

Scottish Amicable Life Plc

Annual FSA Insurance Returns for the year ended

31 December 2005

Appendices (9.1, 9.3 & 9.4)

Registered Office: P O Box 25, Craigforth, Stirling, FK9 4UE

Registered No 171130

Statement of solvency - long-term insurance businessName of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2005	
	171130	GL				£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			
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		3386	3552
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13		3386	3552

Guarantee fund

Guarantee fund requirement	21		2030	2087
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22		1356	1465

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31			
Resilience capital requirement	32			
Base capital resources requirement	33		2030	2087
Individual minimum capital requirement	34		2030	2087
Capital requirements of regulated related undertakings	35			
Minimum capital requirement (34+35)	36		2030	2087
Excess (deficiency) of available capital resources to cover 50% of MCR	37		2371	2509
Excess (deficiency) of available capital resources to cover 75% of MCR	38		1864	1987

Enhanced capital requirement

With-profits insurance capital component	39			
Enhanced capital requirement	40		2030	2087

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41		2030	2087
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42		1356	1465

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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Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

..... **N E T PRETTEJOHN** **Chief Executive**

..... **R C EVERETT** **Director**

..... **D J BELSHAM** **Director**

Date **March 2006**

Components of capital resources

Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

	Company registration number	GL/UK/CM	day month year			Units	
	R3	171130	GL	31	12	2005	£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	

Core tier one capital

Permanent share capital	11		3000	3000	3000
Profit and loss account and other reserves	12		594	594	552
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		3594	3594	3552

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				

Total tier one capital before deductions (19+24+25+26+27+28)	31		3594	3594	3552
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39		3594	3594	3552

Components of capital resources

Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

	Company registration number	GL/ UK/ CM	day month year			Units
R3	171130	GL	31	12	2005	£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				
Upper tier two capital (44 to 47)	49				

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

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

Components of capital resources

Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

	Company registration number	GL/UK/CM	day month year			Units
R3	171130	GL	31	12	2005	£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	

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		3594	3594	3552
Inadmissible assets other than intangibles and own shares	73				
Assets in excess of market risk and counterparty limits	74		208	208	
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		3386	3386	3552

Available capital resources for PRU tests

Available capital resources for guarantee fund requirement	81		3386	3386	3552
Available capital resources for 50% MCR requirement	82		3386	3386	3552
Available capital resources for 75% MCR requirement	83		3386	3386	3552

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				
Sum of financial engineering adjustments (91+92-93+94+95)	96				

Analysis of admissible assets

Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

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	171130	GL	31	12	2005	£000	1
					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 securities	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	2123
	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	1395
	More than one month withdrawal	55	2008
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 **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

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	171130	GL	31	12	2005	£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		59
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	1999	55
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	4	2
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89	3398	4247
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Analysis of admissible assets

Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

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	171130	GL	31	12	2005	£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 its external financial reporting

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91	3398	4247
Assets in excess of market and counterparty limits	92	208	
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98		
Reinsurers' share of technical provisions excluded from line 89	99		
Other asset adjustments (may be negative)	100		
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 100)	101	3606	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		

Analysis of admissible assets

Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	171130	GL	31	12	2005	£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 securities	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	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	
	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 **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	171130	GL	31	12	2005	£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	
	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	
Deferred acquisition costs (general business only)	85	
Other prepayments and accrued income	86	

Deductions from the aggregate value of assets	87	
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Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89	
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Analysis of admissible assets

Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

Category of assets **Total long term insurance business assets**

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	171130	GL	31	12	2005	£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 its external financial reporting

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

Long term insurance business liabilities and marginsName of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

Total business/Sub fund

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		
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12		
Balance of surplus/(valuation deficit)		13		
Long term insurance business fund carried forward (11 to 13)		14		
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		
	Reinsurance accepted	32		
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions		36		
Creditors	Taxation	37		
	Other	38		
Accruals and deferred income		39		
Provision for "reasonably foreseeable adverse variations"		41		
Total other insurance and non-insurance liabilities (17 to 41)		49		
Excess of the value of net admissible assets		51		
Total liabilities and margins		59		

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

Total liabilities (11+12+49)		71		
Increase to liabilities - DAC related		72		
Reinsurers' share of technical provisions		73		
Other adjustments to liabilities (may be negative)		74		
Capital and reserves and fund for future appropriations		75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose its external financial reporting (71 to 75)		76		

Liabilities (other than long term insurance business)Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R15	171130	GL	31	12	2005	£000
				As at end of this financial year 1		As at end of the previous year 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		12	462
	Recommended dividend	48			
	Other	49			233
Accruals and deferred income		51			
Total (19 to 51)		59		12	695
Provision for "reasonably foreseeable adverse variations"		61			
Cumulative preference share capital		62			
Subordinated loan capital		63			
Total (59 to 63)		69		12	695

