

Just Retirement Limited

Annual PRA Insurance Returns for the year ended

30 June 2015

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 2015**

Solo solvency calculation

Company registration number	GL/UK/CM	day	month	year	Units	
R2	5017193	GL	30	6	2015	£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	362517	419308
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	193672	256245
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	556189	675553

Guarantee fund

Guarantee fund requirement	21	91742	84506
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	412485	586091

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	275225	253519
Resilience capital requirement	32	60840	33066
Base capital resources requirement	33	2902	3146
Individual minimum capital requirement	34	336065	286585
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	336065	286585
Excess (deficiency) of available capital resources to cover 50% of MCR	37	214565	361787
Excess (deficiency) of available capital resources to cover 75% of MCR	38	130549	290141

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	336065	286585

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	336065	286585
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	220124	388968

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 2015**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	5017193	GL	30	6	2015	£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		16900	16900	15900
Profit and loss account and other reserves	12		332609	332609	403669
Share premium account	13		152100	152100	143100
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		501609	501609	562669

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		501609	501609	562669
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35		119012	119012	57589
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		119012	119012	57589
Total tier one capital after deductions (31-37)	39		382597	382597	505080

Components of capital resources

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2015**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	5017193	GL	30	6	2015	£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		210000	210000	179000
Lower tier two capital in related undertakings	53				
Lower tier two capital (51+52+53)	59		210000	210000	179000

Total tier two capital before restrictions (49+59)	61		210000	210000	179000
Excess tier two capital	62				
Further excess lower tier two capital	63		18700	18700	
Total tier two capital after restrictions, before deductions (61-62-63)	69		191300	191300	179000

Components of capital resources

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2015**

	Company registration number	GL/UK/CM	day	month	year	Units	
	R3	5017193	GL	30	6	2015	£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		573897	573897	684080	
Inadmissible assets other than intangibles and own shares	73		17708	17708	8527	
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		556189	556189	675553	

Available capital resources for GENPRU/INSPRU tests

Available capital resources for guarantee fund requirement	81		504227	504227	670597	
Available capital resources for 50% MCR requirement	82		382597	382597	505080	
Available capital resources for 75% MCR requirement	83		382597	382597	505080	

Financial engineering adjustments

Implicit items	91					
Financial reinsurance - ceded	92		76721	76721	98194	
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		76721	76721	98194	

Analysis of admissible assets

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2015**

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	6	2015	£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 participations			42					
Holdings in collective investment schemes			43			207771	255501	
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			1		
	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 2015**

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	30	6	2015	£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	4565	676
	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	36	68
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	212373	256245
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Analysis of admissible assets

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2015**

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	6	2015	£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	212373	256245
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	212373	256245
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 2015**

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	6	2015	£000	10
						As at end of this financial year	As at end of the previous year	
						1	2	
Land and buildings			11					
Investments in group undertakings and participating interests								
UK insurance dependants	Shares		21					
	Debts and loans		22					
Other insurance dependants	Shares		23					
	Debts and loans		24					
Non-insurance dependants	Shares		25					
	Debts and loans		26					
Other group undertakings	Shares		27					
	Debts and loans		28					
Participating interests	Shares		29					
	Debts and loans		30					
Other financial investments								
Equity shares			41					
Other shares and other variable yield participations			42					
Holdings in collective investment schemes			43			59854	35064	
Rights under derivative contracts			44			35776	35625	
Fixed interest securities	Approved		45			809893	139318	
	Other		46			3283501	3886633	
Variable interest securities	Approved		47			21973	23530	
	Other		48			28641	68387	
Participation in investment pools			49					
Loans secured by mortgages			50			3471822	3313942	
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			6461	6665	
Bank and approved credit & financial institution deposits	One month or less withdrawal		54			44415	41378	
	More than one month withdrawal		55					
Other financial investments			56					
Deposits with ceding undertakings			57					
Assets held to match linked liabilities	Index linked		58			477918	137201	
	Property linked		59					

Analysis of admissible assets

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2015**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets
R13	5017193	30	6	2015	£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	29321	
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75	364	178
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78	13658	14151
	due in more than 12 months	79	1917	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	81882	86737
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	2703	

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	8370099	7791685
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Analysis of admissible assets

