no method used to determine any provision for adverse changes.

**Returns under the Accounts and Statements Rules  
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**\*1502\* OLTB: Details of Charges over Assets, Contingent Liabilities etc.**

- (i) No charge has been made on the assets of the Company to secure the liabilities of any other person.
- (ii) There is no liability to tax on capital gains that might arise if the Company disposed of its assets.
- (iii) Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance of actual experience from that assumed may result in such liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of such contracts, or the circumstances in which policyholders have entered into them. In addition, the extent of liabilities in respect of contracts with policyholders may be affected by Court judgements, Ombudsman rulings, regulatory action and industry compensation schemes. Whilst it is not possible to predict with certainty the resultant financial impact or timing of all these factors, the Company considers that provisions have been made on a prudent basis and that it has adequate capital and reserves to meet all reasonably foreseeable eventualities.
- (iv) There are no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business in respect of the existing or future liabilities of any related Company.
- (v) There is no other fundamental uncertainty.

**\*1601\* Basis of Conversion of Foreign Currency**

Assets, liabilities and revenue transactions in foreign currencies are translated to sterling at rates of exchange ruling at the end of the period other than certain revenue transactions which are translated to sterling at the appropriate rates prevailing during the period.

**\*1603\* Other Income and Charges**

Other charges consist of administration expenses and custody charges for OLTB assets.

**\*1700\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

**Returns under the Accounts and Statements Rules  
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**\*4002\* Other Income and Expenditure**

Other income consists of: -

	£'000 2012	£'000 2011
Investment management fees for pension fund management contracts	262,361	237,969
Specific charges to clients on asset allocation, subsidies, ex-gratia payments and stock reservation recoveries	548	2,753
Interest claims	(129)	(28)
	262,780	240,694

**\*4006\* Allocation of Income, Appreciation/Depreciation, Expenses and Taxation**

As there is only one long-term insurance fund all investment income, increase or decrease in the value of the assets brought into account, expenses and taxation is directly allocated to the fund.

**\*4008\* Provision of Management Services to or by the Company**

- (a) Legal & General Investment Management (Holdings) Limited ("LGIM(H)") provides, either directly or indirectly, administration services to the Company.
- (b) Legal & General Investment Management Limited, a wholly owned subsidiary of LGIM(H), provides investment management services to the Company.
- (c) Legal & General Property Limited, a wholly owned subsidiary of LGIM(H), provides property management services to the Company.

**\*4009\* Material Connected Party Transactions**

Names of transacting parties	Legal & General Investment Management Limited
Relationship between transacting parties	Fellow subsidiary undertakings
Description of transaction	Investment management services
Amounts involved £'000	52,886
Other relevant elements of the transaction	None
Amounts written off in respect of debts due to/from connected parties	None

**\*4011\* LTB: Previous year comparative**

The reinsurance treaty with Swiss Re, as described in the Abstract of the Valuation Report Section 9.(1)B, has been shown as reinsurance and therefore the previous year column has been amended for comparative purposes.

**\*4111\* LTB: Previous year comparative**

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The reinsurance treaty with Swiss Re, as described in the Abstract of the Valuation Report Section 9.(1)B, has been shown as reinsurance and therefore the previous year column has been amended for comparative purposes.

**\*4211\* LTB: Previous year comparative**

The reinsurance treaty with Swiss Re, as described in the Abstract of the Valuation Report Section 9.(1)B, has been shown as reinsurance and therefore the previous year column has been amended for comparative purposes.

**\*4401\* Basis of Valuation of Assets**

The long-term insurance business assets have been valued at bid price of the underlying securities. The Property Fund has been valued on a mid-market basis.

**\*4402\* Rights under Derivative Contracts**

Rights under derivative contracts gross and net of variation margin, are held as assets by the internal linked funds as follows: -

	£'000
APAD: Infrastructure Equity MFG	2
APAE: Infrastructure Equity MFG	4,304
APAF: Asia Pacific (ex Japan) Developed Real Estate Eqty Ind	5
BC: Asia Emerging Markets Index (BC)	3,594
BJ: Active Corporate Bond - Over 10 Yr (BJ)	24,882
CAAC: Core Plus (USS) Fund	1,131
DC: Active Corporate Bond - All Stocks (DC)	3,645
DD: Europe (ex UK) & Eurozone Index (DD)	2
DJ: World Adv Emerging (ex-A Pac) (DJ)	3
EC: Japan Equity Index - GBP Hedged (EC)	141,960
ED: Europe (ex-UK) Index - GBP Hedged (ED)	31,952
EE: North America Equity Index - GBP Hedged (EE)	139,423
EF: Asia Pacific (ex-Jap) Dev Index - GBP Hedged (EF)	24,273
EPAA: Europe (ex UK) Equ (NetWHT) Ind	2
EPAB: Europe (ex UK) NetWHT Ind GBPHgd	450
EPAD: Europe (ex UK ex Eurozone) Equity (NetWHT) Index - EUR Hedged	8
EW: N America Net US WHT - Euro Hedged (EW)	1,451
EX: Japan Equity Index-Euro Hedged (EX)	957
FA: Overseas Bond Index - GBP Hdg (FA)	17,091
FG: UK World Eq Index-Euro Hedged (FG)	60
GC: Nth America Net US WHT - GBP Hedgd (GC)	3,667
GPAB: MSCI Value Weighted Developed Index	6
GPAC: MCSI Value Weighted Developed Index - GBP Hedged	2,062
GPAH: FTSE RAFI AW 3000 GBP Hedged	6,462
GPAS: FTSE RAFI All World 3000 (Net WHT) Index Fund	16



