

Just Retirement Limited

Annual PRA Insurance Returns for the year ended

30 June 2014

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

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Statement of solvency - long-term insurance businessName of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

Solo solvency calculation

	Company registration number	GL/UK/CM	day month year			Units	
	R2	5017193	GL	30	06	2014	£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	419308	323818
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	256245	87549
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	675553	411367

Guarantee fund

Guarantee fund requirement	21	84506	70770
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	586091	340597

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	253519	212310
Resilience capital requirement	32	33066	28984
Base capital resources requirement	33	3146	2984
Individual minimum capital requirement	34	286585	241294
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	286585	241294
Excess (deficiency) of available capital resources to cover 50% of MCR	37	361787	242872
Excess (deficiency) of available capital resources to cover 75% of MCR	38	290141	182548

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	286585	241294

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	286585	241294
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	388968	170073

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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Components of capital resources

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	5017193	GL	30	06	2014	£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		15900	15900	10900
Profit and loss account and other reserves	12		403669	403669	295710
Share premium account	13		143100	143100	98100
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		562669	562669	404710

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		562669	562669	404710
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35		57589	57589	41191
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		57589	57589	41191
Total tier one capital after deductions (31-37)	39		505080	505080	363519

Components of capital resources

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

	Company registration number	GL/UK/CM	day month year			Units	
	R3	5017193	GL	30	06	2014	£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		179000	179000	54000
Lower tier two capital in related undertakings	53				
Lower tier two capital (51+52+53)	59		179000	179000	54000

Total tier two capital before restrictions (49+59)	61		179000	179000	54000
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69		179000	179000	54000

Components of capital resources

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

	Company registration number	GL/UK/CM	day month year			Units	
	R3	5017193	GL	30	06	2014	£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				
Total capital resources before deductions (39+69+71)	72		684080	684080	417519
Inadmissible assets other than intangibles and own shares	73		8527	8527	6152
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				
Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79		675553	675553	411367

Available capital resources for GENPRU/INSPRU tests

Available capital resources for guarantee fund requirement	81		670597	670597	411367
Available capital resources for 50% MCR requirement	82		505080	505080	363519
Available capital resources for 75% MCR requirement	83		505080	505080	363519

Financial engineering adjustments

Implicit items	91				
Financial reinsurance - ceded	92		98194	98194	94380
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		98194	98194	94380

Analysis of admissible assets

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

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	5017193	GL	30	06	2014	£000
						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	255501		87235	
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 **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

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	5017193	GL	30	06	2014	£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	676	285
	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	68	29
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 admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	256245	87549
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Analysis of admissible assets

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

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	5017193	GL	30	06	2014	£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	256245	87549
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		
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	256245	87549
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 **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

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

	Company registration number	GL/UK/CM	day month year			Units	Category of assets
	R13	5017193	GL	30	06	2014	£000
						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	35064	43855	
Rights under derivative contracts	44	35625	30544	
Fixed interest securities	Approved	45	139318	174038
	Other	46	3886633	3453447
Variable interest securities	Approved	47	23530	11868
	Other	48	68387	66486
Participation in investment pools	49			
Loans secured by mortgages	50	3313942	2512296	
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	6665		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	41378	35117
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58	137201	54096
	Property linked	59		

Analysis of admissible assets

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	5017193	GL	30	06	2014	£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	178	1271
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	14151	18086
	due in more than 12 months	79	2876	

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	86737	81151
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 admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	7791685	6482255
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Analysis of admissible assets

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	5017193	GL	30	06	2014	£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	7791685	6482255
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	8527	6152
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	3681792	3522325
Other asset adjustments (may be negative)	101	(43619)	(327.19)
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	11438385	9978013
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 **Just Retirement Limited**
Global business
Financial year ended **30 June 2014**
Total business/Sub fund **Long term insurance business 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	3773996	2721530	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	419308	323818	
Long term insurance business fund carried forward (11 to 13)	14	4193304	3045348	
Claims outstanding	Gross	15	663	668
	Reinsurers' share	16		
	Net (15-16)	17	663	668
Provisions	Taxation	21	500	500
	Other risks and charges	22	2243	2189
Deposits received from reinsurers	23	3463996	3313303	
Creditors	Direct insurance business	31	11675	13407
	Reinsurance accepted	32		
	Reinsurance ceded	33	3607	2822
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	20186	8009
	Other	38	94920	94952
Accruals and deferred income	39	591	1056	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	3598381	3436907	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	7791685	6482255	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	8952	2461
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	7372377	6158436
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	3681792	3522325
Other adjustments to liabilities (may be negative)	74	(101208)	(73910)
Capital and reserves and fund for future appropriations	75	485424	371162
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	11438385	9978013

Liabilities (other than long term insurance business)Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

	Company registration number	GL/UK/CM	day month year			Units	
	R15	5017193	GL	30	06	2014	£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		
	Foreseeable dividend	48		
	Other	49		
Accruals and deferred income		51		
Total (19 to 51)		59		
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63	179000	54000
Total (59 to 63)		69	179000	54000

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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Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84	77245	33549
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	256245	87549

Profit and loss account (non-technical account)Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	5017193	GL	30	06	2014	£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			605		291	
	Value re-adjustments on investments	15						
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18						
	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			(9460)		(3005)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29			(8855)		(2714)	
Tax on profit or loss on ordinary activities		31			(2552)		(246)	
Profit or loss on ordinary activities after tax (29-31)		39			(6303)		(2468)	
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			(6303)		(2468)	
Dividends (paid or foreseeable)		51						
Profit or loss retained for the financial year (49-51)		59			(6303)		(2468)	

Analysis of derivative contracts

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**Category of assets **Total long term insurance business assets**

		Company registration number	GL/ UK/ CM	day month year			Units	Category of assets	
		R17	5017193	GL	30	06	2014	£000	10
Derivative contracts		Value as at the end of this financial year				Notional amount as at the end of this financial year			
		Assets 1		Liabilities 2		Bought / Long 3		Sold / Short 4	
Futures and contracts for differences	Fixed-interest securities	11							
	Interest rates	12	28161	68619	294010	294010			
	Inflation	13							
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19	7464	582			186145		
	Mortality	20							
	Other	21							
In the money options	Swaptions	31							
	Equity index calls	32							
	Equity stock calls	33							
	Equity index puts	34							
	Equity stock puts	35							
	Other	36							
Out of the money options	Swaptions	41				365000			
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51	35625	69201	659010	480155			
Adjustment for variation margin		52							
Total (51 + 52)		53	35625	69201					

THE NOTIONAL AMOUNTS IN COLUMNS 3 AND 4 ARE NOT A MEASURE OF EXPOSURE.
Please see instructions 11 and 12 to this Form for the meaning of these figures.