Name of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2015**

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	6	2015	£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	8370099	7791685
Admissible assets in excess of market and counterparty limits	92		
Inadmissible assets directly held	93	17708	8527
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	2644926	3681792
Other asset adjustments (may be negative)	101	(47516)	(43619)
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	10985217	11438385
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 marginsName of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2015**Total business/Sub fund **Summary**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	5442396	3773996	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	362517	419308	
Long term insurance business fund carried forward (11 to 13)	14	5804913	4193304	
Claims outstanding	Gross	15	650	663
	Reinsurers' share	16		
	Net (15-16)	17	650	663
Provisions	Taxation	21	500	500
	Other risks and charges	22	3272	2243
Deposits received from reinsurers	23	2473494	3463996	
Creditors	Direct insurance business	31	11920	11675
	Reinsurance accepted	32		
	Reinsurance ceded	33	6539	3607
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	300	20186
	Other	38	68118	94920
Accruals and deferred income	39	394	591	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	2565187	3598381	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	8370099	7791685	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	5318	8952
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71	8007583	7372377
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	2644926	3681792
Other adjustments to liabilities (may be negative)	74	(166528)	(101208)
Capital and reserves and fund for future appropriations	75	499236	485424
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	10985217	11438385

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

Global business

Financial year ended **30 June 2015**

	Company registration number	GL/ UK/ CM	day	month	year	Units	
	R15	5017193	GL	30	6	2015	£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		
	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	210000	179000
Total (59 to 63)		69	210000	179000

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	2373	77245
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	212373	256245

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

Global business

Financial year ended **30 June 2015**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	5017193	GL	30	6	2015	£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			(70000)		
Investment income	Income		14			1198	605	
	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			1659		
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			(18305)	(9460)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)			29			(88766)	(8855)	
Tax on profit or loss on ordinary activities			31			(3894)	(2552)	
Profit or loss on ordinary activities after tax (29-31)			39			(84872)	(6303)	
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			(84872)	(6303)	
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59			(84872)	(6303)	

Analysis of derivative contractsName of insurer **Just Retirement Limited**

Global business

Financial year ended **30 June 2015**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	6	2015	£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			39965	200000			
	Inflation	13		33		6510			
	Credit index / basket	14							
	Credit single name	15							
	Equity index	16							
	Equity stock	17							
	Land	18							
	Currencies	19		29685	4006			368432	
	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		6058				1140000	
	Equity index calls	42							
	Equity stock calls	43							
	Equity index puts	44							
	Equity stock puts	45							
	Other	46							
Total (11 to 46)		51		35776	43971	206510		1508432	
Adjustment for variation margin		52							
Total (51 + 52)		53		35776	43971				

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 2015**
 Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	1984890	1054073
Investment income receivable before deduction of tax	12	193064	204506
Increase (decrease) in the value of non-linked assets brought into account	13	(154329)	419552
Increase (decrease) in the value of linked assets	14		
Other income	15	7115	20778
Total income	19	2030740	1698909

Expenditure

Claims incurred	21	272377	215665
Expenses payable	22	97885	112661
Interest payable before the deduction of tax	23	98879	112841
Taxation	24	(13213)	34424
Other expenditure	25	33203	75362
Transfer to (from) non technical account	26	(70000)	
Total expenditure	29	419131	550953

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	1611609	1147956
Fund brought forward	49	4193304	3045348
Fund carried forward (39+49)	59	5804913	4193304

Long-term insurance business : Analysis of premiums

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2015**
 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	12054	1136094		1148148	1274189

Reinsurance - external

Regular premiums	13					
Single premiums	14	44	(836786)		(836742)	220116

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17					
Single premiums	18	12010	1972880		1984890	1054073

Total

Gross	19	12054	1136094		1148148	1274189
Reinsurance	20	44	(836786)		(836742)	220116
Net	21	12010	1972880		1984890	1054073

Long-term insurance business : Analysis of claims

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2015**
 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		1724		1724	768
Disability periodic payments	12					
Surrender or partial surrender	13		2653		2653	892
Annuity payments	14	2032	507303		509335	447014
Lump sums on maturity	15		6758		6758	
Total	16	2032	518438		520470	448674

Reinsurance - external

Death or disability lump sums	21		104		104	136
Disability periodic payments	22					
Surrender or partial surrender	23					
Annuity payments	24		247989		247989	232873
Lump sums on maturity	25					
Total	26		248093		248093	233009