**Returns under the Accounts and Statements Rules  
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HD: Act Corp Bond All Stk RPI (HD)	1,830
HE: Act Corp Bond All Stk RPI2035 (HE)	44,657
HF: Act Corp Bond All Stk 2035 (HF)	66,884
HN: World Emerging Markets Eqty Index	487
JA: Active Corp Bond - All Stk 2025 JA	57,097
JB: Active Corp oBnd - All Stk 2045 JB	40,213
JC: Act Corp Bond All Stock -RPI2025	28,036
JD: Act Corp Bond All Stock -RPI2045	38,936
JE: AAA-AA-A Corp Bond All Index 2025	15,726
JF: AAA-AA-A Cp Bond All Stock Idx2035	8,460
JG: AAA-AA-A Corp Bd All Stocks 2045	5,382
JJ: AAA-AA-A Corp Bond All Stock RPI2025	14,328
JK: AAA-AA-ACB All Stock RPI Lnk2035	14,368
JL: 6A Corp Bond All Stock IF(2045) RPI	1,499
JM: AAA-AA-A Corp Bond All Stk RPI	951
KN: Japan Equity (Net WHT) Index (KN)	7
KR: Japan Eq (Net WHT) Idx GBP Hdg (KR)	2,205
KT: High Yield Bond (KT)	2,713
KV: Korea & Taiwan Equity Index (KV)	1
LE: Client Specific Unitised 34786	13,819
LG: Client Specific Unitised 34447	24,862
LK: Client Specific Unitised 35032	1,438,046
LR: Client Specific Unitised 35113	172,424
LT: Client Specific - Merseyside	10
LV: Client Specific Unitised 35112	336,796
LX: CSUF 35228(LX) - Sara Lee - (Euro)	16,761
MD: GRE Equity Index Fund (MD)	18
MG: LDI Active Corp Bond (2030)-MG	46,158
MH: LDI Active Corp Bond (2030)-MH	31,854
MJ: LDI Act Corp Bond (2040) MJ	34,194
MK: LDI Active Corp Bond (2040)-MK	21,037
MM: LDI Act Corp Bond (2050) MM	22,446
MN: LDI Active Corp Bond (2050) RPI MN	11,163
MW: LDI Act Corp Bond (2020) RPI	29,721
MX: LDI Act Corp Bond (2020) RPI	4,921
MY: LDI Active Corp Bond (2055) MY	23,991
NA: LDI Active Corp Bond (2055) RPI NA	49,687
NB: LDI AAA-AA-A Corp Bond (LIBOR)	5,725
NC: LDI Active Corp Bond (LIBOR)	7,710
NK: AAA-AA-A Corp Bond All Stk 2020	3,069
NM: AAA-AA-A Corp Bond All Stk 2030	13,570
NN: AAA-AA-A Corp Bond All Stk 2020 RPI	3,116
NP: AAA-AA-A Corp Bond All Stk 2030 RPI	11,223
NR: AAA-AA-A Corp Bond All Stk 2040 RPI	26,206
PA: Eur (ex UK) Eq Idx (Des E) PA	2
PB: Japan Eq Idx (Des E) PB	8
PC: Asia Pac.ex JapDev Eq Idx(DesE)PC	2
PH: AAA-AA-A Corp Bd All Stocks RPI2050	6,909

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PJ: 6A Corp Bond-All Stk - I.F.2050-PJ	4,090
PK: 6A CorpBnd-AllStk-I.F2050 RPI-PK	950
PL: 6A Corp Bond All Stk Ind(2055) PL	2,185
PM: 6A Corp Bond All Stk Ind(2055) RPI PM	1,523
PP: EurLgeCap(exUK Eq Idx(DesB)PP	6
PPAA: Asia Pac exJap Dev Eqty Index - EUR Hdgd	109
PT: World Equ Index(MSCI)(PT)	63
PV: Wld Equ Ind-MSCI-GBPCurrHdg-PV	4,489
R: Japan Equity Index (R)	4,562
S: North America Equity Index (S)	58
T: Europe (ex UK) Equity Index (T)	23
TD: Core Fund (TD)	3,205
TE: Pan-European Credit Fund (TE)	762
TSAJ: CSUF (36008) - GBP	1,930
TSAK: CSUF (36008) - EUR	103
TV: GI Credit(40%Fins)IF-£Hdgd (TV)	164
VA: Corp Bond(Non Fin)F-\$ Hdgd (VA)	3,786
VB: USD-EUR CB 40% Fin Indx IT & GBP Hdg	9,496
VF: \$CorpBond(NonFin)F-£Hdgd (VF)	19,398
W: Asia Pacific (ex Jap) Dev Equity Index (W)	67
WH: Active EUR Credit All Stocks	408
WJ: Active USD Dur Neutral Long Dated	1,849
WS: Active GBP Credit All Stock	33,383
WT: Act GBP Credit Over 10 Yr Fund	12,891
XG: USDAct Credit Duration Neutral	836
XK: Asia Pac xJapkor Dev Eq Ind GBPH-XK	252
XP: Client Specific Unitised 31421	2,562
XPAC: EM Passive USD Gov Bond GBP Hgd	486
YAAG: Euro Liquidity (2012) Fund	2
YX: FTSE-RAFI All World 3000 Equity Index	18
	<hr/>
	3,216,289

**Returns under the Accounts and Statements Rules  
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Liabilities in relation to derivative contracts, gross and net of variation margin, are held by the internal linked funds as follows: -