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71				
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Reinsurers' share of DAC	81				
Amounts deducted from technical provisions for discounting	82				
Other adjustments (may be negative)	83				
Capital and reserves	84			3594	
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69+81-82+83+84)	85			3606	695

Profit and loss account (non-technical account)Name of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	171130	GL	31	12	2005	£000
				This financial year			Previous year	
				1			2	
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					
Investment income	Income		14			136	3038	
	Value re-adjustments on investments		15					
	Gains on the realisation of investments		16					
Investment charges	Investment management charges, including interest		17			3	29	
	Value re-adjustments on investments		18					
	Loss on the realisation of investments		19			73		
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					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			60	3009	
Tax on profit or loss on ordinary activities			31			18	903	
Profit or loss on ordinary activities after tax (29-31)			39			42	2106	
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			42	2106	
Dividends (paid and proposed)			51					
Profit or loss retained for the financial year (49-51)			59			42	2106	

Analysis of derivative contractsName of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	171130	GL	31	12	2005	£000	1
Derivative contracts				As at the end of this financial year			As at the end of the previous year		
				Assets	Liabilities		Assets	Liabilities	
				1	2		3	4	
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35							
Adjustment for variation margin		41							
Total (11 to 41)		49							

Analysis of derivative contractsName of insurer **Scottish Amicable Life Plc**

Global business

Financial year ended **31 December 2005**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	171130	GL	31	12	2005	£000	10
Derivative contracts				As at the end of this financial year			As at the end of the previous year		
				Assets	Liabilities		Assets	Liabilities	
				1	2		3	4	
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35							
Adjustment for variation margin		41							
Total (11 to 41)		49							

SCOTTISH AMICABLE LIFE PLC
Financial Year Ended 31 December 2005

NOTES TO APPENDICES 9.1, 9.3 AND 9.4

0204 On 31 December 2002, immediately prior to the end of the financial year, the insurer transferred its long term business to The Prudential Assurance Company Limited in accordance with Part VII of the Financial Services and Markets Act 2002.

0301 Reconciliation of net assets to total capital resources		
	£'000	£'000
	2005	2004
Net assets as per Annual return		
Line 89 on Form 13 (OLTB)	3,398	4,247
less Line 59 on Form 15	<u>12</u>	<u>695</u>
	3,386	3,552
Total Capital Resources after Deductions		
Line 79 on Form 3	<u>3,386</u>	<u>3,552</u>

0311 Permanent share capital at Form 3 line 11

With the sanction of an order of the Court of Session dated 17 December 2004 the issued share capital was reduced from 295 million £1 shares to 3 million £1 shares. The reduction was effected by the cancellation of 292 million shares held by The Prudential Assurance company Ltd, £69.47m was repaid being the remaining capital after deducting retained losses.

1100 Form 11

Form 11 is omitted as all amounts required to be shown would be zero.

1200 Form 12

Form 12 is omitted as all amounts required to be shown would be zero.

1304 Use of set off

Amounts have been set off to the extent permitted by generally accepted accounting principles

1305 Counterparty limits

Under the Company's investment guidelines, the maximum permitted exposure to any one counterparty is set at 5% of the business amount, with the exception of short-term deposits with approved credit institutions, where the limit for any one institution is 20%. The 5% limit for the other than long-term fund has not been exceeded. The 20% limit was exceeded by £208,000 in the year.

SCOTTISH AMICABLE LIFE PLC
Financial Year Ended 31 December 2005

NOTES TO APPENDICES 9.1, 9.3 AND 9.4 – continued

1306 Exposure at the year end to large counterparties

There was no exposure to large counterparties in excess of 5% in the year. The 20% limit for short term deposits with approved credit institutions was exceeded by £208,000 in the year.

1308 Aggregate value of types of asset specified in Instruction 5 to Form 13

There were no assets of the type specified in Instruction 5 to Form 13.

1309 Aggregate value of hybrid securities

The aggregate value of hybrid securities is Nil.

1310 Setting off to the extent permitted by generally accepted accounting principles

Amounts due to and from any one person have been offset where appropriate in accordance with generally accepted accounting principles.

1318 Form 17

Will be submitted blank.

1400 Form 14

Form 14 is omitted as all amounts required to be shown would be zero.

1501 Provision for adverse changes

There is no provision for adverse changes.

