

SUFFOLK LIFE ANNUITIES LIMITED

REPORT AND ACCOUNTS

2008

SUFFOLK LIFE ANNUITIES LIMITED

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Registered Office:
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Suffolk
IP1 1QJ

Registered in England & Wales No. 1011674

SUFFOLK LIFE ANNUITIES LIMITED

DIRECTORS' REPORT

The directors submit their annual report together with the audited financial statements of Suffolk Life Annuities Limited ("the Company") for the year ended 31 December 2008.

Principal activities

The Company's principal activities during the year continued to be the issue and maintenance of Self-Invested Personal Pensions (SIPPs) and similar self-invested pension products. The company is authorised and regulated by the Financial Services Authority.

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

Business review

The Company as part of the Suffolk Life Group plc was acquired by Legal & General Retail Investment (Holdings) Limited, a subsidiary of Legal & General Group Plc in May 2008.

Performance of the company and future outlook

	2008 £ '000	2007 £ '000
Gross premium income	319,909	776,949
Long term business fund	2,465,913	2,850,823
Profit on ordinary activities before tax	<u>887</u>	<u>1,291</u>

The Company paid £1.5 million (2007: £Nil) dividend during the year to its parent company Suffolk Life Group plc. This reduced Shareholders funds by 13% to £6.4 million. The company's Shareholder funds continues to be a sound capital base for the company.

Profit before tax of £0.9million was 31% below the £1.3million achieved in 2007. This is partly the result of a realised gain in 2007 of £200,000 and reductions in other income as well as an increase in the management charges paid to Suffolk Life Pensions Limited in recognition of additional work outsourced to this company as detailed in a new outsourcing agreement which came into effect on the 1st January 2008.

There are two product offerings in the Suffolk Life Group, and as new business is written through the trust base scheme, Suffolk Life Annuities Limited will only receive new business in the form of Group managed funds and trustee investment plans for property investment and further contributions to existing schemes. The result is lower SIPP numbers and premiums received by SLA in 2008, and the impact of this will continue to be much greater in future years.

The business continued to achieve another year of growth, with the number of SIPPs and similar self-invested pension products in issue, which is the key performance indicator, increasing by 8% to 10,912. The Company has also been impacted by market conditions as these have had an impact on funds under administration, reducing them by 16% to £2.5 billion. The level of funds under administration in the coming year will, of course, be in part dependent on investment market movements which remain uncertain.

We aim to improve efficiency in all areas of our operations through cost reduction, motivating and retaining talented people who are committed to our goals, and by working closely with our business partners to deliver effective distributions channels. Customer service remains a top priority.

Principal risks and uncertainties facing the company

The principal risks and uncertainties of the Company are shown below:

1) Market and Economic Conditions

The pensions and specifically, SIPPs market has been affected by the difficult economic conditions. Market uncertainty will lead to lower growth in new business. Increased competition may impact fee levels as well as volumes.

The Company's principal business channel is the pensions market and uncertainty in this would limit new clients. Competitor activity and changes in market would impact new business targets.

2) Regulation and Legislation

The Company operates in a highly regulated and specialist industry and therefore is susceptible to any adverse changes in regulation and taxation legislation. Regulation and government fiscal policy influence the overall framework for the design, marketing and distribution of products; the acceptance and administration of business; and the prudential capital that regulated companies should hold.

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

Operational risk

The other main risks faced by the Company are operational risks around the administration of the SIPP and similar self invested pension products. This is outsourced to a fellow subsidiary, Suffolk Life Pensions Limited under a service level agreement. Given the nature of the Company's business maintaining a strong reputation for self-invested pension administration is important.

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

Financial Risk management

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

All cash deposits held by the Company are short term and are subject to pre-approval by the board of directors and such approval is limited to financial institutions with an AA rating or better. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

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

The level of risk relating to the obligation the Company has toward investors is limited by the fact that all funds being administered are held as linked funds.

Differences between market and balance sheet value of land and buildings

In the opinion of the directors, the market values of the Company's freehold properties are not materially different from those stated in note 11 to the financial statements.

Directors

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

HN Catchpole
RAK Chester
IW Furniss
PV Weir

PJ Newman (resigned 11 September 2008)
CF Jones (resigned 11 September 2008)
HG May (resigned 11 September 2008)
BGA Mitchell (resigned 15 May 2008)

IW Furniss resigned and Legal & General CoSec Limited was appointed as Company Secretary on 1 October 2008.