	£'000
APAE: Infrastructure Equity MFG	(1,517)
CAAC: Core Plus (USS) Fund	(808)
CS: Eurozone Equity Index (CS)	(8)
DD: Europe (ex UK) & Eurozone Index (DD)	(7)
DJ: World Adv Emerging (ex-A Pac) (DJ)	(4)
EC: Japan Equity Index - GBP Hedged (EC)	(27,733)
ED: Europe (ex-UK) Index - GBP Hedged (ED)	(32,238)
EE: North America Equity Index - GBP Hedged (EE)	(34,981)
EF: Asia Pacific (ex-Jap) Dev Index - GBP Hedged (EF)	(7,952)
EPAA: Europe (ex UK) Equ (Net WHT) Ind	(1)
EPAB: Europe (ex UK) Net WHT Ind GBPHgd	(398)
EPAD: Europe (ex UK ex Eurozone) Equity (NetWHT) Index - EUR Hedged	(20)
EW: N America Net US WHT - Euro Hedged (EW)	(79)
EX: Japan Equity Index-Euro Hedged (EX)	(24)
FA: Overseas Bond Index - GBP Hdg (FA)	(159)
FG: UK World Eq Index-Euro Hedged (FG)	(117)
GC: Nth America Net US WHT - GBP Hedgd (GC)	(765)
GPAC: MCSI Value Weighted Developed Index - GBP Hedged	(211)
GPAH: FTSE RAFI AW 3000 GBP Hedged	(1,916)
GPAS: FTSE RAFI All World 3000 (Net WHT) Index Fund	(19)
GW: North America Equity (Net US WHT) (GW)	(49)
HD: Act Corp Bond All Stk RPI (HD)	(2,924)
HE: Act Corp Bond All Stk RPI2035 (HE)	(20,911)
HN: World Emerging Markets Eqty Index	(11)
HP: UK Equity FTSE 100 Equity Index	(46)
JC: Act Corp Bond All Stock -RPI2025	(10,096)
JD: Act Corp Bond All Stock -RPI2045	(19,107)
JF: AAA-AA-A Cp Bd All Stk Idx2035	(357)
JJ: AAA-AA-A Corp Bond All Stk RPI2025	(6,807)
JK: AAA-AA-ACB All Stk RPI Lnk2035	(7,222)
JL: 6A Corp Bond All Stk IF(2045) RPI	(743)
JM: AAA-AA-A Corp Bond All Stk RPI	(1,565)
KN: Japan Equity (Net WHT) Index (KN)	(2)
KR: Japan Eq (Net WHT) Idx GBP Hdg (KR)	(76)
KT: High Yield Bond (KT)	(845)
LE: Client Specific Unitised 34786	(588)
LK: Client Specific Unitised 35032	(1,084,629)
LR: Client Specific Unitised 35113	(160,742)
LV: Client Specific Unitised 35112	(294,862)
LX: CSUF 35228 (LX) - (Euro)	(4,458)
MD: GRE Equity Index Fund (MD)	(5)
MH: LDI Active Corp Bond (2030)-MH	(14,421)

**Returns under the Accounts and Statements Rules  
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MK: LDI Active Corp Bond (2040)-MK	(10,450)
MM: LDI Act Corp Bond (2050) MM	(161)
MN: LDI Active Corp Bond (2050) RPI MN	(6,104)
MX: LDI Act Corp Bond (2020) RPI	(1,507)
MY: LDI Active Corp Bond (2055) MY	(227)
N: UK Equity Index (N)	(5,381)
NA: LDI Active Corp Bond (2055) RPI NA	(28,335)
NB: LDI AAA-AA-A Corp Bond (LIBOR)	(110,151)
NC: LDI Active Corp Bond (LIBOR)	(230,243)
NN: AAA-AA-A Corp Bond All Stk 2020 RPI	(1,296)
NP: AAA-AA-A Corp Bond All Stk 2030 RPI	(4,785)
NR: AAA-AA-A Corp Bond All Stk 2040 RPI	(14,551)
PA: Eur (ex UK) Eq Idx (Des E) PA	(5)
PE: Europe(exUK)Wlth Wtd Fund(PE)	(5)
PK: 6A CpBnd-AllStk-I.F2050 RPI-PK	(505)
PM: 6A Corp Bond All Stk Ind(2055) RPI PM	(880)
PP: EurLgeCap(exUK Eq Idx(DesB)PP	(18)
PPAA: Asia Pac exJap Dev Eqty Index - EUR Hdgd	(29)
PT: World Equ Index(MSCI)(PT)	(37)
PV: Wld Equ Ind-MSCI-GBPCurrHdg-PV	(1,084)
R: Japan Equity Index (R)	(3)
S: North America Equity Index (S)	(1,108)
T: Europe (ex UK) Equity Index (T)	(386)
TD: Core Fund (TD)	(1,608)
TE: Pan-European Credit Fund (TE)	(1,599)
TK: Portfolio Implementation 34747 - 001	(15,439)
TR: Middle East/Africa Equ Index	(169)
TSAJ: CSUF (36008) - GBP	(248)
TV: GI Credit(40%Fins)IF-£Hdgd (TV)	(80)
VA: Corp Bond(NonFin)F-\$ Hdgd (VA)	(3,007)
VB: USD-EUR CB 40% Fin IndxIT & GBP Hdg	(132,094)
VF: \$Corp Bond (Non Fin)F-£Hdgd (VF)	(6,043)
W: Asia Pacific (ex Jap) Dev Equity Index (W)	(211)
WH: Active EUR Credit All Stocks	(383)
WS: Active GBP Credit All Stock	(15,633)
WT: Act GBP Credit Over 10 Yr Fund	(6,500)
XG: USD Act Credit Duration Neutral	(2)
XK: Asia Pac xJapkor Dev Eq Ind GBPH-XK	(29)
XM: EUR Act Cred Duration Neutral	(6,741)
XP: Client Specific Unitised 31421	(15,320)
XPAC: EM Passive USD Gov Bond GBPHgd	(159)
YAAG: Euro Liquidity (2012) Fund	(10)
	<u>(2,361,948)</u>

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Rights under contracts which have the effect of derivative contracts are held as assets by the internal linked funds as follows: -