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		1620		1620	632
Disability periodic payments	42					
Surrender or partial surrender	43		2653		2653	892
Annuity payments	44	2032	259314		261346	214141
Lump sums on maturity	45		6758		6758	
Total	46	2032	270345		272377	215665

Long-term insurance business : Analysis of expenses

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2015**
 Units **£000**

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

Gross

Commission - acquisition	11		16142		16142	25662
Commission - other	12					
Management - acquisition	13		50030		50030	59326
Management - maintenance	14	12	14890		14902	13323
Management - other	15		16811		16811	14350
Total	16	12	97873		97885	112661

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		16142		16142	25662
Commission - other	42					
Management - acquisition	43		50030		50030	59326
Management - maintenance	44	12	14890		14902	13323
Management - other	45		16811		16811	14350
Total	46	12	97873		97885	112661

Long-term insurance business : Summary of new businessName of insurer **Just Retirement Limited**

Total business

Financial year ended **30 June 2015**Units **£000**

UK Life 1	UK Pension 2	Overseas 3	Total Financial year 4	Total Previous year 5
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**Number of new policyholders/
scheme members for direct insurance business**

Regular premium business	11					
Single premium business	12	104	11905		12009	24519
Total	13	104	11905		12009	24519

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	12054	1136094		1148148	1274189
External reinsurance	26					
Intra-group reinsurance	27					
Total	28	12054	1136094		1148148	1274189

Long-term insurance business : Analysis of new business

Name of insurer

Just Retirement Limited

Total business

Financial year ended

30 June 2015

Units

£000

UK Life / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
370	Long term care			104	12054

Long-term insurance business : Analysis of new business

Name of insurer

Just Retirement Limited

Total business

Financial year ended

30 June 2015

Units

£000

UK Pension / Direct Insurance Business

Product code number 1	Product description 2	Regular premium business		Single premium business	
		Number of policyholders / scheme members 3	Amount of premiums 4	Number of policyholders / scheme members 5	Amount of premiums 6
390	Deferred Annuity non-profit			74	12083
401	Annuity non-profit (bulk transfer)			2234	294141
405	Annuity non profit (CPA Impaired Life)			7406	467911
435	Miscellaneous			615	49145
905	Index linked annuity (CPA)			228	10163
906	Index linked annuity (bulk transfer)			1298	292605
907	Index Linked Deferred Annuity			50	10046

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 2015**
 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	821783	821783	221218	1.51	
Other fixed interest securities	13	3351622	3377301	250886	3.41	
Variable interest securities	14	52464	52464	754	0.15	
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	3666313	3640634	3	3.96	
Total	19	7892182	7892182	472861	3.44	

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 2015**
 Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	538963	1.43	0.61	0.61
Other approved fixed interest securities	21	282820	6.88	3.24	2.44
Other fixed interest securities					
AAA/Aaa	31	43233	6.79	2.64	2.30
AA/Aa	32	162767	6.22	2.86	2.35
A/A	33	1520868	6.27	3.04	2.42
BBB/Baa	34	1605288	6.08	3.80	2.85
BB/Ba	35	45145	1.42	4.53	3.06
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39	3377301	6.12	3.41	2.63
Approved variable interest securities	41	22736	22.08	(0.73)	(0.73)
Other variable interest securities	51	29727	9.81	1.08	0.15
Total (11+21+39+41+51)	61	4251547	5.69	3.01	2.33

Long-term insurance business : Summary of mathematical reservesName of insurer **Just Retirement Limited**Total business / subfund **Summary**Financial year ended **30 June 2015**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	20333	7512047	7532380	7241175
Form 52	13				
Form 53 - linked	14				
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17		554942	554942	214613
Total	18	20333	8066989	8087322	7455788

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22	2147	2565755	2567902	3608480
Form 52	23				
Form 53 - linked	24				
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27		77024	77024	73312
Total	28	2147	2642779	2644926	3681792

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	18186	4946292	4964478	3632695
Form 52	43				
Form 53 - linked	44				
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47		477918	477918	141301
Total	48	18186	5424210	5442396	3773996

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

Name of insurer **Just Retirement Limited**
 Total business / subfund **Valuation summary of index non-linked contracts**
 Financial year ended **30 June 2015**
 Units **£000**
 UK Life / Gross

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
370	Long-term care policy	104	3067					14236
395	Annuity non-profit (PLA)	219	671					6097