Long-term insurance business : Revenue account

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2014**
 Units **£000**

Financial year 1	Previous year 2
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Income

Earned premiums	11	1054073	794484
Investment income receivable before deduction of tax	12	204506	175600
Increase (decrease) in the value of non-linked assets brought into account	13	419552	117913
Increase (decrease) in the value of linked assets	14		
Other income	15	20778	90632
Total income	19	1698909	1178629

Expenditure

Claims incurred	21	215665	153896
Expenses payable	22	112661	113712
Interest payable before the deduction of tax	23	112841	94286
Taxation	24	34424	25904
Other expenditure	25	75362	36558
Transfer to (from) non technical account	26		
Total expenditure	29	550953	424356

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1147956	754273
Fund brought forward	49	3045348	2291075
Fund carried forward (39+49)	59	4193304	3045348

Long-term insurance business : Analysis of premiums

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2014**
 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	2181	1272008		1274189	1343880

Reinsurance - external

Regular premiums	13					
Single premiums	14	9	220107		220116	549396

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17					
Single premiums	18	2172	1051901		1054073	794484

Total

Gross	19	2181	1272008		1274189	1343880
Reinsurance	20	9	220107		220116	549396
Net	21	2172	1051901		1054073	794484

Long-term insurance business : Analysis of claims

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2014**
 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		768		768	906
Disability periodic payments	12					
Surrender or partial surrender	13		892		892	209
Annuity payments	14	843	446171		447014	374063
Lump sums on maturity	15					
Total	16	843	447831		448674	375178

Reinsurance - external

Death or disability lump sums	21		136		136	128
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24		232873		232873	221154
Lump sums on maturity	25					
Total	26		233009		233009	221282

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34					
Lump sums on maturity	35					
Total	36					

Net of reinsurance

Death or disability lump sums	41		632		632	778
Disability periodic payments	42					
Surrender or partial surrender	43		892		892	209
Annuity payments	44	843	213298		214141	152909
Lump sums on maturity	45					
Total	46	843	214822		215665	153896

Long-term insurance business : Analysis of expenses

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2014**
 Units **£000**

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

Gross

Commission - acquisition	11		25662		25662	35354
Commission - other	12					
Management - acquisition	13		59326		59326	58445
Management - maintenance	14	17	13306		13323	14072
Management - other	15		14350		14350	5841
Total	16	17	112644		112661	113712

Reinsurance - external

Commission - acquisition	21					
Commission - other	22					
Management - acquisition	23					
Management - maintenance	24					
Management - other	25					
Total	26					

Reinsurance - intra-group

Commission - acquisition	31					
Commission - other	32					
Management - acquisition	33					
Management - maintenance	34					
Management - other	35					
Total	36					

Net of reinsurance

Commission - acquisition	41		25662		25662	35354
Commission - other	42					
Management - acquisition	43		59326		59326	58445
Management - maintenance	44	17	13306		13323	14072
Management - other	45		14350		14350	5841
Total	46	17	112644		112661	113712

Long-term insurance business : Summary of new business

Name of insurer **Just Retirement Limited**

Total business

Financial year ended **30 June 2014**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	18	24501		24519	28451
Total	13	18	24501		24519	28451

**Amount of new regular
premiums**

Direct insurance business	21					
External reinsurance	22					
Intra-group reinsurance	23					
Total	24					

**Amount of new single
premiums**

Direct insurance business	25	2181	1272008		1274189	1343880
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	2181	1272008		1274189	1343880

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

Name of insurer **Just Retirement Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **30 June 2014**
 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	141885	141885	5845	1.80	
Other fixed interest securities	13	3969568	3976450	198371	3.49	
Variable interest securities	14	93140	93140	2064	0.66	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	3449891	3443009	205	0.00	
Total	19	7654484	7654484	206485	1.85	

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					
Total	29					

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 **Just Retirement Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **30 June 2014**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	52239	2.41	1.10	1.10
Other approved fixed interest securities	21	89646	4.59	2.21	1.80
Other fixed interest securities					
AAA/Aaa	31	129434	6.32	2.81	2.62
AA/Aa	32	570165	4.57	2.39	2.07
A/A	33	1827821	6.34	3.35	2.75
BBB/Baa	34	1425007	6.83	4.14	3.28
BB/Ba	35	24023	8.00	5.40	3.66
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39	3976450	6.27	3.49	2.84
Approved variable interest securities	41	23748	18.89	0.02	0.02
Other variable interest securities	51	69392	10.28	0.88	0.05
Total (11+21+39+41+51)	61	4211475	6.32	3.37	2.73

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2014**
 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	9033	7232142	7241175	6118491
Form 52	13				
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17		214613	214613	125364
Total	18	9033	7446755	7455788	6243855

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	244	3608236	3608480	3451057
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27		73312	73312	71268
Total	28	244	3681548	3681792	3522325

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32				
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38				

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42	8789	3623906	3632695	2667434
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47		141301	141301	54096
Total	48	8789	3765207	3773996	2721530

Long-term insurance business : Index linked business

Name of insurer **Just Retirement Limited**
 Total business **Index linked business**
 Financial year ended **30 June 2014**
 Units **£000**

Value of assets	Mean Term
1	2

Analysis of assets

Approved variable interest securities	11	35123	17.73
Other variable interest securities	12	102079	9.20
Approved fixed interest securities	13		
Other fixed interest securities	14		
Cash and deposits	15		
Equity index derivatives	16		
Inflation swaps	17		
Other assets	18		
Variation margin	19		
Total (11 to 19)	20	137201	