	£'000
DL: Money Market (DL)	4,935
CN: AAA-AA-A Bonds All Stk Index (CN)	2,168
LK: Client Specific Unitised 35032	33,972
LR: Client Specific Unitised 35113	2,916
LV: Client Specific Unitised 35112	2,073
TF: US Credit Fund (TF)	1,184
TD: Core Fund (TD)	1,867
WL: Active USD Credit All Stocks	1,057
VT: FRN Fund (VT)	20,911
WS: Active GBP Credit All Stock	13,744
WH: Active EUR Credit All Stocks	10,303
CAAC: Core Plus (USS) Fund	1,120
XV: MMMF II - Readily Available	17,767
XW: MMMF II Retained Run Off	5,380
TSAH: PMC CSUF (34747 Run-Off)	11,214
TSAK: CSUF (36008) - EUR	9,342
TSAL: CSUF (36008) - USD	848
	140,801
	140,801

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**\*4111\* LTB: Previous year comparative**

The reinsurance treaty with Swiss Re, as described in the Abstract of the Valuation Report Section 9.(1)B, has been shown as reinsurance and therefore the previous year column has been amended for comparative purposes.

**\*4502\* Other Income and Expenditure**

Other expenditure consists of: -

	£'000
Bank Charges	1
Property Surveyor fees	323
Expenses On Dividends Received	400
Other Expenses	137
	<hr/> <hr/> 861

**\*4511\* LTB: Previous year comparative**

The reinsurance treaty with Swiss Re, as described in the Abstract of the Valuation Report Section 9.(1)B, has been shown as reinsurance and therefore the previous year column has been amended for comparative purposes.

**\*4601\* Non-linked Group Contracts**

At the end of the report period there were 77 non-linked group contracts in force covered by one treaty for reinsurance ceded.

**\*4602\* Linked Group Contracts**

At the end of the report period there were 2,944 linked group contracts in force.

**\*4611\* LTB: Previous year comparative**

The new business has been split to include the element which is external reinsurance and intra-group reinsurance. The previous years figures have changed for comparative purposes.

**\*4701\* Analysis of New Business**

All business is regarded as recurrent single premium business. The number of new policyholders/scheme members is zero as the benefits at member level is unknown.

**\*4801\* Accrued Interest**

The Company has only one fund to which assets covering long-term insurance business liabilities are appropriated.

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**\*5011\* LTB: Previous year comparative**

The reinsurance treaty with Swiss Re, as described in the Abstract of the Valuation Report Section 9.(1)B, has been shown as reinsurance and therefore the previous year column has been amended for comparative purposes.

**\*5200\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

**\*5400\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

**\*5600\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

**\*5700\* Omission of Form**

A total Form 57 has been omitted, as it would be the same as the underlying Form 57.

**\*5811\* LTB: Previous year comparative**

The reinsurance treaty with Swiss Re, as described in the Abstract of the Valuation Report Section 9.(1)B, has been shown as reinsurance and therefore the previous year column has been amended for comparative purposes.

**\*5900\* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.





**Return under the Accounts and Statements Rules**  
**Statements required by the Rules**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2012**

**Rule 9.29: Additional information on derivative contracts**

- a) Investment objectives and guidelines are set for each fund. These reflect the specific objectives of the fund in terms of its asset structure, permitted holdings and performance targets. Compliance with the rules and Guidance in respect of the derivatives is taken fully into account during drafting. The overriding principles are to have adequate controls in place to ensure long term funds are not exposed excessively to risks related to derivative contracts. Specific guidelines are set and these are summarised below:
- (i) The use of derivatives must be appropriately justified as efficient portfolio management or as a reduction of investment risks.
  - (ii) Adequate cover must be maintained to enable obligations to be met and rights to be exercised.
  - (iii) Regular monitoring should be performed in order to determine aggregate exposure to each asset and counterparty exposure (for which a limit is set).
  - (iv) Monitoring and valuation procedures must enable the external reporting on derivative contracts to be completed satisfactorily.
  - (v) Derivatives must be based on assets which are themselves admissible or based on an index of such assets or based on an official index of retail prices.
  - (vi) Derivatives transactions should only be undertaken in the full knowledge of their treatment for tax purposes to ensure that such transactions are financially appropriate.
- b) The investment objectives and guidelines do not specifically refer to derivative contracts as referred to in sub-paragraph (b) of the rule.
- c) The Company has not been party to any derivative contract during the financial year of the kind described in sub-paragraph (b) of the rule.
- d) There were no circumstances surrounding the use, during the year, of any derivative or quasi derivative which required a significant provision under INSPRU 3.2.17R or that did not fall under the definition of a permitted derivatives contract under the permitted link rules.
- e) No considerations were received by the firm during the year for granting rights under derivatives or quasi derivatives. (The company received £594,015 of underwriting commission).

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**Rule 9.30: Additional information on controllers**

Legal & General Group Plc ("the Group") was, throughout the year, a shareholder controller of the Company. The Group holds all the ordinary share capital and voting rights in Legal & General Investment Management (Holdings) Limited, which holds all the share capital and voting rights in the Company.

## Returns under the Accounts and Statements Rules (IPRU (INS))

### Appendix 9.4 (Rule 9.31):

#### Legal & General Assurance (Pensions Management) Ltd

#### Abstract of the Valuation Report

Financial year ended 31 December 2012

#### 1. Introduction

- 1.(1) The date to which this investigation relates, namely the valuation date, is 31 December 2012.
- 1.(2) The date of the previous investigation under rule 9.4 was 31 December 2011.
- 1.(3) There have been no valuations (for the purposes of rule 9.4) since the previous investigation.

#### 2. Product range

- 2.(1) The pooled fund contract provides for investment of the assets of defined benefit and defined contribution pension schemes into linked funds. The name of the fund section generally indicates the nature of the underlying assets.
- 2.(2) 51 new sections were created in 2012. These are listed and include the internal reference code.