1502 Other than long-term charges, contingent liabilities and guarantees

- a) There were no charges over assets.
- b) The potential tax liability to taxation on capital gains in respect of the other than long-term business assets is nil.
- c) The Company also has no contingent liabilities in respect of insurance and other agreements entered into in the normal course of business and in respect of litigation arising therefrom.
- d) There are no guarantees, indemnity or other contractual commitments in respect of the existing or future liabilities of any related companies.
- e) There are no other fundamental uncertainties.

SCOTTISH AMICABLE LIFE PLC
Financial Year Ended 31 December 2005

NOTES TO APPENDICES 9.1, 9.3 AND 9.4 – continued

***1601* Exchange rates**

Assets and liabilities in foreign currencies have been brought into account at the rates of exchange ruling at 31 December 2005. Transactions in foreign currencies have been brought into account at the rates ruling at the dates of the transactions.

***4000* Form 40**

Form 40 is omitted as all amounts required to be shown would be zero.

***4100* Form 41**

Form 41 is omitted as all amounts required to be shown would be zero.

***4200* Form 42**

Form 42 is omitted as all amounts required to be shown would be zero.

***4300* Form 43**

Form 43 is omitted as all amounts required to be shown would be zero.

***4400* Form 44**

Form 44 is omitted as all amounts required to be shown would be zero.

***4500* Form 45**

Form 45 is omitted as all amounts required to be shown would be zero.

***4600*Form 46**

Form 46 is omitted as all amounts required to be shown would be zero.

***4700*Form 47**

Form 47 is omitted as all amounts required to be shown would be zero.

***4800* Form 48**

Form 48 is omitted as all amounts required to be shown would be zero.

***4900* Form 49**

Form 49 is omitted as all amounts required to be shown would be zero.
SCOTTISH AMICABLE LIFE PLC
Financial Year Ended 31 December 2005

NOTES TO APPENDICES 9.1, 9.3 AND 9.4 – continued

5000 Form 50

Form 50 is omitted as all amounts required to be shown would be zero.

5100 Form 51

Form 51 is omitted as all amounts required to be shown would be zero.

5200 Form 52

Form 52 is omitted as all amounts required to be shown would be zero.

5300 Form 53

Form 53 is omitted as all amounts required to be shown would be zero.

5400 Form 54

Form 54 is omitted as all amounts required to be shown would be zero.

5500 Form 55

Form 55 is omitted as all amounts required to be shown would be zero.

5600 Form 56

Form 56 is omitted as all amounts required to be shown would be zero.

5700 Form 57

Form 57 is omitted as all amounts required to be shown would be zero.

5800 Form 58

Form 58 is omitted as all amounts required to be shown would be zero.

5900 Forms 59A and 59B

Forms 59A and 59B are omitted as all amounts required to be shown would be zero.

6000 Form 60

Form 60 is omitted as all amounts required to be shown would be zero.

SCOTTISH AMICABLE LIFE PLC
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ADDITIONAL INFORMATION ON DERIVATIVE CONTRACTS as required by the Integrated Prudential Sourcebook for Insurers (Rule 9.29).

- (a) No Derivative positions were held during 2005.
- (b) No provision is made by the investment guidelines for the use of contracts under which the company had a right or obligation to acquire or dispose of assets which was not, at the time when the contract was entered into, reasonably likely to be exercised.
- (c) The Company was not, during the financial period, a party to any contracts of the kind described in (b) above.
- (d) No Derivative contracts were held during 2005. Therefore the amounts in Form 13 would not be changed if assets were acquired or disposed of under derivative contracts.
- (e) No derivative contracts were held during 2005, if derivatives were exercised in such a way as to change the amounts recorded in Form 13 to the maximum extent, the position stated in (d) above would be unchanged.
- (f) The position stated in (d) and (e) above was true for the whole of the financial period.
- (g) As no derivative contracts were held in 2005, no loss would be incurred by the Company in the event of failure of a counterparty.
- (h) No derivatives were held in 2005.
- (i) No derivatives were held in 2005 therefore no proceeds were received by the fund during the financial period.

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ADDITIONAL INFORMATION ON SHAREHOLDER CONTROLLERS as required by rule 9.30 of the Integrated Prudential Sourcebook for Insurers.

Throughout the financial period, The Prudential Assurance Company Limited held all the shares and controlled the whole of the voting power of the insurer. Prudential plc held all the shares and controlled the whole of the voting power of The Prudential Assurance Company Limited.

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DIRECTOR'S CERTIFICATE as required by rule 9.34 of the Integrated Prudential Sourcebook for Insurers.

We certify

1. (a) that the return has been properly prepared in accordance with the requirements in IPRU(INS) and PRU; and
 - (b) we are satisfied that:
 - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS) and PRU; and
 - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
2. that the statements required by paragraph 2 of Part 1 of Appendix 9.6 of the Interim Prudential Sourcebook for Insurers have been omitted as the insurer no longer carries on long-term insurance business.