Credit rating of other fixed interest and other variable interest securities

AAA/Aaa	31		
AA/Aa	32	13941	5.41
A/A	33	51508	9.62
BBB/Baa	34	36630	10.05
BB/Ba	35		
B/B	36		
CCC/Caa	37		
Other (including unrated)	38		
Total other fixed interest and other variable interest securities	39	102079	9.20

Long-term insurance business: Analysis of valuation interest rate

Name of insurer **Just Retirement Limited**Total business **Summary**Financial year ended **30 June 2014**Units **£000**

Product group 1	Net mathematical reserves 2	Net valuation interest rate 3	Gross valuation interest rate 4	Risk adjusted yield on matching assets 5
UK Pens NP Form 51 annuities - Non Linked	3418680	3.15	3.15	3.26
UK Pens NP Form 51 miscellaneous - Non Linked	198826	3.15	3.15	3.26
UK Pens NP Form 54 annuities - Linked	141301	0.25	0.25	0.31
Miscellaneous	15189	N/A	N/A	3.09
Total	3773996			

Long-term insurance business : Distribution of surplus

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2014**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	4193304	3045348
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	4193304	3045348
Mathematical reserves	21	3773996	2721530
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	419308	323818

Composition of surplus

Balance brought forward	31	323818	249637
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	95490	74181
Total	39	419308	323818

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		
Total distributed surplus (46+47)	48		
Surplus carried forward	49	419308	323818
Total (48+49)	59	419308	323818

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 requirementName of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2014**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%	824	824	1.00	1	1
Classes I (other), II and IX	14	0.3%	6975	6975		21	18
Classes III, VII and VIII	15	0.3%					
Total	16		7799	7799		22	19

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%	7241175	3632695	0.85	61550	52007
Classes III, VII and VIII (investment risk)	33	1%	214613	141301	0.85	1824	1066
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%					
Classes III, VII and VIII (other)	35	25%					
Class IV (other)	36	1%					
Class V	37	1%					
Class VI	38	1%					
Total	39					63374	53073

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	7241175	3632695	0.85	184650	156022
Classes III, VII and VIII (investment risk)	43	3%	214613	141301	0.85	5473	3197
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%					
Classes III, VII and VIII (other)	45	0%					
Class IV (other)	46	3%					
Class V	47	0%					
Class VI	48	3%					
Total	49		7455788	3773996		190123	159218

Long term insurance capital requirement	51					253519	212310
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Returns under the Accounts and Statements Rules

JUST RETIREMENT LIMITED

Global business

Year ended 30 June 2014

Supplementary notes to the return

Form 2 Statement of solvency

***0201* Waivers 1009426 & 1637554**

The FSA, on the application of the firm, made a direction under section 138A of the Financial Services and Markets Act 2000 in March 2009. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for assets taken in combination. This direction ended on 13th September 2013.

The PRA, on the application of the firm, made a direction under section 138A of the Financial Services and Markets Act 2000 in August 2013. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for certain assets taken in combination. This direction took effect on 9th August 2013 and will end on 1st April 2016.

Form 3 Components of capital resources

***0301* Reconciliation of net admissible assets to total capital resources after deductions**

	<u>£'000</u>
Form 13 Line 89 (Long term) Grand total of admissible assets	7,791,685
Form 14 Line 11 Mathematical reserves after distribution of surplus	(3,773,996)
Form 14 Line 49 Total other insurance and non-insurance liabilities	(3,598,381)
Form 13 Line 91 (Other than long term) Grand total of admissible assets	256,245
Form 15 Line 69 (Other than long term) Liabilities	<u>(179,000)</u>
Net admissible assets	496,553
Form 3 Line 52 Other tier two instruments	179,000
Form 3 Line 79 Capital resources after deductions	<u>675,553</u>

***0302* Capital instruments**

During the year, subordinated loan capital of £125.0 million was provided by Just Retirement (Holdings) Limited, eligible as a lower tier two capital resource under conditions in GENPRU 2.2.194R. The total subordinated loan capital at 30 June 2014 is £179.0 million.

***0306* Details of reinsurance offset**

The amount of the reinsurance offset for Hannover Ruckversicherung AG as at 30 June 2014 is £2,576.3 million. The amount of the contingent liability for payment to the Hannover Ruckversicherung AG at 30 June 2014 is £65.0 million. The commutation value at 30 June 2014 is £77.1 million.

The amount of the reinsurance offset for Achmea Reinsurance Ireland Ltd as at 30 June 2014 is £740.5 million. The amount of the contingent liability for payment to Achmea Reinsurance Ireland Ltd at 30 June 2014 is £19.8 million. The commutation value at 30 June 2014 is £19.8 million.

The amount of the reinsurance offset for RGA Americas Reinsurance Company Ltd as at 30 June 2014 is £345.5 million. The amount of the contingent liability for payment to RGA Americas Reinsurance Company Ltd at 30 June 2014 is £12.7 million. The commutation value at 30 June 2014 is £12.7 million.

The amount of the reinsurance offset for RGA International Reinsurance Company Limited as at 30 June 2014 is £18.2 million. The amount of the contingent liability for payment to RGA International Reinsurance Company Limited at 30 June 2014 is £0.7 million. The commutation value at 30 June 2014 is £0.7 million.

***0310* Details of positive and negative valuation differences**

The amount of valuation differences included within form 3 line 35 where the valuation in GENPRU and INSPRU is different to the valuation that the firm uses for external financial reporting purposes is shown below.