#### 2012 Opened Funds (Code Name)

1. AABB Property Fund (Weekly)
2. APAD Infrastructure Equity MFG
3. APAE Infrastructure Equity MFG GBP Hedged
4. APAF Asia Pacific (excluding Japan) Developed Real Estate Equity Index
5. BFAA German France Netherlands Government Bond>15Year Index including Charges
6. BFAB German France Netherlands Government Bond>15Year Index Sc&InvCg
7. BFAC Eurozone 5A Government Bond Over 10 Year
8. BFAD Eurozone 5A Government Bond Under 5 Year
9. CFAA Global Corporate Ex Financial Passive 6A 60:20:20
10. CSAD Act Corporate Bond-All Stocks-charges 2011
11. CSAF Active Global Corporate Bond
12. CSAG Active Global Corp Bond GBP Hedged
13. EPAD Europe ex UK & Eurozone Equity Net With-Holding Tax EUR Hedged
14. FAAN 2049 Leveraged Gilt Fund
15. FAAP 2055 Leveraged Gilt Fund
16. FAAZ 2047 Leveraged Index Linked Gilt
17. FABA 2050 Leveraged Index Linked Gilt
18. FABB 2055 Leveraged Index Linked Gilt
19. FABC 2062 Leveraged Index Linked Gilt
20. FRAJ 2060 Real Fund
21. FRAK Euro 2030 Real Fund
22. GPAP Global Equity MW(40:60) Index (charges Included)
23. GPAR World Equity (Net With-Holding Tax) Index EUR Hedged
24. GPAS FTSE RAFI AW 3000 (Net With-Holding tax) Index
25. GPAT World Equity (Net With-Holding Tax) Index Sch & Inv
26. GPAV World Equity (Net With-Holding Tax) Index EUR Hedged Sc & Inv Chg

## Returns under the Accounts and Statements Rules (IPRU (INS))

### Appendix 9.4 (Rule 9.31):

#### Legal & General Assurance (Pensions Management) Ltd

#### Abstract of the Valuation Report

#### Financial year ended 31 December 2012

27.	GPAW	FTSE RAFI AW3000 Developed EUR (excluded UK)
28.	GPAX	FTSE RAFI AW3000 North America
29.	GPBA	FTSE RAFI AW3000 Developed Equity Index DesE
30.	MAAA	Diversified Fund
31.	MAAB	Diversified Fund (charges included)
32.	MPAA	Multi Asset Fund
33.	PPAA	Asia Pacific excluding Japan Developed Equity Index EUR Hedged
34.	RAAG	2040 Inflation Fund
35.	STAA	Marathon Run off Portfolio #1
36.	STAB	Marathon Run off Portfolio #2
37.	TLAC	Bespoke (36166)
38.	TSAM	Bespoke (34865)
39.	TSAN	Bespoke (36037)
40.	TSAP	Bespoke (35990)
41.	TSAT	Bespoke (33117)
42.	TSAU	Bespoke (35115)
43.	TSAW	Bespoke (35865)
44.	TSAX	Bespoke (36147)
45.	TSAZ	Bespoke (34361)
46.	WP	WldEurzn5050EqInd Net With-Holding Taxing Charges
47.	XPAC	EM Passive USD Gov Bond GBP Hedged
48.	XPAD	EM Passive USD Govt Bond
49.	YAAF	LIBOR Plus Fund
50.	YAAG	Euro Liquidity (2012) Fund
51.	YAAH	Euro Liquidity (2012) (Schm&InvChg)

25 sections were withdrawn in 2012. These are listed below and include the internal reference code.

#### 2012 Closed Funds (Code Name)

1.	KB	Enhanced Matching 2030 Fixed
2.	KC	Enhanced Matching 2020 RPI
3.	KD	Enhanced Matching 2025 RPI
4.	KE	Enhanced Matching 2030 RPI
5.	KF	Enhanced Matching 2035 RPI
6.	MR	Enhanced Matching 2025 Fixed
7.	MT	Enhanced Matching 2035 Fixed
8.	PX	Cashflow Matching Fund (2015)
9.	PY	Cashflow Matching Fund (2020)
10.	RA	Cashflow Matching Fund (2025)

## Returns under the Accounts and Statements Rules (IPRU (INS))

### Appendix 9.4 (Rule 9.31):

#### Legal & General Assurance (Pensions Management) Ltd

#### Abstract of the Valuation Report

Financial year ended 31 December 2012

11.	RB	Cashflow Matching Fund (2030)
12.	RD	Cashflow Matching Fund (2040)
13.	RE	Cashflow Matching Fund (2045)
14.	RF	Cashflow Matching Fund (2050)
15.	RG	Cashflow Matching Fund (2055)
16.	RJ	Cashflow Matching (RPI 2015)
17.	RK	Cashflow Matching (RPI 2020)
18.	RL	Cashflow Matching (RPI 2025)
19.	RM	Cashflow Matching (RPI 2030)
20.	RN	Cashflow Matching (RPI 2035)
21.	RP	Cashflow Matching (RPI 2040)
22.	RR	Cashflow Matching (RPI 2045)
23.	RT	Cashflow Matching (RPI 2050)
24.	X	Active Overseas Bond Fund
25.	YAAB	Euro Liquidity Fund

2.(3) The products do not contain any options or guarantees that are in-force.

2.(4) The additional voluntary contribution contract included at outset, guaranteed annuity rates for members retiring at normal retirement date within the first ten years of the scheme. No members are now entitled to this guarantee.

2.(5) There are certain Overseas Life Assurance Benefit (OLAB) contracts where the benefits are paid in a non Sterling currency, either Euro or US dollars.

2.(6) There have been no changes to the product brand name.

2.(7) None of the contracts contain a with-profits option.

2.(8) The terms and conditions of the policy may be changed with four months notice to policyholders.