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

Name of insurer **Just Retirement Limited**
 Total business / subfund **Valuation summary of index non-linked contracts**
 Financial year ended **30 June 2015**
 Units **£000**
 UK Life / Reinsurance ceded external

Product code number 1	Product description 2	Number of policyholders / scheme members 3	Amount of benefit 4	Amount of annual office premiums 5	Nominal value of units 6	Discounted value of units 7	Other liabilities 8	Amount of mathematical reserves 9
370	Long-term care policy		2760					2147

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

Name of insurer **Just Retirement Limited**
 Total business / subfund **Valuation summary of index non-linked contracts**
 Financial year ended **30 June 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
390	Deferred Annuity non-profit	74	235					10261
405	Annuity non profit (CPA Impaired Life)	155848	512024					7199867
435	Miscellaneous	4368	12028					226338
440	Additional Reserves							75581

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

Name of insurer **Just Retirement Limited**
 Total business / subfund **Valuation summary of index non-linked contracts**
 Financial year ended **30 June 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
390	Deferred Annuity non-profit		129					(77)
405	Annuity non profit (CPA Impaired Life)		261083					2565040
440	Additional Reserves		19639					792

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

Name of insurer **Just Retirement Limited**
 Total business / subfund **Valuation summary of index linked contracts**
 Financial year ended **30 June 2015**
 Units **£000**
 UK Pension / Gross

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index Linked Annuity (CPA) - RPI	3844	18229				475001	475001
905	Index Linked Annuity (CPA) - LPI	763	1214				27707	27707
905	Index Linked Annuity (CPA) - CPI	80	1444				41697	41697
910	Miscellaneous		698				10537	10537

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

Name of insurer **Just Retirement Limited**
 Total business / subfund **Valuation summary of index linked contracts**
 Financial year ended **30 June 2015**
 Units **£000**
 UK Pension / Reinsurance ceded external

Product code number	Product description	Number of policyholders / scheme members	Amount of benefit	Amount of annual office premiums	Nominal value of units	Discounted value of units	Other liabilities	Amount of mathematical reserves
1	2	3	4	5	6	7	8	9
905	Index Linked Annuity (CPA) - RPI		9620				64460	64460
905	Index Linked Annuity (CPA) - LPI		659				10563	10563
905	Index Linked Annuity (CPA) - CPI		794				1982	1982
910	Miscellaneous		348				19	19

Long-term insurance business : Index linked business

Name of insurer **Just Retirement Limited**
Total business **Index linked business**
Financial year ended **30 June 2015**
Units **£000**

Value of assets 1	Mean Term 2
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Analysis of assets

Approved variable interest securities	11	207117	21.83
Other variable interest securities	12	270801	10.31
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	477918	

Credit rating of other fixed interest and other variable interest securities

AAA/Aaa	31		
AA/Aa	32	21193	5.14
A/A	33	107011	10.54
BBB/Baa	34	142597	10.90
BB/Ba	35		
B/B	36		
CCC/Caa	37		
Other (including unrated)	38		
Total other fixed interest and other variable interest securities	39	270801	10.31

Long-term insurance business : Distribution of surplus

Name of insurer **Just Retirement Limited**
 Total business / subfund **Summary**
 Financial year ended **30 June 2015**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	5804913	4193304
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	5804913	4193304
Mathematical reserves	21	5442396	3773996
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	362517	419308

Composition of surplus

Balance brought forward	31	419308	323818
Transfer from non-technical account	32	70000	
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	(126791)	95490
Total	39	362517	419308

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	362517	419308
Total (48+49)	59	362517	419308

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 2015**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%	23	23		0	
Classes I (other), II and IX	13	0.15%	193	193	0.92	0	1
Classes I (other), II and IX	14	0.3%	2549	2318		7	21
Classes III, VII and VIII	15	0.3%	4	2	0.62	0	
Total	16		2769	2536		7	22

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%	7532380	4964478	0.85	64025	61550
Classes III, VII and VIII (investment risk)	33	1%	554942	477918	0.86	4779	1824
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					68804	63374

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%					
Classes I (other), II and IX	42	3%	7532380	4964478	0.85	192076	184650
Classes III, VII and VIII (investment risk)	43	3%	554942	477918	0.86	14338	5473
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		8087322	5442396		206413	190123

Long term insurance capital requirement	51					275225	253519
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Returns under the Accounts and Statements Rules