	<u>£'000</u>	<u>£'000</u>
a) Positive valuation differences in respect of assets where the valuation in GENPRU and INSPRU exceeds the valuation for external financing reporting purposes:		
Derivative contracts	35,625	
Financial reinsurance	31	
Deferred tax asset held on additional reserves and valuation differences	<u>8,527</u>	
		44,183
b) Positive valuation differences in respect of liabilities where the valuation in GENPRU and INSPRU is lower than the valuation for external financing reporting purposes:		
Contingent liability for financial reinsurance	98,194	
Deferred tax liability held on additional reserves and valuation differences	<u>25,010</u>	
		123,204
c) Negative valuation differences in respect of assets where the valuation in GENPRU and INSPRU is lower than the valuation for external financing reporting purposes		
Unamortised cost of swaption	<u>(564)</u>	(564)
d) Negative valuation differences in respect of liabilities where the valuation in GENPRU and INSPRU exceeds the valuation for external financing reporting purposes:		
Mathematical reserves held in long term business fund	(152,968)	
Derivative contracts	(69,201)	
Less liquid provision	<u>(2,243)</u>	
		(224,412)
Net negative valuation difference shown in form 3 on line 35		<u>(57,589)</u>

***0313* Reconciliation of movement in profit and loss account and other reserves**

	<u>£'000</u>
Profit and loss account and other reserves at 30 June 2013 (Form 3/1 Line 12.4)	295,710
Profit and loss account and other reserves at 30 June 2014 (Form 3/1 Line 12.3)	<u>403,669</u>
Movement in reserves in Financial Statements	107,959
Loss for the financial year (Form 16 Line 59.1)	<u>6,303</u>
Difference in reserves	<u>114,262</u>
Net surplus arising since last valuation	95,490
Movement in technical reserves	113
Movement in other liabilities	7,589
Financial reinsurance	(3,814)
Other creditors	<u>14,884</u>
	<u>114,262</u>

Form 13 Analysis of admissible assets

***1301* & *1308* Aggregate value of certain investments**

The Company held £14.4 million in unlisted securities within lines 46 and 48

The Company held no investments which were;

- i) listed investments falling within any of lines 41, 42, 46 or 48 which are not readily realisable; nor
- ii) units or other beneficial interests in collective investment schemes (other than UCITS and funds authorised or recognised under the Part XVII of FSMA) where:
 - the scheme uses derivative contracts that do not meet the criteria in INSPRU 3.2.5R,
 - the scheme uses contracts or assets having the effect of derivative contracts that do not meet the criteria in INSPRU 3.2.5R, or
 - the property of the scheme includes assets other than admissible assets; nor
- iii) reversionary interests or remainders in property other than land or buildings.

***1302* Hybrid Securities**

The Company held no hybrid securities in the other than long term insurance business.

***1304* & *1310* Amounts set off**

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

***1305* & *1319* Counterparty limits**

The maximum counterparty limit permitted by the Company's investment guidelines is 20% in respect of short term deposits. The maximum counterparty limits permitted by the Company's investment guidelines in respect of fixed interest stocks are:

- i) £40 million in respect of non-UK, Australian and Scandinavian financial issuers,
- ii) £60 million in respect of non financials and Scandinavian and Australian financial issuers,
- iii) £100 million in respect of the four largest UK-based banking groups, and
- iv) £80 million in respect of all other UK financial issuers.

No investment is permitted in stocks rated below BBB. Stocks rated below BBB can be held as a result of credit downgrades, although there is no requirement to sell immediately any such stock. There have been no breaches of these guidelines during the financial year.

***1306* & *1312* Exposure to large counterparties**

At the end of the financial year there was no exposure of the Company to a counterparty which exceeded 5% of the sum of the base capital resources requirement and the long term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded.

***1307* & *1313* Fully secured obligations**

There are no rights to which INSPRU 2.1.35R, 2.1.36R and 2.1.37R apply.

***1309* Hybrid Securities**

The aggregate value of hybrid securities held at 30 June 2014 and included in Form 13 line 46 was £144.105 million.

***1318* Other adjustments to assets**

Deferred tax asset (inadmissible)	<u>£'000</u>
	(8,527)
Unamortised cost of swaption	564
Financial reinsurance held in the long term business fund	(31)
Derivative contracts	(35,625)
	<u>(43,619)</u>

Form 14 Long term insurance business liabilities and margins

***1401* Provision for reasonably foreseeable adverse deviations**

No provision for reasonably foreseeable adverse deviations under derivative or quasi derivative instruments was necessary because the derivatives held are for the purpose of hedging interest rate and foreign currency exchange movements on other assets.

***1402* Charges and contingent liabilities**

During the current financial year there were no (a) charges over assets, (b) potential capital gains tax liability, (c) contingent liabilities, (d) guarantees, indemnities or other contractual commitments, effected other than in the ordinary course of insurance business, in respect of related companies, or (e) any other fundamental uncertainties.

***1403* Provisions: Other risks and charges**

	£'000
Provision for less liquid positions	2,243
	<u>2,243</u>

***1405* Other adjustments to liabilities**

	£'000
Mathematical reserves held in long term business fund	(152,968)
Deferred tax liability held on additional reserves and valuation differences	25,010
Derivative contracts	(69,201)
Less liquid provision	(2,243)
Financial reinsurance held in the long term business fund	98,194
	<u>(101,208)</u>

Form 15 Liabilities (other than long term insurance business)

***1501* Provision for reasonably foreseeable adverse deviations**

No provision for reasonably foreseeable adverse deviations under derivative or quasi derivative instruments was necessary, as the company holds none of these investments in the shareholder fund.

***1502* Charges and contingent liabilities**

During the current financial year there were no (a) charges over assets, (b) potential capital gains tax liability, (c) contingent liabilities, (d) guarantees, indemnities or other contractual commitments, effected other than in the ordinary course of insurance business, in respect of related companies, or (e) any other fundamental uncertainties.

Form 16 Profit and loss account (non-technical account)

***1603* Other charges**

	£'000
Debt costs amortisation	(4)
Interest arising on lower tier two loan instrument	(9,456)
	<u>(9,460)</u>

Form 40 Long term insurance business: Revenue account

***4002* Other income**

The items comprising Other Income in line 15 of Form 40 are as follows:

	£'000
Re-write fees	3
Mortgage set-up fees	3,413
Reinsurance financing credit	17,362
	<u>20,778</u>

***4002* Other expenditure**

The item comprising Other Expenditure in line 25 of Form 40 is as follows:

Charges under reinsurance treaties	£'000
	75,362
	<hr/>
	75,362

***4008* Management services**

Management services have been provided during the financial year by Just Retirement Management Services Limited, a wholly owned subsidiary of Just Retirement (Holdings) Limited.