### 3. Discretionary charges and benefits

3.(1) The company does not have the option of applying market value reductions

3.(2) The company does not write non-linked protection business

3.(3) The company does not write non-profit deposit administration benefits

3.(4) The company does not use benefit charges

3.(5) The contracts are not with-profits

3.(6) The Company recovers its costs, other than flat charges for smaller schemes with less than £25m invested or for ancillary services, through the annual management charge which accrues daily as a proportion of the assets of the fund. The standard charges for internal linked funds vary from 0.03% to 0.75% p.a. for active funds and from 0.03% to 0.68% p.a. for index tracking funds; the charges also vary within these ranges depending upon the amount invested. There are extra fixed charges for other related services including asset allocation and scheme benchmarking.

## **Returns under the Accounts and Statements Rules (IPRU (INS))**

### **Appendix 9.4 (Rule 9.31):**

#### **Legal & General Assurance (Pensions Management) Ltd**

#### **Abstract of the Valuation Report**

**Financial year ended 31 December 2012**

- 3.(7) The Company maintains a spread between the bid and offer prices of units. This covers the Company's dealing costs, including stamp duty. As at the investigation date the default bid/offer spreads vary from nil to a maximum of 6.18% on a property fund (of which a significant proportion is for stamp duty levied on purchases of direct property).
- 3.(8) Where monies being reallocated match monies allocated to the fund, the saving in external dealing costs is passed to the policyholder or retained by the Company depending upon the circumstances. In the latter case such matching is a source of revenue to the Company for weekly dealt internal linked funds.
- 3.(9) (i) Internal linked funds:  
For more recent internal linked funds custodial costs are paid by the Company and recouped as part of the fund management charge. A few of the older internal linked funds have custodial costs deducted directly from the fund. Whilst it is possible for the fund management charge to be deducted as part of the unit price (these funds have 'charges' after the fund name), the majority of policyholders pay fund management fees quarterly in arrears.

There are three methods used in the creation and cancellation of units for the internal linked funds. The methods are daily midday, daily close, and weekly pricing series. For all pricing series the Directors determine the bid and offer price around the mid-value on a basis which reflects the typical spread for dealing in the market, including where applicable, local tax and stamp duties and brokerage. The timing of the valuation of the pricing series are described below, however all units are created or cancelled as at the valuation point in time. For all pricing series the Company does not retain a "box" of units.

A weekly pricing series is available to clients. On the day before a dealing day all existing investments of each fund are valued at the closing mid-market price (or last traded price in some markets) by reference to at least one recognised pricing service. Where a bid/offer spread exists and the fund is due to receive an inflow, units are created at the offer price; conversely if the fund is due to pay an outflow then units are cancelled at the bid price. Dealing days occur on the first business day of each calendar month, with the balance spread over the rest of the month.

A daily single swinging price series is also available to clients for a sub-set of the weekly funds. On the valuation day (normally weekly), all funds are valued at bid, mid and offer. Prices are typically struck for each subsequent business day based upon the latest available weekly valuation adjusted by the total return on the relevant index to allow for movements, including currency if applicable, between the weekly valuation and the pricing day for the fund. If the fund is due to receive a net inflow then new units are created at the offer price; if the fund is due to pay a net outflow then units are cancelled at the bid price. When the net flow in either direction is small the mid-price is used for both the creation and cancellation of units.

## **Returns under the Accounts and Statements Rules (IPRU (INS))**

### **Appendix 9.4 (Rule 9.31):**

#### **Legal & General Assurance (Pensions Management) Ltd**

#### **Abstract of the Valuation Report**

**Financial year ended 31 December 2012**

A midday single swinging pricing series is also available to clients for a subset of the daily funds. The midday pricing series is valued using the last night's close daily unit price rolled forward by the relevant index (or close proxy) where available and currency if applicable.

The additional voluntary contribution contract is an internal linked fund which has a single unit price i.e. it does not have a bid/offer spread. Investment charges are currently 0.50% p.a. of the total value of the fund.

Liability Driven Investments (LDI) and Client Specific Unitised Funds (CSUF's) are valued using the unit prices as described above for the underlying funds together with the value of any directly held assets and swap(s). These OTC swaps are valued through a price discovery mechanism process agreed with the counterparty investment banks supported by an internal valuation model.

#### **(ii) External linked funds:**

Where the Company on behalf of its policyholders' purchases shares in the LGIM (Ireland) Risk Management Solutions PLC Qualifying Investor Scheme, the Company charges a fund management fee which includes the cost of providing the relevant sub-fund of the Qualifying Investor Scheme. All shares created allow for the associated costs of underlying asset purchases, and where shares are cancelled the cost of sale of underlying assets is allowed for (in both cases subject to certain minimums). There is no timing difference between valuation and share transactions. The Company does not retain for itself any discount, commission or other allowance on purchase or sale of units.

Where the Company on behalf of its policyholders' purchases shares in the LGIM Commodity Composite Source ETF, a sub-fund of Source Markets plc, a proportion of the on-fund fee is paid to a related company Legal & General Investment Management (LGIM). All shares created allow for the associated costs of underlying asset purchases, and where shares are cancelled the cost of sale of underlying assets is also allowed for. There is no timing difference between valuation and share transactions. Neither the Company nor LGIM receive any allowances from the UCITS compliant fund on purchase or sale of shares.

Where the Company on behalf of its policyholders' purchases shares in LGIM Liquidity Funds PLC UCITS scheme, the Company charges a fund management fee which includes the cost of providing the relevant sub-fund of the UCITS scheme. There is no impact from timing differences between valuation and share transactions. The Company does not receive any allowances from the UCITS compliant fund on purchase or sale of shares.