JUST RETIREMENT LIMITED

Global business

Year ended 30 June 2015

Supplementary notes to the return

Form 2 Statement of solvency

***0201* Waivers 1637554**

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	8,370,099
Form 14 Line 11 Mathematical reserves after distribution of surplus	(5,442,396)
Form 14 Line 49 Total other insurance and non-insurance liabilities	(2,565,187)
Form 13 Line 91 (Other than long term) Grand total of admissible assets	212,373
Form 15 Line 69 (Other than long term) Liabilities	<u>(210,000)</u>
Net admissible assets	364,889
Form 3 Line 69 Other tier two instruments after restrictions	<u>191,300</u>
Form 3 Line 79 Capital resources after deductions	<u>556,189</u>

***0302* Capital instruments**

During the financial year, subordinated loan capital of £31.0 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 is £210.0 million. The amount eligible after restrictions as a lower tier two capital resource at 30 June 2015 is £191.3 million.

On 11 August 2015 the Boards of Just Retirement Group plc and Partnership Assurance Group plc announced that they had reached agreement on the terms of a recommended all-share merger to create JRP Group plc. The merger is expected to result in Just Retirement shareholders owning approximately 60% of the combined group and Partnership Assurance shareholders owning approximately 40% of the combined group. Just Retirement and Partnership Assurance intend to raise equity capital amounting to £150.0 million in aggregate.

On 14 August 2015 the Company issued 30,000,000 shares to its parent Just Retirement (Holdings) Limited for £30.0 million.

On 11 September 2015 the Company entered into a lower tier two loan arrangement with Just Retirement (Holdings) Limited for an amount of £10.0 million.

0306 Details of reinsurance offset

The amount of the reinsurance offset for Hannover Ruckversicherung AG as at 30 June 2015 is £1,583.6 million. The amount of the contingent liability for payment to the Hannover Ruckversicherung AG at 30 June 2015 is £47.9 million. The commutation value at 30 June 2015 is £57.1 million.

The amount of the reinsurance offset for Achmea Reinsurance Ireland Ltd as at 30 June 2015 is £680.2 million. The amount of the contingent liability for payment to Achmea Reinsurance Ireland Ltd at 30 June 2015 is £16.9 million. The commutation value at 30 June 2015 is £16.9 million.

The amount of the reinsurance offset for RGA Americas Reinsurance Company Ltd as at 30 June 2015 is £351.1 million. The amount of the contingent liability for payment to RGA Americas Reinsurance Company Ltd at 30 June 2015 is £11.3 million. The commutation value at 30 June 2015 is £11.3 million.

The amount of the reinsurance offset for RGA International Reinsurance Company Limited as at 30 June 2015 is £18.5 million. The amount of the contingent liability for payment to RGA International Reinsurance Company Limited at 30 June 2015 is £0.6 million. The commutation value at 30 June 2015 is £0.6 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 financial reporting purposes:		
Derivative contracts	35,776	
Financial reinsurance	211	
Deferred tax asset held on additional reserves and valuation differences	<u>17,708</u>	
		53,695
b) Positive valuation differences in respect of liabilities where the valuation in GENPRU and INSPRU is lower than the valuation for external financial reporting purposes:		
Contingent liability for financial reinsurance	76,721	
Deferred tax liability held on additional reserves and valuation differences	<u>22,068</u>	
		98,789
c) Negative valuation differences in respect of assets where the valuation in GENPRU and INSPRU is lower than the valuation for external financial reporting purposes:		
Unamortised cost of swaption	<u>(6,179)</u>	
		(6,179)
d) Negative valuation differences in respect of liabilities where the valuation in GENPRU and INSPRU exceeds the valuation for external financial reporting purposes:		
Mathematical reserves held in long term business fund	(218,074)	
Derivative contracts	(43,971)	
Less liquid provision	<u>(3,272)</u>	
		<u>(265,317)</u>
Net negative valuation difference shown in form 3 on line 35		<u>(119,012)</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 2014 (Form 3 Line 12.4)	403,669
Profit and loss account and other reserves at 30 June 2015 (Form 3 Line 12.3)	332,609
Movement in reserves in Financial Statements	<u>(71,060)</u>
Loss for the financial year from non-technical account (Form 16 Line 59.1)	84,872
Difference in reserves	<u>13,812</u>
Net surplus arising since last valuation	(126,791)
Movement in technical reserves	(715)
Movement in other liabilities	68,583
Financial reinsurance	21,473
Other creditors	(18,738)
Transfer from non-technical account	70,000
	<u>13,812</u>

Form 13 Analysis of admissible assets***1301* & *1308* Aggregate value of certain investments**

The Company held £250.5 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. Passive breaches due to market movements of bonds within these guidelines are allowed, with no forced sale requirements. There have been no active 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, other than the UK Government, 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 2015 and included in Form 13 line 46 was £116.0 million.