Form 48 Expected income from admissible assets not held to match liabilities in respect of linked benefits

***4803* Securities redeemed over a period**

The fixed and variable interest securities in Form 48 include callable bonds with a market value as at 30 June 2014 of £588.2 million.

For most of these bonds, with market value of £570.4 million, the assumed redemption date is the next call date. Of the six remaining bonds, with market value £18.2 million, two are floating rate notes that were previously fixed interest but did not call at the first call date. These have been assumed to call at their last call date. Two other bonds have been assumed to call at the final call date and the remaining two are perpetual callable bonds that has been assumed to call in the year 2049. This treatment ensures that all redemption dates and corresponding implied yields are consistent with the market valuation.

***4804* Other assets**

Assets in line 18 include the value of mortgage assets. These are expected to provide no income in the 12 months following the valuation date. The yield on these assets are calculated in accordance with INSPRU 3.1.35R (2) at 3.24%.

Form 49 Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits

***4901* Agency used to provide split by credit rating**

Just Retirement used Standard & Poor's, Moody's or Fitch to rate the bonds.

Form 51 Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

***5103* Miscellaneous product code**

The Fixed Term Annuity product which was launched in 2011 and with reserves of £198.8 million as at 30 June 2014 has been included against code 435 (Miscellaneous Non Profit). The other reserves relate to the value protection element of the non-linked annuity business.

***5403* Miscellaneous product code**

The value protection element of the linked annuity business has been included against code 910 (Miscellaneous Index Linked).

Form 56 Analysis of index linked business

***5601* Agency used to provide split by credit rating**

Just Retirement used Standard & Poor's, Moody's or Fitch to rate the bonds.

Form 57 Analysis of Valuation Interest Rate

***5702* Risk adjusted yield**

The PRA, on the application of the firm, made a direction under section 138A of the Financial Services and Markets Act 2000 in August 2013. The effect of the direction is to modify the provisions of INSPRU 3.1.35R and IPRU(INS) Appendix 9.3 so that a more appropriate rate of interest is used for certain assets taken in combination.

The table below shows the yields to which a risk adjustment was applied in accordance with INSPRU 3.1.35R as amended in order to arrive at the figures used in column 5 of Form 57.

Product group	Risk adjusted yield (form 57 column 5)	Corresponding asset yield
UK Pens NP Form 51 annuities - Non Linked	3.26%	3.55%
UK Pens NP Form 54 annuities – Linked	0.31%	0.85%

Returns under the Accounts and Statements Rules

JUST RETIREMENT LIMITED

Global business

Year ended 30 June 2014

Statement of additional information on derivative contracts required by rule 9.29

A) Investment guidelines

Just Retirement's market risk policy set out the guidelines for the use of derivative contracts. Just Retirement enters into derivatives or quasi-derivatives only for the purposes of risk management and reducing investment risk. Just Retirement assesses the market and credit risks within its framework for the relevant assets and counterparties respectively.

Prior to the execution of any new types of contracts, the Board of Just Retirement Limited must approve any new types of derivative or quasi-derivatives. The Board of Just Retirement Limited must be presented with an assessment of the reasons for entering into a new type of derivative or quasi-derivative.

All derivative positions are monitored and reported to the appropriate forums and committees regularly.

During the financial year, Just Retirement entered into arrangements of cross currency swaps.

B) Derivatives unlikely to be exercised

The company did not enter into any contracts, which at the time the contracts were entered into, that were not reasonably likely to be exercised.

C) The extent of contracts unlikely to be exercised

The Company was not party to any contracts in (b) above during the financial year.

D) There were no derivatives held by the Company which required a provision to be made for it under INSPRU 3.2.17R

E) The company did not receive any consideration for granting rights under derivatives and quasi-derivatives during the financial year.

Returns under the Accounts and Statements Rules

JUST RETIREMENT LIMITED

Global business

Year ended 30 June 2014

Statement of additional information on shareholder controllers required by rule 9.30

The persons who, to the knowledge of the company, were shareholder controllers at any time during the financial year were:

a) Just Retirement (Holdings) Limited

As at 30 June 2014, Just Retirement (Holdings) Limited owned 100% of the ordinary share capital of Just Retirement Limited and was able to exercise 100% of the voting power at any general meeting.

b) Just Retirement Group Holdings Ltd

As at 30 June 2014, Just Retirement Group Holdings Ltd owned 100% of the shares of Just Retirement (Holdings) Limited and was able to exercise 100% of the voting power at any general meeting.

c) Just Retirement Group Plc

As at 30 June 2014, Just Retirement Group Plc owned 100% of the shares of Just Retirement Group Holdings Ltd and was able to exercise 100% of the voting power at any general meeting.

d) Avallux S.à.r.l

As at 30 June 2014, Avallux S.à.r.l, a company incorporated in Luxembourg, owned 62.3% of the shares of Just Retirement Group Plc and was able to exercise 62.3% of the voting power at any general meeting.

e) Permira Advisers

Avallux S.à.r.l is wholly owned by funds advised by Permira Advisers. The directors consider the ultimate controlling party to be funds advised by Permira Advisers.

JUST RETIREMENT LIMITED

Global business

Period ended 30 June 2014

APPENDIX 9.4 (rule 9.31): ABSTRACT OF VALUATION REPORT

Introduction

- 1(1) The date to which the investigation relates (the "valuation date") is 30 June 2014.
- 1(2) The previous valuation under rule 9.4 was 30 June 2013.
- 1(3) There have been no interim valuations (for the purposes of rule 9.4) carried out since 30 June 2013.

Product range

- 2 Just Retirement Limited launched the Lump Sum Plus mortgage product during the period. The product is the same as the existing Just Retirement Limited Roll-Up Mortgage product except that, on standard terms, clients can receive a larger cash lump sum, but at a higher rate of interest. In addition, on enhanced terms, clients can receive an even higher amount depending upon their specific health and lifestyle conditions.