**Returns under the Accounts and Statements Rules (IPRU (INS))**  
**Appendix 9.4 (Rule 9.31):**  
**Legal & General Assurance (Pensions Management) Ltd**  
**Abstract of the Valuation Report**  
**Financial year ended 31 December 2012**

Where the Company on behalf of its policyholders' purchases shares in sub-funds of the Legal & General Investment Management Funds ICVC ('LGIM OEIC') scheme, the Company charges a fund management fee which includes the cost of providing the relevant sub-fund of the OEIC scheme. All shares created allow for the associated costs of underlying asset purchases, and where shares are cancelled the cost of sale of underlying assets is allowed for (in both cases subject to certain minimums). There is no timing difference between the valuation and the actual share transactions. The Company does not receive any allowances from the UCITS compliant sub-fund on purchase or sale of shares.

- 3.(10) No method is required to provide for UK tax on realised or unrealised capital gains although a small number of territories in which the Company invests may levy a tax on capital gains at a local level which is charged to the unit linked funds. If deemed appropriate by the Company an adjustment to income for the recovery of overseas withholding tax is allowed for in the unit price. In addition transactional taxes are included as appropriate in the spread on the unit linked funds

3. (11) Double charging for expenses is eliminated in unit cross holdings.

4. Valuation basis

- 4.(1) The valuation liability for the pooled fund contracts has been taken as the total value at valuation unit prices of the units standing to the credit of the policies as at the valuation date. The valuation unit prices are the published prices on the first business day following the valuation date interest accrued between the valuation date and the next business day.

No allowance is made for persistency, interest or mortality in the valuation of linked contracts.

Unit liabilities are valued at valuation unit prices without any discounting.

The valuation liability for immediate annuities is obtained by discounting future payments on the basis shown below. Individual contracts are valued with explicit allowance for future expenses.

- i. Due regard has been given to the duty to treat customers fairly through their contractual entitlements and the valuation is in line with those expectations. No increases in policy charges are anticipated in deriving the mathematical reserves. Policyholders are not eligible to participate in any established surplus.
- ii. The net premium method of valuation is not used.
- iii. The valuation methods do not give rise to negative values and do not allow any contract to be treated as an asset.
- iv. The contracts are non-profit and so no reserve has been made for future bonuses.



**Returns under the Accounts and Statements Rules (IPRU (INS))**

**Appendix 9.4 (Rule 9.31):**

**Legal & General Assurance (Pensions Management) Ltd**

**Abstract of the Valuation Report**

**Financial year ended 31 December 2012**

- v. No provision has been made for any liability to taxation on unrealised capital gains.
  - vi. The potential cost associated with the timing difference between quoting and purchase of immediate annuities has been reviewed and no reserve has been deemed necessary.
- 4.(2) The annual rate of interest used to value annuities in the course of payment is 3.75% (4.60% 2011).
- 4.(3) The yield has been adjusted for valuation margins and allowance for default risk.
- 4.(4) The mortality tables used are set out below:
- 79.0% of PCMA00 for males and 86.2% of PCFA00 for females for ages below 90. For ages above 90 bespoke mortality rates used. Allowance for future improvement, commencing 01.01.2009, as per CMI's 2011 mortality improvement model; with the following parameters:
- Males: Long term rate of 2% p.a. up to age 85, tapering to 0% at 120.
- Females: Long term rate of 1.5% p.a. up to age 85, tapering to 0% at 120.
- The expectations of life for annuities in the course of payment are:
- |        |      |      |
|--------|------|------|
| Age    | 65   | 75   |
| Male   | 23.7 | 14.6 |
| Female | 25.0 | 15.6 |
- i. The equivalent tables for 2011 were:
    - 81.5% of PCMA00 for males and 87% of PCFA00 for females. Allowance for future improvement, commencing 30.06.2009, as per CMI's mortality improvement model; CMI2009 MC with the following parameters:
    - Males: Long term rate of 2% p.a. up to age 85, tapering to 0% at 120.
    - Females: Long term rate of 1.5% p.a. up to age 85, tapering to 0% at 120.
  - ii. No allowance has been made for changes in the incidence of disease or developments in medical science other than for reductions in rates of mortality of annuitants as described above.
- 4.(5) Not relevant

## Returns under the Accounts and Statements Rules (IPRU (INS))

### Appendix 9.4 (Rule 9.31):

#### Legal & General Assurance (Pensions Management) Ltd

#### Abstract of the Valuation Report

Financial year ended 31 December 2012

- 4.(6) The valuation liability for immediate annuity contracts includes a per policy expense allowance of £19.30 p.a. increasing from 31.12.2012 at 3.5% p.a. The basis used in 2011 was £18.65 with increases of 3.5% p.a. from 31.12.2011. The Company itself does not incur expenses as part of the payment of annuities.
- 4.(7) Not relevant
- 4.(8) Not relevant
- 4.(9) Not relevant
- 4.(10) Not relevant
- 4.(11) Derivative assets are held by the Company only for the purposes set out in the FSA rules and guidance. In all cases the value of the derivatives matches the value of the assets held. No additional reserve has therefore been deemed necessary in respect of derivative holdings. When valuing derivatives as part of the unit pricing mechanism, warrants, futures and listed options are taken at market value, and currency forwards are valued using current exchange rates.
- 4.(12) The changes to INSPRU rules at 31 December 2006 have not resulted in any impact on the mathematical reserves.
5. Options and guarantees
  5. (1) As there are no options or guarantees no reserve is required.
6. Expenses
  - 6.(1) The valuation basis for linked contracts does not require an explicit reserve for expenses since the amount required to meet expenses arising in future years will implicitly be covered by charges on the linked funds. The amount of fees expected in 2013, according to the 2013 Operating Plan, is in excess of the expected expenses. The basis of calculation of the requirement in respect of the expenses of continuing to transact new business during the 12 months following the valuation date is that used for the Company's Operating Plan and the budgets of the relevant cost centres. No reserve is required.
  - 6.(2) The terms under which the new business is written are such that there is no new business strain and as such no need to hold any such reserve.