Supplier payment policy

Although the company does not follow a specified code or standard of payment practice, it is the company's policy to agree terms for payment with suppliers in advance of the supply of goods and services and to make payment within those terms. The number of supplier credit days outstanding at the year end was 30 days (2007: 31 days).

SUFFOLK LIFE ANNUITIES LIMITED

DIRECTORS' REPORT continued

Political and charitable donations

There were no charitable or political donations in the year (2007: £Nil).

Directors' Insurance

The Company maintains an appropriate level of Directors and Officers' liability insurance which is reviewed annually.

Auditors

During the year KPMG Audit Plc resigned as auditors of the company and PricewaterhouseCoopers LLP were appointed.

An elective resolution was passed by the Company's shareholders under the Companies Act 1985. The elective regime was abolished by the Companies Act 2006 and the transitional provisions relating to the reappointment of auditors permit the auditors to remain in office unless the Company resolves otherwise.

There is no requirement under the Companies Act or the Company's articles of association to hold an Annual General Meeting or lay the Company's report and accounts before the shareholders.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those financial statements, the directors are required to:

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors in office, at the date the directors' report is approved, confirms that:

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

By order of the board

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

29 April 2009

Independent auditors' report to the members of Suffolk Life Annuities Limited

We have audited the financial statements of Suffolk Life Annuities Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

30 April 2009

SUFFOLK LIFE ANNUITIES LIMITED
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	<i>Note</i>	2008 £ '000	2008 £ '000	2007 £ '000	2007 £ '000
TECHNICAL ACCOUNT - LONG TERM BUSINESS					
Gross premiums written	2		319,909		776,949
Investment income	3		115,298		92,386
Realised gains on investments			-		9,041
Unrealised gains on investments			-		22,857
Other technical income			175		180
			<u>435,382</u>		<u>901,413</u>
Claims incurred	4	199,541		147,496	
Changes in other technical provisions					
Technical provisions for linked liabilities	17	(384,910)		715,731	
Long term business provision	18	-		(469)	
Net operating expenses	5	10,017		9,666	
Investment expenses and charges	6	29,691		26,369	
Realised losses on investments		35,913		-	
Unrealised losses on investments		544,421		-	
			<u>(434,673)</u>		<u>(898,793)</u>
Balance on the technical account - long term business			<u>709</u>		<u>2,620</u>
NON-TECHNICAL ACCOUNT					
Balance on the long term business technical account			709		2,620
Investment income	3		232		183
Realised gains on investments			-		190
Other charges, including value adjustments	5		(83)		(1,851)
Other income			29		149
			<u>887</u>		<u>1,291</u>
Profit on ordinary activities before tax	7		887		1,291
Tax on profit on ordinary activities	10		(231)		(330)
Profit for the financial year	16		<u>656</u>		<u>961</u>

All of the above relate to the continuing activities of the company.

The inclusion of unrealised gains and losses on investments in the profit and loss account of an insurance company is not deemed to be a departure from the unmodified historical cost basis of accounting. There are no other differences between profit on ordinary activities before tax or the profit for the financial year and their historical cost equivalents and therefore a separate note of historical cost profits and losses has not been included.

All gains and losses are included within the profit and loss account and as such no Statement of total recognised gains and losses has been prepared.

The notes on pages 9 to 20 form an integral part of these financial statements.

SUFFOLK LIFE ANNUITIES LIMITED
BALANCE SHEET

As at 31 December 2008

ASSETS	<i>Note</i>	2008 £ '000	2008 £ '000	2007 £ '000	2007 £ '000
Assets held to cover linked liabilities	<i>13</i>		2,653,587		2,906,646
Debtors					
Debtors arising out of direct insurance operations	<i>14</i>	4,726		102,620	
Other debtors	<i>14</i>	1,331		<u>1,279</u>	
			6,057		103,899
Other assets					
Cash at bank and in hand		<u>5,574</u>		<u>6,542</u>	
			5,574		6,542
Prepayments and accrued income					
Accrued interest and rent	<i>14</i>		829		702
Total assets			<u>2,666,047</u>		<u>3,017,789</u>
LIABILITIES					
Capital and reserves					
Called up share capital	<i>15</i>		1,700		1,700
Profit and loss account	<i>16</i>		4,725		5,569
Shareholders' funds attributable to equity interests	<i>16</i>		<u>6,425</u>		<u>7,269</u>
Technical provision for linked liabilities	<i>17</i>		2,465,913		2,850,823
Creditors					
Amounts owed to credit institutions	<i>19, 20</i>	182,349		148,567	
Other creditors including taxation and social security	<i>19</i>	<u>3,190</u>		<u>3,858</u>	
			185,539		152,425
Accruals and deferred income	<i>19</i>		8,170		7,272
Total liabilities			<u>2,666,047</u>		<u>3,017,789</u>

These financial statements were approved by the board of directors on 28 April 2009 and were signed on its behalf by:

HN Catchpole
 Director

IW Furniss
 Director

The notes on pages 9 to 20 form an integral part of these financial statements.