***1318* Other adjustments to assets**

	£'000
Deferred tax asset (inadmissible)	(17,708)
Unamortised cost of swaption	6,179
Financial reinsurance held in the long term business fund	(211)
Derivative contracts	(35,776)
	<u>(47,516)</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, inflation and foreign currency exchange movements on other assets or liabilities.

***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	3,272
	<u>3,272</u>

***1405* Other adjustments to liabilities**

	£'000
Mathematical reserves held in long term business fund	(218,074)
Deferred tax liability held on additional reserves and valuation differences	22,068
Derivative contracts	(43,971)
Less liquid provision	(3,272)
Contingent liability for financial reinsurance	76,721
	<u>(166,528)</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 is 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**

	<u>£'000</u>
Debt costs amortisation	(4)
Interest arising on subordinated loans	(18,301)
	<u>(18,305)</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:

	<u>£'000</u>
Re-write fees	2
Mortgage set-up fees	2,136
Reinsurance financial credit	4,977
	<u>7,115</u>

***4002* Other expenditure**

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

	<u>£'000</u>
Charges under reinsurance treaties	33,203
	<u>33,203</u>

***4003* Transfer from non-technical account**

During the financial year, £70.0 million was transferred from the non-technical account to the long term insurance business.

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

***4702* Approximations used to apportion between product codes.**

For defined benefit plans, the premium is not apportioned between individual policyholders. The total premium has been split between non-linked and index-linked in relation to the relative net reserves.

***4703* Approximations in determining policy count.**

For defined benefit policyholders with more than one benefit type, the policy count is allocated to the product code relating to the highest annuity amount.

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 2015 of £554.3 million.

For most of these bonds, with market value of £532.0 million, the assumed redemption date is the next call date. Of the four remaining bonds, with market value £122.3 million, three have been assumed to call at the final call date and the final one is a perpetual callable bond 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 4.17%.

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 £228.4 million as at 30 June 2015 has been included against code 435 (Miscellaneous Non Profit). Also within this line is a £66.2m additional reserve for the element of the 5% property fall margin that was not allowed for as a reduction to the valuation interest rate (See Appendix 9.4, Section 4(3)). The other reserves relate to the value protection element of the non-linked annuity business, the closure reserve and reinsurance counterparty reserve.

***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	3.76%	4.005%
UK Pens NP Form 54 annuities – Linked	(0.46)%	(0.01)%

JUST RETIREMENT LIMITED

Global business

Year ended 30 June 2015

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, interest rate swaps, interest rate swaptions and inflation swaps.

B) Derivatives unlikely to be exercised

The company entered into interest rate swaption contracts, which at the time the contracts were entered into, were not reasonably likely to be exercised. These contracts were used to reduce the amount of capital held for a low probability of very large increases in interest rates.

C) The extent of contracts unlikely to be exercised

The company entered into £1.14bn in notional of 2 year swaptions on 30 year LIBOR par swaps at an average strike of 3.96%. The average strike was +200bp out of the money at the point of purchase.

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 2015

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 2015, 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 2015, 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 2015, 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 2015, Avallux S.à.r.l, a company incorporated in Luxembourg, owned 52.3% of the shares of Just Retirement Group Plc and was able to exercise 52.3% 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 2015

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 2015.
- 1(2) The previous valuation under rule 9.4 was 30 June 2014.
- 1(3) There have been no interim valuations (for the purposes of rule 9.4) carried out since 30 June 2014.

Product range

- 2 The Flexible Pension Plan (FPP) income drawdown product has been launched during the period. FPP is a unitised product which allows investment in a number of underlying funds. Policies are sold on a single life basis and can be passed on to a dependant on death. The policyholder has the ability to withdraw part/all of those funds as and when required. The product was launched in May 2015, and only a very small amount of business was sold by June 15. For simplicity, the unit reserves have been included within the Miscellaneous reserves on Form 54.

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.