## Returns under the Accounts and Statements Rules (IPRU (INS))

### Appendix 9.4 (Rule 9.31):

#### Legal & General Assurance (Pensions Management) Ltd

#### Abstract of the Valuation Report

Financial year ended 31 December 2012

- 6.(3) If the Company were to cease transacting new business 12 months after the valuation date then any closure costs would be borne by the Company. No provision is necessary for such costs. However the Company's capital and reserves have been reviewed as to their adequacy to cover costs arising from cessation of new business. The administration of the in-force portfolio is likely, in practice, to be transferred to a third party provider. The costs of the new arrangements would be reflected in revised fees for the linked funds after due notice had been given. The cost of negotiating an arrangement with a third party, and of any expenses which could not be charged to the linked funds in the notification period, is not significant in the context of the excess of maintained capital and reserves over the required margin of solvency. It would also be less than any reasonable estimate of the value of future profits from the in-force business that would exist on cessation of new business.
- 6.(4) Projections of the fund, incorporating expected future expense levels, investment returns and fee income reflecting current experience and recent trends indicate that expenses will continue to be covered by fee income. These projections are performed using a model office and testing of the model office indicated that expense margins were in surplus even under adverse scenarios.
7. Apart from the immediate annuities, all of the contracts are unit linked and are run without a "box" and as a consequence there is no mismatch of reserves.
8. There are no "other special reserves"
9. Reinsurance ceded
- 9.(1) No reinsurance is ceded on a facultative basis.
- 9.(2) Reinsurance treaties
- A Immediate annuities
- i. The liability in respect of immediate annuities is wholly reinsured under a treaty with Legal & General Assurance Society Limited ("Society").
  - ii. The reinsurance is on original terms.
  - iii. No premiums were payable by the Company under the treaty during the report period and no new annuities written.
  - iv. There is no deposit back arrangement.
  - v. The treaty is not closed to new business.
  - vi. The value of the mathematical reserves under this treaty is £5.4m.
  - vii. Society is authorised to carry on insurance business in the United Kingdom.
  - viii. Society is a connected insurer.
  - ix. The Company has no liability to refund any amounts of reinsurance commission in the event of surrender of the contracts.

**Returns under the Accounts and Statements Rules (IPRU (INS))**

**Appendix 9.4 (Rule 9.31):**

**Legal & General Assurance (Pensions Management) Ltd**

**Abstract of the Valuation Report**

**Financial year ended 31 December 2012**

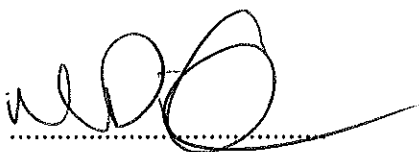
**B Index Funds**

- i. The liability of the Index Funds in respect of exposure to the price of Legal & General Group Plc shares is wholly reinsured under a treaty with Swiss Re Europe S.A (SRE) ("Swiss Re") a company based in Luxembourg.
  - ii. The reinsurance is on original terms. The Company has a charge over the assets held by Swiss Re to match its liability.
  - iii. The Company ceded client monies of £244 million under the treaty during the report period.
  - iv. There is no deposit back arrangement.
  - v. The treaty is not closed to new business.
  - vi. Swiss Re is authorised to carry on insurance business in the United Kingdom under a branch structure and the assets and custodian are based in London and operate under English law.
  - vii. Swiss Re is not a connected insurer.
  - viii. The assets held by Swiss Re are subject to a floating charge.
  - ix. The Company has no liability to refund any amounts of reinsurance commission in the event of surrender of the contracts.
10. The policies are all non-profit.

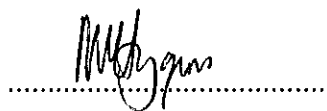
**Returns under the Accounts and Statements Rules**  
**Certificate required by rule 9.34**  
**Legal & General Assurance (Pensions Management) Limited**  
**Financial year ended 31 December 2012**

We certify that:

1. (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and
2. that we satisfied that:
  - (i) throughout the financial year, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
  - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
3. 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;
4. 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;
5. we have, in preparing the return, taken and paid due regard to advice in preparing the return from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R.



M D T Craston, Chief Executive



N M Higgins, Director



J C Browne, Director

26 March 2013



**Auditors' Report: Regulatory Return for a life insurance company  
Legal & General Assurance (Pensions Management) Limited  
Financial year ended 31 December 2012  
Independent auditors' report to the directors pursuant to rule 9.35 of the Interim  
Prudential Sourcebook for Insurers**

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ('the Rules') made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 16, 40 to 45, 48, 49, 58 and 60, (including the supplementary notes) on pages 1 to 54 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on page 55 ('the statement'); and
- the valuation report required by IPRU(INS) rule 9.31(a) on pages 57 to 66 ('the valuation report');

We are not required to audit and do not express an opinion on:

- Forms 50 to 55 (including the supplementary notes) on pages 29 to 37;
- the statements required by IPRU(INS) rules 9.30 on page 56; and
- the certificate required by IPRU(INS) rule 9.34(1) on page 67.

**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 IPRU(INS) rule 9.11 the Forms, the statement and the valuation report are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report are required to reflect appropriately the requirements of INSPRU 1.2.

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:

- 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 Forms, the statement and the valuation report are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our audit.

This report has been prepared for the directors of the insurer to comply with their obligations under IPRU(INS) rule 9.35 and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose save where expressly agreed by our prior consent in writing.

**Auditors' Report: Regulatory Return for a life insurance company  
Legal & General Assurance (Pensions Management) Limited  
Financial year ended 31 December 2012  
Independent auditors' report to the directors pursuant to rule 9.35 of the Interim  
Prudential Sourcebook for Insurers**

**Basis of opinion**

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the insurer 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 statement and the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) 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:

- (i) 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
- (ii) 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 INSPRU 1.2.



PricewaterhouseCoopers LLP  
Chartered Accountants

26 March 2013