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of certain assets.

Basis of preparation

The financial statements have been prepared in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985, with the exception that, in accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of investment properties as set out below.

In the preparation of its financial statements, the company has taken account of the recommendation stated in the ABI Statement of Recommended Practice on Accounting for Insurance Business issued in December 2005 (amended 2006) by the Association of British Insurers (the "ABI SORP").

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

The Company has taken advantage of the exemptions under the terms of FRS 8 'Related Party Disclosures' from disclosing related party transactions with entities that are part of Legal & General Group Plc or investees of Legal & General Group Plc.

Subsidiary undertakings

The financial statements present information about the company as an individual undertaking. Subsidiary undertakings are accounted for as investments of the shareholders' fund.

As a wholly-owned subsidiary the company is exempt from preparing consolidated accounts under Section 228 of the Companies Act 1985.

Long term business

The company's long term business is comprised of linked policies including Self-Invested Personal Pension policies and other self invested policies.

Technical provisions for linked liabilities reflect the liabilities to the policyholders in respect of whom the linked assets are held.

Premiums

Premiums relating to the company's linked business are credited to the profit and loss account in the same period in which the associated liability is established.

1 Accounting policies *(continued)*

Investment income, expenses and charges

Investment income includes dividends, rental and interest income. Dividends are recognised on the date on which shares are quoted ex-dividend. Interest income, rent, and expenses are recognised on an accruals basis.

Investment expenses include investment management fees and interest payable.

Realised and unrealised investment gains and losses

Realised gains and losses are calculated as the difference between the net sale proceeds and the original cost or, if previously valued, the valuation at the last balance sheet date and are included in investment income or investment expenses. Unrealised gains and losses on investments are calculated as the difference between the current valuation and the original cost or, if previously valued, the valuation at the last balance sheet date.

Realised gains and losses, movements in unrealised gains and losses, expenses and charges which are held to cover linked liabilities and non-linked annuity business are included in the technical account - long-term business. Realised gains and losses, expenses and charges on other investments are reported in the non-technical account. Movements in unrealised gains and losses on other investments are included in the non-technical account.

Claims

Transfer outs and drawdowns are accounted for when the associated assets have been transferred out of the company.

Acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the conclusion of linked insurance contracts and are written off on receipt of the inwards premium. There are no deferred acquisition costs.

Investments

Investments in group undertakings are stated at cost less provisions for permanent diminution in value.

Other financial investments, including those classified as assets held to cover linked liabilities, are stated at market value. Listed shares and securities are valued at middle market price at the balance sheet date. All land and buildings are treated as investment properties, other than those not held to cover linked liabilities, which are included in the balance sheet at cost. Full valuations are made by independent professionally qualified chartered surveyors when required by statute or the policyholder. When there has not been a full valuation, the investment properties are held at the Directors' estimate of market value using a property index.

In accordance with Statement of Standard Accounting Practice No 19, no depreciation is provided in respect of investment properties. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. However, these properties are not held for consumption but for investment and the directors consider that systematic depreciation would be inappropriate. The accounting policy is therefore necessary for the financial statements to give a true and fair view.

1 Accounting policies *(continued)***Taxation**

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

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Impairment

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

2 Premiums

	2008 £ '000	2007 £ '000
Gross premiums		
Periodic premiums relating to Self Invested Personal Pensions	19,234	17,335
Single premiums relating to existing Self Invested Personal Pensions	138,158	254,620
Single premiums relating to new Self Invested Personal Pensions	7,371	448,644
Single premiums relating to Group Managed Funds - TIPs	15,722	11,540
Single premiums relating to Group Managed Funds	42,619	34,556
Single premiums relating to Trustee Investment Plans	96,805	10,254
	<u>319,909</u>	<u>776,949</u>

All business arose within the United Kingdom. In the opinion of the Directors, the Company operates in a single business segment, being that of long term business.

There are no outward reinsurance amounts.