Defined benefit schemes consist of both annuities in payment and a small number of deferred annuities arising out of corporate pension schemes. The reserves for non-linked defined benefit pension schemes shown in Form 51 are calculated as the present value of the projected future annuity payments. The reserves for RPI, LPI

and CPI linked defined benefit pension schemes shown in Form 54 are calculated as the present value of the projected future annuity payments on a real basis, discounted at a real discount rate.

The reserves for Individual Needs Annuities shown in Form 51 are calculated as the present value of the projected future annuity payments, including fixed escalation rates where relevant.

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 expense 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 2015	30 June 2014
UK pension insurance business	Fixed	3.66%	3.15%
UK pension insurance business	RPI/LPI/CPI	(0.46)%	0.25%
UK life insurance business	Fixed	2.93%	2.52%

- 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	81
Private Placements	83

The overall deductions for defaults on the fixed interest corporate bonds represent 46% 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	93

The overall deductions for defaults on the index linked corporate bonds represents 42% 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 discount rates that have been used to determine the value of the assets in Form 13, where the yield is calculated separately for each mortgage. There is risk deduction to the yield to allow for a 5% property volatility margin. For June 2015, this is allowed for partially through a 10bps deduction to the valuation interest rate, and partially as an additional reserve,.

4(4)

UK Non-Profit Annuities

For UK pension and life insurance annuity non-profit business, the mortality tables used at the valuation date are modified PCMA00 for males and modified PCFA00 for females.

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_2014 model projections with core parameters and a long-term assumption of 1.8% for males and 1.6% for females. This is a change from the previous valuation date, where CMI 2012 improvement factors were used. There have also been changes to some earlier underwriting year factors compared to the previous year's mortality basis for these annuities.

Complete expectations of life for inforce underwritten lives on the valuation mortality basis are shown in the table below as an average expectation across the total portfolio. Expectations of Life for 30 June 2014 have been restated to be consistent with the 30 June 2015 calculations. Previously, 30 June 2014 values were based on a typical life with a specific health level, but this was not reflective of the overall portfolio at 30 June 2015.

	Complete Expectation of Life (Years)			
	30 June 2015		30 June 2014	
	Age 65	Age 75	Age 65	Age 75
Male	21.5	11.8	21.4	11.6
Female	21.9	12.9	21.7	12.7

Defined Benefit Pension Schemes

For defined benefit pension schemes, the mortality tables used at the valuation date are based on reinsurer-provided tables with a prudent margin. There has been no change to this basis since the previous valuation date.

Complete expectations of life for lives incepting in the period for an average health rating are given in the table below.

	Complete Expectation of Life (Years)			
	30 June 2015		30 June 2014	
	Age 65	Age 75	Age 65	Age 75
Male	23.2	13.9	23.1	13.8
Female	25.2	15.5	25.1	15.4

There are a small number of deferred annuitants within some of the defined benefit schemes. The table below shows the projected complete expectations of life at age 65 for lives currently aged 45 and 55.

	Complete Expectation of Life at age 65 (Years)			
	30 June 2015		30 June 2014	
	Current Age 45	Current Age 55	Current Age 45	Current Age 55
Male	25.1	24.4	25.0	24.3
Female	26.6	26.2	26.5	26.1

Individual Needs Annuities

Healthy lives mortality is 100% of INM/F L00 tables, adjusted for mortality improvements which have been informed by the CMI_2011 projection model with a long term assumption rate of 2%. Lives are individually rated according to health.

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 the valuation date are £43.97 p.a. The equivalent figures at 30 June 2014 were £38.94 p.a.

Maintenance expenses for defined benefit pension schemes at the valuation date are £73.32 in year one and £53.32 p.a. thereafter. The equivalent figures at 30 June 2014 were £64.13 in year one and £46.64 p.a. thereafter.

Maintenance expenses for Individual Needs Annuities at the valuation date are £65.95 p.a. The equivalent figures at 30 June 2014 were £58.41 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 4.1% p.a. from the level assumed at the valuation date. The equivalent maintenance expense inflation assumption at 30 June 2014 was 4.2% p.a.

4(8)-(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) – (3) Not applicable

5(4) There are guaranteed caps and floors on the indexation of certain linked annuities in payment and defined benefit annuities. An additional reserve of £3.8m is held to cover the risk that RPI rates fall below the guaranteed floor rate. The reserve is calculated by looking at the impact on uninflated cashflows adjusted for the difference between the market-implied inflation rates for each type of cap/floor and the RPI rate, discounted using the index-linked valuation rate of interest.