Just Retirement Limited sold its first Defined Benefit schemes during the period. This business is similar to a regular annuity, except that each scheme contains a number of individual policyholders. There are two propositions, a 'buy-in', where in return for the payment of a single premium, pension scheme trustees buy a bulk purchase annuity insurance policy which provides pension benefit payments for identified scheme members and their qualifying beneficiaries. In the 'bulk buy-out' proposition the scheme trustees secure member benefits by purchasing, in bulk, many individual annuity policies in the names of the individual scheme members. The Defined Benefit proposition was launched in July 2012, with the first scheme coming onto the books in September 2013.

The Immediate Needs Annuity product has been launched and sold during the period. The product is similar to a regular annuity, but will contribute to the costs of providing immediate nursing care for clients. In return for a single premium, the income is payable directly to the care provider(s), for life in order to cover care costs. Payments are made monthly, with the option to initially defer these payments by 1 to 5 years if necessary, and can either be fixed or increasing. The product also includes a "payment protection" option, whereby the income paid by the policy can be set to be no less than a guaranteed minimum amount.

Discretionary charges and benefits

- 3 (1) – (10) Not applicable

Valuation basis (other than for special reserves)

4(1) The reserves for the non-linked annuities in payment shown in Form 51 are calculated as the present value of the projected future benefit payments. This includes any projected death benefit payments and guaranteed maturity lump sums, where applicable.

The reserves for the pension RPI-linked annuities (both with and without the no decrease in annuity guarantee) and LPI-linked annuities shown in Form 54 are calculated as the present value of the projected future annuity payments on a real basis. This uses a real discount rate and does not explicitly model future projected indexations.

The reserves for the renewal expenses on all non-linked and linked annuities are included in Form 51 and calculated as the present value of the projected future expense amounts allowing for expected inflation.

The reserves in Forms 51 and 54 implicitly include the liability for future investment expenses.

The calculations are performed on an individual policy basis assuming age attained to the lower month at the valuation date.

4(2) The interest rates used in the calculation of the mathematical reserves are shown in the table below:

Product Group	Escalation	Valuation Interest Rate	
		30 June 2014	30 June 2013
UK pension insurance business – annuity non profit	Fixed	3.15%	3.25%
UK pension insurance business – annuity non profit	RPI/LPI	0.25%	0.31%
UK life insurance business – annuity non profit	Fixed	2.52%	2.60%

4(3) The risk adjusted yield used to calculate the valuation interest rate is based on the risk adjusted internal rate of return on the assets backing the mathematical reserves. Deductions have been made to yields on the relevant backing assets as follows.

Fixed interest securities

The aggregate deductions to reflect the risk of default applied to the internal rate of return on the backing gilt and corporate bond assets held at the valuation date are shown in the table below:

Category	Deduction (basis points)
UK non-linked gilts	0
Non-linked corporate bonds	64

The overall deductions for defaults on the fixed interest corporate bonds represent 49% of the spread above the corresponding swap yield on the corporate bond portfolio.

Index linked securities

The average effective deductions for defaults on the index linked corporate bonds have been calibrated in a similar way to the fixed interest securities.

Category	Deduction (basis points)
UK index linked gilts	0
Index linked corporate bonds	83

The overall deductions for defaults on the index linked corporate bonds represents 49% of the spread above the corresponding real swap yield on the index linked corporate bond portfolio.

Loans secured by mortgages

The yield has been restricted to the risk free rates that have been used to determine the value of the assets in Form 13 (Total Long Term Business Assets).

- 4(4) For UK pension and life insurance annuity non-profit business, the mortality tables used in the valuation at 30 June 2014 are modified PCMA00 for males and modified PCFA00 for females. The same tables were used at 30 June 2013.

The mortality tables have been modified to reflect actual experience and to incorporate future improvements in mortality taking into account the health and lifestyle of each life, as determined during the underwriting process, and how these factors are likely to develop in the future.

Annual projected rates of mortality improvements have been assumed to follow the CMI_2012 model projections with convergence parameter 0.4 and a long-term assumption of 1.8% for males and 1.6% for females. These CMI_2012 model projections have been modified such that tapering starts at age 95 with a high-ages improvement floor of 0.25% at age 110.

Complete expectations of life for typical underwritten lives incepting immediately before the valuation date on the valuation mortality bases are shown in the table below:

	Complete Expectation of Life (Years)			
	30 June 2014		30 June 2013	
	Age 65	Age 75	Age 65	Age 75
Male	19.6	11.3	20.3	11.9
Female	20.0	11.7	20.7	12.2

No further allowance is made, and no reserve is held, for any possible detrimental impact of significant changes in the incidence of disease or developments in medical science on the mortality experience of the company in the tables of mortality used in the valuation.

- 4(5) Not applicable

4(6) Maintenance expenses per plan for UK pension and life insurance annuity non-profit business at 30 June 2014 have been assumed to be £38.94 p.a. The equivalent figures at 30 June 2013 were £37.37 p.a.

These expenses are gross of tax and the assumed rate of tax relief for the UK life insurance business is 20%.

A plan is a group of policies belonging to a policyholder that Just Retirement administers collectively. An individual policyholder may hold any number of plans.

4(7) It has been assumed that future maintenance expenses increase at 4.2% p.a. from the level assumed at the valuation date. The equivalent maintenance expense inflation assumption at 30 June 2013 was 4.2% p.a.

4(8) Not applicable

4(9) Not applicable

4(10) There are no other material basis assumptions which are not stated elsewhere.

4(11) The long term fund holds foreign currency swaps. These are covered by non-sterling fixed interest corporate bond holdings. The swap cash flows return fixed sterling cash flows in exchange for the non-sterling coupon and maturity payments from the bonds. The economic exposure of each bond and swap in combination is that of a sterling corporate bond. Form 48 reflects this treatment.

The other derivatives held in the long term fund do not impact upon the valuation of any liabilities.

4(12) Not applicable

Options and guarantees

5 (1) – (4) Not applicable

Expense reserves

6(1) The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 months from the valuation date from implicit and explicit reserves made at the valuation date to meet expenses in fulfilling contracts in force at the valuation date is approximately £11.9 million.

The loadings included within the reserves are as follows:

- Approximately £9.8 million from explicitly calculated expense reserves. This includes £0.9 million from part of the maintenance expense overrun reserve detailed below in paragraph 6(5).
- Approximately £2.1 million from implicit investment expense reserves.