3 Investment income

	2008 Non-technical account £ '000	2008 Technical account £ '000	2007 Non-technical account £ '000	2007 Technical account £ '000
Income from other financial investments				
Rental income	-	38,142	37	28,966
Other investment income (see below)	232	77,156	146	63,420
	<u>232</u>	<u>115,298</u>	<u>183</u>	<u>92,386</u>
Other investment income				
Interest receivable	232	43,917	145	39,022
Dividends received on listed investments	-	33,239	1	24,398
	<u>232</u>	<u>77,156</u>	<u>146</u>	<u>63,420</u>

4 Claims paid

	2008 £ '000	2007 £ '000
Gross claims paid		
Lump sums on death	5,056	4,085
Lump sums on pensions vesting	31,841	53,213
Income withdrawals	40,999	33,952
Annuities paid	-	11
Annuities purchased	12,089	4,791
Transfers out	109,377	50,488
Surrenders of managed funds	179	956
	<u>199,541</u>	<u>147,496</u>

5 Net operating expenses

	2008 Non-technical account £ '000	2008 Technical account £ '000	2007 Non-technical account £ '000	2007 Technical account £ '000
Acquisition costs	-	2,534	-	3,636
	-	2,534	-	3,636
Administrative expenses	83	7,483	1,851	6,030
	<u>83</u>	<u>7,483</u>	<u>1,851</u>	<u>6,030</u>
Net operating expenses	<u>83</u>	<u>10,017</u>	<u>1,851</u>	<u>9,666</u>

6 Investment expenses and charges

	2008 Non-technical account £ '000	2008 Technical account £ '000	2007 Non-technical account £ '000	2007 Technical account £ '000
Investment management expenses				
Management fees payable to group undertakings	-	4,796	-	3,350
Investment management expenses	-	9,970	-	10,417
Property management expenses	-	3,252	-	1,642
Interest payable on bank loans and overdrafts	-	11,673	-	10,960
	<u>-</u>	<u>29,691</u>	<u>-</u>	<u>26,369</u>

7 Profit on ordinary activities before taxation

	2008	2007
	£ '000	£ '000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit	33	23
Returns to the Financial Services Authority	10	23
Fees for other services relating to tax payable to the auditors	-	7
	<u><u> </u></u>	<u><u> </u></u>

8 Staff costs

The Company has no employees other than the Directors.

9 Remuneration of directors

The company paid directors' emoluments amounting to £2,294 (2007: £5,000).

Other than as above, the Directors' receive no incremental emoluments for their role as Director and no amounts are recharged to the company.

10 Taxation

	2008	2007
	£ '000	£ '000
Non-technical account		
<i>Current tax</i>		
UK Corporation tax on profits in the year	226	321
UK Corporation tax overprovided in previous years	-	-
	<u><u> </u></u>	<u><u> </u></u>
	226	321
<i>Deferred taxation</i>		
Origination and reversal of timing differences	5	9
Timing differences from previous periods	-	-
	<u><u> </u></u>	<u><u> </u></u>
	5	9
	<u><u> </u></u>	<u><u> </u></u>
	231	330

The linked long-term business fund transacts only pension business, and is exempt from United Kingdom taxation.

The tax assessed for the year is lower (2007: lower) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%).

The differences are explained below:

	2008	2007
	£ '000	£ '000
Profit on ordinary activities before taxation	887	1,291
Profit on ordinary activities multiplied by the Company's corporation tax rate of 28.5% (2007: 30%)	253	387
<i>Effects of:</i>		
Disallowable expenditure	-	(56)
Capital allowances in (excess) of depreciation	(6)	(10)
Chargeable gains arising in the period	-	43
Group relief	-	(43)
Adjustments in respect of prior periods	(21)	-
UK Corporation tax for the year	<u><u> </u></u>	<u><u> </u></u>
	226	321

11 Freehold land and buildings

	2008 Other than linked business £ '000	2008 Linked business £ '000	2007 Other than linked business £ '000	2007 Linked business £ '000
Cost or valuation				
At beginning of year	-	487,845	711	396,243
Additions	-	164,647	15	99,920
Disposals	-	(49,124)	(726)	(21,583)
(Deficit)/Surplus on revaluation	-	(166,959)	-	13,265
At end of year	<u>-</u>	<u>436,409</u>	<u>-</u>	<u>487,845</u>
Depreciation				
At beginning and end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value				
At end of year	<u>-</u>	<u>436,409</u>	<u>-</u>	<u>487,845</u>
At beginning of year	<u>-</u>	<u>487,845</u>	<u>711</u>	<u>396,243</u>
At cost	<u>-</u>	<u>570,189</u>	<u>-</u>	<u>390,679</u>

Freehold land and buildings held to cover the linked business, form part of the long-term business fund, and are included under assets held to cover linked liabilities (see note 13). All such properties have been valued by the directors at the year end with reference to previous professional valuations and this is further adjusted by applying the corresponding property index available.