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 £13.2 million.

The loadings included within the reserves are as follows:

- Approximately £10.9 million from explicitly calculated expense reserves. This includes £1.0 million from part of the maintenance expense overrun reserve detailed below in paragraph 6(5).
- Approximately £2.3 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 1.6 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 £0.4 million has been established to ensure that the total allowance for expenses in the valuation is sufficient to provide for the projected maintenance expenses.
- A reserve of £0.6m was determined 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.

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 £60.8 million.
 - (b) The change in the aggregate amount of the long term insurance liabilities is a £361.0 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 £300.2 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 £4.7 million for the risk of an adverse impact from default of Just Retirement's reinsurance counterparties and of £3.8 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) (a) A small amount of reinsurance has been ceded on a facultative basis to a reinsurer not authorised to carry on insurance business in the United Kingdom. There is no deposit back arrangement and the premiums payable in the period are less than £0.1m.
- (b) The reinsurer and the insurer are not connected.

9 (2) The table below sets out the details of the reinsurance treaties in place during the reporting period. All figures are in £m.

(d) name of reinsurer	(e) nature and extent of cover	(f) premium payable	(g) amount deposited	(h) treaty status	(i) undischarged obligation	(j) mathematical reserves ceded	(k) minimum retention
(1) Hannover Rückversicherung AG	70% share of a 66% quota share on included pension annuity business issued from 14 August 2004 until 31 December 2014, then 70% of a 30% quota share from 31 December 2014 until the valuation date	(866.0)	1,487.4	open	47.9	1,583.6	34%
(2) Achmea Reinsurance Company N.V.	30% share of a 66% quota share on included pension annuity business issued from 14 August 2004 until 30 June 2012	(4.0)	638.9	closed	16.9	680.2	34%
(3) RGA Americas Reinsurance Company Ltd	28.5% share of a 66% quota share on included pension annuity business issued from 1 July 2012 until 31 December 2014	31.7	329.8	closed	11.3	351.1	34%
(4) RGA International Reinsurance Company Ltd (UK Branch)	1.5% share of a 66% quota share on included pension annuity business issued from 1 July 2012 until 31 December 2014	1.7	17.4	closed	0.6	18.5	34%
(5) Scor Global Life SE - UK Branch	45% quota share longevity swap arrangement on included pension annuity business underwritten using JRL in-house system PrognoSys, commencing March 2015	0.0	n/a	open	n/a	0.0	34%
(6) RGA Global Reinsurance Company Ltd	95% share of a 55% quota share longevity swap arrangement on included defined benefit pension scheme business issued from 1st April 2013	0.5	n/a	open	n/a	8.9	45%
(7) RGA International Reinsurance Company Ltd (UK Branch)	5% share of a 55% quota share longevity swap arrangement on included defined benefit pension scheme business issued from 1st April 2013	0.0	n/a	open	n/a	0.5	45%
(8) General Reinsurance, London Branch	90% quota share longevity swap arrangement on included immediate needs annuity business issued from 15 August 2013	0.0	n/a	open	n/a	2.1	10%

- 9 (2) (l) Only Scor Global Life SE – UK Branch and General Reinsurance, London Branch are authorised to carry on insurance business in the UK.
- (m) None of the reinsurance companies above is connected to the company
- (n) There is a credit risk associated with the treaties, arising from the difference of £171.4m between mathematical reserves ceded and the deposit amount. There are no other material contingencies to which the treaties are subject.
- (o) there is no commission payable under any of the reinsurance treaties.
- (p) (i) The financing arrangements are treaties (1) –(4) in the table above. The undischarged obligation under each of these treaties is to be repaid out of any future valuation surplus as it arises.
- (ii) No provision has been made in the valuation for the total amount of the undischarged obligation across treaties (1) to (4) 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 £4.4 million has been provided at the valuation date to allow for the credit risk associated with the financing treaties (1) to (4) above,

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 2015

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, the insurer has complied in all material respects with the requirements in SYSC and the Fundamental Rules 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


.....

Shayne Deighton

Group Chief Actuary


.....

Simon Thomas

Group Finance Director

Date: 30/09/2015

Just Retirement Limited
Global business

Financial year ended 30 June 2015

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 31-40 ('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 53 ('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: 30 September 2015