No expenses have been treated as non-attributable.

6(2) There is an implicit expense allowance for the projected investment expenses relating to gilt and corporate bond investments, which are assumed to be 5 basis points per annum on the projected bond holdings. This allowance is included in the calculation of the internal rate of return of the assets backing the liabilities. This effectively reduces the valuation rate of interest for non-profit annuity contracts by 1.8 basis points, where only part of the hypothecated backing assets are bonds. Index linked annuity contracts are backed solely by index linked gilts and corporate bonds and so the valuation rate of interest is reduced by 5 basis points.

- 6(3) The maintenance expenses as shown in line 14 of Form 43, which include investment expenses, do not differ significantly from the allowances shown in 6(1) above.
- 6(4) No new business expense overrun reserve has been established in respect of the expenses of continuing to transact new business during the 12 months following the valuation date. Any new business expense overrun would be covered by the surplus arising on a prudent projection of the new business to be written.
- 6(5) A maintenance expense overrun reserve of £0.9million has been established to ensure that the total allowance for expenses in the valuation is sufficient to provide for the projected maintenance expenses.
- No reserve was determined to be required in respect of the additional costs of closure to new business if the company were to cease to transact new business 12 months after the valuation date. The projected discontinuance costs allow for the costs of terminating management agreements, the costs of administering the closed book, the costs of a potential transfer of the business to another provider, future redundancy costs and oversight management costs.
- 6(6) No expenses have been treated as non-attributable.

Mismatching reserves

- 7(1) All liabilities are denominated in sterling. All assets backing these liabilities, allowing for the economic exposure of the non-sterling bonds and covering currency swaps, are denominated in sterling.
- 7(2) Not applicable
- 7(3) No reserve has been established for currency mismatching since the mathematical reserves, the economic exposure of the matching assets (allowing for the currency swaps) and the deposits received from reinsurers are all denominated in sterling.
- 7(4) The market risk scenarios applied to the long term insurance assets invested in the UK for the purpose of calculating the resilience capital requirement in INSPRU 3.1.10R are those set out in INSPRU3.1.16R.
- The scenario under INSPRU 3.1.16R (2) has been applied to the property valuations. The value of the loans secured by mortgages shown in Form 13 at the valuation date includes a prudential margin in the form of a reduction applied to the estimated residential property values that is released in the resilience scenario.
- Fixed interest securities have been adjusted in accordance with the scenario in INSPRU 3.1.16R (3). In addition, index-linked securities have been adjusted by the same change in yield.
- The more onerous scenario under INSPRU 3.1.16R (3) was a decrease in yields on all fixed interest and index-linked securities.
- 7(5) The combination of non-sterling denominated corporate bonds and the covering foreign currency swaps have the economic exposure of sterling corporate bonds. Therefore, the UK scenarios have been used for the purposes of calculating the resilience capital requirement as set out in INSPRU 3.1.16R.
- 7(6) In respect of the more onerous scenario described in 7(4):
- (a) The resilience capital requirement is £33.1 million.
- (b) The change in the aggregate amount of the long term insurance liabilities is a £486.0 million increase.

- (c) The aggregate amount by which the assets allocated to match the long term insurance liabilities in the scenario have changed in value from the amount of those assets shown in Form 13 is a £453.0 million increase.

7(7) No further reserve has been made arising from the test on assets in INSPRU 1.1.34R.

Other special reserves

8 Additional reserves are held of £5.5 million for the risk of an adverse impact from default of Just Retirement's reinsurance counterparties and of £4.1 million for the risk that RPI market rates fall below the minimum increase rate underpinning some of Just Retirement's index-linked annuity liabilities.

Reinsurance

9(1) No reinsurance has been ceded on a facultative basis to a reinsurer not authorised to carry on insurance business in the United Kingdom at any time during the report period.

9(2) (d) **Hannover Ruckversicherung AG**

(e) The treaty relates to pension annuity business written in the period 14 August 2004 to 30 June 2014 inclusive and provides quota share mortality cover in respect of 70% of the business reassured.

(f) The premiums payable by the company under the treaty during the report period were £154.7 million.

(g) There is a deposit back arrangement. The amount of the deposit back as at the valuation date is £2,424.8 million.

(h) The treaty is open to new business.

(i) As at 30 June 2014, the undischarged obligation of Just Retirement Limited to the reinsurer was £65.0 million

(j) The amount of mathematical reserves ceded under the treaty as at 30 June 2014 was £2,576.3 million.

(k) Just Retirement Limited retains a minimum of 34% of the pension annuity business.

(l) The reinsurer is not authorised to carry on insurance business in the United Kingdom.

(m) The company and the reinsurer are not connected.

(n) There is a credit risk associated with the treaty due to there being a difference of £151.5 million between the mathematical reserve ceded under the treaty at 30 June 2014 and the corresponding amount of the deposit, which is offset by the amount in (i). There are no other material contingencies to which the treaty is subject.

(o) No commission is payable.

(p) (i) The undischarged obligation is to be repaid out of any future valuation surplus as it arises.

- (ii) No provision has been made in the valuation for the amount of the undischarged obligation at the valuation date. The impact of the arrangements on the valuation result is to increase the fund and surplus carried forward by the amount of the undischarged obligation. A mathematical reserve of £ 3.9 million has been provided at 30 June 2014 to allow for the credit risk associated with the treaty.

(d) Achmea Reinsurance Company N.V.

- (e) The treaty relates to pension annuity business written in the period 14 August 2004 to 30 June 2012 inclusive and provides quota share mortality cover in respect of 30% of the business reassured.
- (f) The premiums payable by the company under the treaty during the report period were £(83.5) million.
- (g) There is a deposit back arrangement. The amount of the deposit back as at the valuation date is £697.0 million.
- (h) The treaty is closed to new business.
- (i) As at 30 June 2014, the undischarged obligation of Just Retirement Limited to the reinsurer was £19.8 million.
- (j) The amount of mathematical reserves ceded under the treaty as at 30 June 2014 was £740.5 million.
- (k) Just Retirement Limited retains a minimum of 34% of the pension annuity business.
- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
- (m) The company and the reinsurer are not connected.
- (n) There is a credit risk associated with the treaty due to there being a difference of £43.6 million between the mathematical reserve ceded under the treaty at 30 June 2014 and the corresponding amount of the deposit, which is offset by the amount in (i). There are no other material contingencies to which the treaty is subject.
- (o) No commission is payable.
- (p) (i) The undischarged obligation is to be repaid out of any future valuation surplus as it arises.