12 Other financial investments

	2008 Other than linked business £ '000	2008 Linked business £ '000	2007 Other than linked business £ '000	2007 Linked business £ '000
Shares and other variable yield securities	-	1,249,846	-	1,556,428
Debt securities and other fixed interest securities	-	278,200	-	149,971
Total shares and securities	<u>-</u>	<u>1,528,046</u>	<u>-</u>	<u>1,706,399</u>
Deposits with credit institutions	-	689,132	-	712,402
	<u>-</u>	<u>2,217,178</u>	<u>-</u>	<u>2,418,801</u>

Assets held to cover linked liabilities are detailed in note 13.

Investments - shares and securities

	2008 Other than linked business £ '000	2008 Linked business £ '000	2007 Other than linked business £ '000	2007 Linked business £ '000
At market value:				
At beginning of year	-	1,706,401	531	1,252,756
Additions	-	851,960	-	948,949
Disposals	-	(652,787)	(531)	(504,889)
(Deficit)/surplus on revaluation	-	(377,528)	-	9,583
At end of year	<u>-</u>	<u>1,528,046</u>	<u>-</u>	<u>1,706,399</u>
At cost	<u>-</u>	<u>1,795,751</u>	<u>-</u>	<u>1,574,525</u>

The above investments include £583 million (2007: £627 million) of listed securities which are dealt on a recognised stock exchange.

12 Other financial investments *(continued)*

The company owned the following subsidiary undertakings at the beginning and end of the year.

	Ordinary shares at cost £	Net book value £	Nominal value of ordinary shares £	Principal activity
SLA Property Company Limited	100	100	100	Trustee Company
Suffolk Life (Spartan Estate) Limited	2	2	2	Trustee Company
E-Sipp.co Ltd	1	1	1	e-based SIPPs
Pension Nominees Limited	100	100	100	Nominee Company
	<u>203</u>	<u>203</u>		

All subsidiary undertakings are wholly-owned by the company and are registered in England and Wales.

13 Assets held to cover linked liabilities

	<i>Note</i>	2008 £ '000	2007 £ '000
Land and buildings	<i>11</i>	436,409	487,845
Other financial investments	<i>12</i>	2,217,178	2,418,801
Total investments held in respect of linked liabilities		<u>2,653,587</u>	<u>2,906,646</u>
Other assets and liabilities included elsewhere in the balance sheet			
Debtors and accrued income	<i>14</i>	5,361	103,001
		<u>2,658,948</u>	<u>3,009,647</u>
Creditors	<i>19, 20</i>	(193,035)	(158,824)
Total net assets representing linked long term business fund		<u>2,465,913</u>	<u>2,850,823</u>

The company has granted a floating charge over the long term insurance assets, other than assets that are subject to a fixed charge or lien, to two life insurance companies with whom we have agreed reinsurance contracts. This has the effect of ranking these reinsurance contracts pari passu with our direct SIPP and TIP insurance contracts granted by the company.

SUFFOLK LIFE ANNUITIES LIMITED

NOTES TO FINANCIAL STATEMENTS

14 Debtors

	<i>Note</i>	2008 £ '000	2008 £ '000	2007 £ '000	2007 £ '000
Other debtors					
Amounts owed by group undertakings			4		13
Deferred tax asset - recoverable in more than one year	21		22		27
Income taxation recoverable			10		7
Other taxation recoverable			635		381
Other debtors			660		851
			<u>1,331</u>		<u>1,279</u>
Debtors arising out of direct insurance operations					
Policyholders		2,658		99,561	
Income taxation recoverable		<u>2,068</u>		<u>3,059</u>	
			4,726		102,620
			<u>6,057</u>		<u>103,899</u>
Prepayments and accrued income					
			829		702
			<u>6,886</u>		<u>104,601</u>
Relating to:					
Other than linked business			1,525		1,600
Long term linked business fund			5,361		103,001
			<u>6,886</u>		<u>104,601</u>

15 Share capital

	2008 £ '000	2007 £ '000
Authorised Equity: Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid Equity: Ordinary shares of £1 each	<u>1,700</u>	<u>1,700</u>

16 Reconciliation of movements in shareholders' funds

	Share capital £ '000	Profit & loss reserve £ '000	Total shareholders' funds £ '000
At beginning of year	1,700	5,569	7,269
Profit for the financial year	-	656	656
Dividend paid	-	(1,500)	(1,500)
At end of year	<u>1,700</u>	<u>4,725</u>	<u>6,425</u>

The profit and loss reserve includes an amount of £2,000,000 (2007: £2,000,000) which is required not to be treated as realised profits under section 268 of Companies Act 1985.