N E T PRETTEJOHN, Chief Executive

R C EVERETT, Director

D J BELSHAM, Director

March 2006

SCOTTISH AMICABLE LIFE PLC
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**REPORT OF THE AUDITOR TO THE DIRECTORS PURSUANT TO RULE
9.35 OF THE ACCOUNTS AND STATEMENTS RULES**

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 to the Interim Prudential Sourcebook for Insurers and PRU, the Integrated Prudential Sourcebook, (“the Rules”) made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 11 to 17, 40 to 45, 48, 49, 56, 58 and 60, (including the supplementary notes) on pages 1 to 20 (‘the Forms’);
- the statement required by rule 9.29 on page 21 (‘the Statement’);
- the valuation report required by rule 9.31 (a) (‘the valuation report’) and

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

- Forms 46 to 47A, 51 to 55 and 57 (including the supplementary notes) on pages 19 and 20;
- the statements required by rules 9.30 on page 22;
- the certificate required by rule 9.34 on page 23 (‘the directors’ certificate’); and

This report is made solely to the company’s directors, as a body, in accordance with the requirements of rule 9.35 of the Rules. We acknowledge that the directors are required to submit this report to the FSA, to enable the FSA to verify that an auditor’s report has been commissioned by the company’s directors and issued in accordance with the requirements of rule 9.35 of the Rules and to facilitate the discharge by the FSA of its regulatory functions in respect of the company, conferred on the FSA by or under the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the company’s directors those matters we are required to state to them in an auditor’s report issued pursuant to rule 9.35 of the Rules and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s directors as a body, for our audit work, for this report, or for the opinions we have formed.

SCOTTISH AMICABLE LIFE PLC
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RESPECTIVE RESPONSIBILITIES OF THE COMPANY AND ITS AUDITORS

The company is responsible for the preparation of an annual return (including the Forms, the Statement, the valuation report, the forms and statements not examined by us and the certificate) under the provisions of the Rules. Under rule 9.11 the Forms, the Statement, valuation report, the forms and statements not examined by us and the certificate 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 company and used to perform the actuarial investigation as set out in the valuation report, prepared in accordance with rule 9.31 are required to reflect appropriately the requirements of PRU 7.3.

It is our responsibility to form an independent opinion as to whether the Forms, the Statement and the methods and assumptions included in the valuation report meet these requirements, and to report our opinions to you. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information we require for our examination.

BASIS OF OPINION

We conducted our work in accordance with Practice Note 20: “The Audit of Insurers in the United Kingdom” and Bulletin 2004/5 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 methods and assumptions included in the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms, the Statement and in determining the methods and assumptions included in 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 methods and assumptions included in the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In accordance with rule 9.35(1A), to the extent that any document, Form, Statement, analysis or report to be examined under rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the company.

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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 company and used to perform the actuarial investigation as set out in the valuation report prepared in accordance with rule 9.31 appropriately reflect the requirements of PRU 7.3.

KPMG Audit Plc
Registered Auditor
Edinburgh
March 2006

SCOTTISH AMICABLE LIFE PLC
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Appendix 9.4

VALUATION REPORT ON SCOTTISH AMICABLE LIFE PLC

1. (1) Date of valuation is 31 December 2005.

The assets and liabilities of the insurer relating to long-term insurance business were transferred to The Prudential Assurance Company Limited (PAC) on 31 December 2002 in accordance with Part VII of the Financial Services and Markets Act 2002. No new contracts have been effected since the date of transfer. Consequently the insurer had no in force long-term insurance business at the valuation date.

- (2) Date of previous valuation was 31 December 2004.

- (3) Not applicable.

2. Not applicable.

3. (1) Not applicable.

- (2) Not applicable.

- (3) Not applicable.

- (4) Not applicable.

- (5) Not applicable.

- (6) Not applicable.

- (7) Not applicable.

- (8) Not applicable.

- (9) Not applicable.

- (10) Not applicable.

4. (1) Not applicable.

- (2) Not applicable.

- (3) Not applicable.

- (4) Not applicable.

SCOTTISH AMICABLE LIFE PLC

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Appendix 9.4 - continued

- (5) Not applicable.
- (6) Not applicable.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- 5. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- 6. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- 7. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.
- (7) Not applicable.
- 8. Not applicable.

Appendix 9.4 – continued

9. (1) Not applicable

(2) Not applicable.

10. (1) Not applicable.

(2) Not applicable.

(3) Not applicable.

(4) Not applicable.