(ii) No provision has been made in the valuation for the amount of the undischarged obligation at the valuation date. The impact of the arrangements on the valuation result is to increase the fund and surplus carried forward by the amount of the undischarged obligation. A mathematical reserve of £1.1 million has been provided at 30 June 2014 to allow for the credit risk associated with the treaty.

(d) RGA Americas Reinsurance Company, Ltd.

- (e) The treaty relates to pension annuity business written in the period 1 July 2012 to 30 June 2014 inclusive and provides quota share mortality cover in respect of 28.5% of the business reassured.

- (f) The premiums payable by the company under the treaty during the report period were £141.5 million.
 - (g) There is a deposit back arrangement. The amount of the deposit back as at the valuation date is £325.1 million.
 - (h) The treaty is open to new business.
 - (i) As at 30 June 2014, the undischarged obligation of Just Retirement Limited to the reinsurer was £12.7 million
 - (j) The amount of mathematical reserves ceded under the treaty as at 30 June 2014 was £345.5 million.
 - (k) Just Retirement Limited retains a minimum of 34% of the pension annuity business.
 - (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
 - (m) The company and the reinsurer are not connected.
 - (n) There is a credit risk associated with the treaty due to there being a difference of £20.3 million between the mathematical reserve ceded under the treaty at 30 June 2014 and the corresponding amount of the deposit, which is offset by the amount in (i). There are no other material contingencies to which the treaty is subject.
 - (o) No commission is payable.
 - (p) (i) The undischarged obligation is to be repaid out of any future valuation surplus as it arises.
 - (ii) No provision has been made in the valuation for the amount of the undischarged obligation at the valuation date. The impact of the arrangements on the valuation result is to increase the fund and surplus carried forward by the amount of the undischarged obligation. A mathematical reserve of £0.5 million has been provided at 30 June 2014 to allow for the credit risk associated with the treaty.
- (d) **RGA International Reinsurance Company Limited.**
- (e) The treaty relates to pension annuity business written in the period 1 July 2012 to 30 June 2014 inclusive and provides quota share mortality cover in respect of 1.5% of the business reassured.
 - (f) The premiums payable by the company under the treaty during the report period were £7.4 million.
 - (g) There is a deposit back arrangement. The amount of the deposit back as at the valuation date is £17.1 million.
 - (h) The treaty is open to new business.
 - (i) As at 30 June 2014, the undischarged obligation of Just Retirement Limited to the reinsurer was £0.7 million
 - (j) The amount of mathematical reserves ceded under the treaty as at 30 June 2014 was £18.2 million.

- (k) Just Retirement Limited retains a minimum of 34% of the pension annuity business.
- (l) The reinsurer is not authorised to carry on insurance business in the United Kingdom.
- (m) The company and the reinsurer are not connected.
- (n) There is a credit risk associated with the treaty due to there being a difference of £1.1 million between the mathematical reserve ceded under the treaty at 30 June 2014 and the corresponding amount of the deposit, which is offset by the amount in (i). There are no other material contingencies to which the treaty is subject.
- (o) No commission is payable.
- (p) (i) The undischarged obligation is to be repaid out of any future valuation surplus as it arises.

(ii) No provision has been made in the valuation for the amount of the undischarged obligation at the valuation date. The impact of the arrangements on the valuation result is to increase the fund and surplus carried forward by the amount of the undischarged obligation. A mathematical reserve of £0.0 million has been provided at 30 June 2014 to allow for the credit risk associated with the treaty.

Reversionary (or annual) bonus

- 10 There are no with profit policyholders. The shareholders are entitled to all profits.

JUST RETIREMENT LIMITED

Global business

Financial year ended 30 June 2014

Directors' Certificate required by rule 9.34(1) of the Accounts and Statements Rules

We certify:

1. (a) that the return has been properly prepared in accordance with the requirements in IPRU (INS), GENPRU and INSPRU as modified by a waiver as detailed in supplementary note 0201 issued under section 138A of the Financial Services and Markets Act 2000; 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), 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.
2. (a) that in our 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;
 - (b) that 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 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; and
 - (c) that 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.



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Rodney Cook

Chief Executive Officer



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Shayne Deighton

Group Chief Actuary



.....
Simon Thomas

Group Finance Director

Date: 29/9/2014

Just Retirement Limited
Global business

Financial year ended 30 June 2014

Independent auditor's report to the Directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers ("IPRU(INS)")

We have examined 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 Insurance Prudential Sourcebook, ("the Rules") made by the Prudential Regulation Authority under section 137G of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 17, 40 to 43, 48, 49, 56, 58, and 60, (including the supplementary notes) on pages 1 to 23 and pages 31-39 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on pages 41 ('the Statement');
- the valuation report required by IPRU(INS) rule 9.31(a)(i) on pages 43 to 51 ("the valuation report")

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

- Forms 46, 47, 50, 51, 54 and 57 (including the supplementary notes) on pages 19 to 32;
- the statement[s] required by IPRU(INS) rules 9.30 on page 42;
- the certificate required by IPRU(INS) rule 9.34(1) on page 52 ('the certificate').

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

Respective responsibilities of the insurer and its auditor

The insurer is responsible for the preparation of an annual return (including the Forms, the Statement, the valuation report) under the provisions of the Rules. The requirements of the Rules have been modified by a direction issued under section 138A of the Financial Services and Markets Act 2000 on 9 August 2013. 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, the valuation report meet these requirements, and to report our opinions 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[s] are not in agreement with the accounting records and returns; or
- 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 (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, 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, 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 rule IPRU(INS) 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, the valuation report fairly state the information provided on the basis required by the Rules as modified 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.



Ben Priestley
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants.
15 Canada Square
London E14 5GL
Date: 29 September 2014