17 Technical provisions for linked liabilities

For each SIPP the company provides, there is a separate internal fund. Where the company provides a trustee investment policy or group managed fund, there are a number of separate internal funds.

Technical provisions for linked liabilities arising in connection with the above policies are detailed below. There is no reinsurance amount (2007: Nil).

	2008	2007
	£ '000	£ '000
At beginning of year	2,850,823	2,135,092
Net (decrease) / increase in year	(384,910)	715,731
At end of year	<u>2,465,913</u>	<u>2,850,823</u>
These relate to:		
SIPPs	2,305,476	2,792,655
Group Managed Funds	24,038	47,792
Group Managed Funds - TIPs	62,876	-
TIP's	73,523	10,376
	<u>2,465,913</u>	<u>2,850,823</u>

Assets representing the linked long-term business fund are detailed under note 13 to the financial statements.

18 Long term business provision

Existing conventional non-profit deferred pension annuity and immediate pension annuity contracts were all terminated in the previous financial year.

	2008	2007
	£ '000	£ '000
At beginning of year	-	469
Change in year	-	(469)
At end of year	<u>-</u>	<u>-</u>

19 Creditors: amounts falling due within one year

	2008 £ '000	2007 £ '000
Amounts owed to credit institutions		
Bank loans and overdrafts	<u>55,903</u>	<u>23,208</u>
Other creditors		
Amounts owed to group undertakings	205	75
Other creditors	<u>2,985</u>	<u>3,783</u>
	<u>3,190</u>	<u>3,858</u>
Accruals and deferred income		
Accruals	83	77
Deferred income	<u>8,087</u>	<u>7,195</u>
	<u>8,170</u>	<u>7,272</u>
	<u>67,263</u>	<u>34,338</u>
Relating to:		
Other than linked business	674	873
Long term linked business fund	<u>66,589</u>	<u>33,465</u>
	<u>67,263</u>	<u>34,338</u>

Bank loans and overdrafts are secured by legal charge over certain properties.

20 Creditors: amounts falling due after more than one year

	2008 £ '000	2007 £ '000
Amounts owed to credit institutions		
Bank loans and overdrafts	<u>126,446</u>	<u>125,359</u>
Bank loans and overdrafts are secured by legal charge over certain properties.		
Relating to:		
Long term linked business fund	126,446	125,359
	<u>126,446</u>	<u>125,359</u>

21 Deferred taxation

The amounts provided for deferred taxation at 28% (2007: 28%) are set out below:

	2008 £ '000	2007 £ '000
Depreciation in excess of capital allowances	(22)	(27)
Net deferred tax assets	<u>(22)</u>	<u>(27)</u>
At 1 January 2008	(27)	(36)
Amount debited in profit and loss account for the year (note 10)	5	9
At 31 December 2008	<u>(22)</u>	<u>(27)</u>

22 Related party disclosures

Certain of the directors have a self invested personal pension with the company.

23 Capital statement

	Linked business £ '000	Other than linked business £ '000	Total £ '000
Shareholders' funds held outside long term business fund	-	2,972	2,972
Shareholders' funds held in long term business fund	-	3,453	3,453
Total shareholders' funds	<u>-</u>	<u>6,425</u>	<u>6,425</u>
Adjustments onto a regulatory basis			
Regulatory valuation and admissability restrictions	-	(3,231)	(3,231)
Total available capital resources	<u>-</u>	<u>3,194</u>	<u>3,194</u>
Analysis of policyholder liabilities			
Linked liabilities	2,465,913	-	2,465,913
Total liabilities	<u>2,465,913</u>	<u>-</u>	<u>2,465,913</u>
Analysis of movements in capital			
Opening available capital resources	-	5,241	5,241
Movement in year	-	(2,047)	(2,047)
Closing available capital resources	<u>-</u>	<u>3,194</u>	<u>3,194</u>

24 Ultimate parent company

The immediate parent undertaking is Suffolk Life Group plc, which was the ultimate parent undertaking until 1st May 2008 when the group was sold.

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