

Liverpool Victoria Life Company Limited

Annual PRA Insurance Returns for the year ended

31 December 2013

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

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Statement of solvency - long-term insurance businessName of insurer **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

Solo solvency calculation

| Company registration number | GL/UK/CM | day | month | year | Units | |
|-----------------------------|---------------|-----------|-----------|-----------|---|---------------------------------------|
| R2 | 597740 | GL | 31 | 12 | 2013 | £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 | 8679 | 9793 |
| Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund | 12 | 4944 | 4944 |
| Capital resources available to cover long-term insurance business capital resources requirement (11+12) | 13 | 13623 | 14737 |

Guarantee fund

| | | | |
|--|-----------|-------|-------|
| Guarantee fund requirement | 21 | 3146 | 2984 |
| Excess (deficiency) of available capital resources to cover guarantee fund requirement | 22 | 10478 | 11753 |

Minimum capital requirement (MCR)

| | | | |
|--|-----------|-------|-------|
| Long-term insurance capital requirement | 31 | 809 | 922 |
| Resilience capital requirement | 32 | | |
| Base capital resources requirement | 33 | 3146 | 2984 |
| Individual minimum capital requirement | 34 | 3146 | 2984 |
| Capital requirements of regulated related undertakings | 35 | | |
| Minimum capital requirement (34+35) | 36 | 3146 | 2984 |
| Excess (deficiency) of available capital resources to cover 50% of MCR | 37 | 12050 | 13245 |
| Excess (deficiency) of available capital resources to cover 75% of MCR | 38 | 11264 | 12499 |

Enhanced capital requirement

| | | | |
|--|-----------|-----|-----|
| With-profits insurance capital component | 39 | | |
| Enhanced capital requirement | 40 | 809 | 922 |

Capital resources requirement (CRR)

| | | | |
|--|-----------|-------|-------|
| Capital resources requirement (greater of 36 and 40) | 41 | 3146 | 2984 |
| Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41) | 42 | 10478 | 11753 |

Contingent liabilities

| | | | |
|--|-----------|--|--|
| Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14 | 51 | | |
|--|-----------|--|--|

Components of capital resources

Name of insurer **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

| | Company registration number | GL/UK/CM | day | month | year | Units | |
|--|-----------------------------|----------------------------|------------------------------|--|-----------|--|-------------|
| | R3 | 597740 | GL | 31 | 12 | 2013 | £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 | | 100 | 100 | 100 |
| Profit and loss account and other reserves | 12 | | 13549 | 13549 | 14637 |
| Share premium account | 13 | | | | |
| Positive valuation differences | 14 | | | | |
| Fund for future appropriations | 15 | | | | |
| Core tier one capital in related undertakings | 16 | | | | |
| Core tier one capital (sum of 11 to 16) | 19 | | 13649 | 13649 | 14737 |

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 | | 13649 | 13649 | 14737 |
| Investments in own shares | 32 | | | | |
| Intangible assets | 33 | | | | |
| Amounts deducted from technical provisions for discounting | 34 | | | | |
| Other negative valuation differences | 35 | | | | |
| Deductions in related undertakings | 36 | | | | |
| Deductions from tier one (32 to 36) | 37 | | | | |
| Total tier one capital after deductions (31-37) | 39 | | 13649 | 13649 | 14737 |

Components of capital resources

Name of insurer **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

| | Company registration number | GL/UK/CM | day | month | year | Units | |
|--|-----------------------------|----------------------------|------------------------------|--|-----------|--|-------------|
| | R3 | 597740 | GL | 31 | 12 | 2013 | £000 |
| | | General insurance business | Long-term insurance business | Total as at the end of this financial year | | Total as at the end of the previous year | |
| | | 1 | 2 | 3 | | 4 | |

Tier two capital

| | | | | | |
|---|-----------|--|--|--|--|
| Implicit items, (tier two waivers and amounts excluded from line 22) | 41 | | | | |
| Perpetual non-cumulative preference shares excluded from line 25 | 42 | | | | |
| Innovative tier one capital excluded from line 27 | 43 | | | | |
| Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43) | 44 | | | | |
| Perpetual cumulative preference shares | 45 | | | | |
| Perpetual subordinated debt and securities | 46 | | | | |
| Upper tier two capital in related undertakings | 47 | | | | |
| Upper tier two capital (44 to 47) | 49 | | | | |

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

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

Components of capital resources

Name of insurer **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

| | Company registration number | GL/ UK/ CM | day | month | year | Units |
|-----------|-----------------------------------|----------------------------------|-----------|------------------------------------|---|---|
| R3 | 597740 | GL | 31 | 12 | 2013 | £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 | | 13649 | 13649 | 14737 |
| Inadmissible assets other than intangibles and own shares | 73 | | 26 | 26 | |
| 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 | | 13623 | 13623 | 14737 |

Available capital resources for GENPRU/INSRU tests

| | | | | | |
|--|-----------|--|-------|-------|-------|
| Available capital resources for guarantee fund requirement | 81 | | 13623 | 13623 | 14737 |
| Available capital resources for 50% MCR requirement | 82 | | 13623 | 13623 | 14737 |
| Available capital resources for 75% MCR requirement | 83 | | 13623 | 13623 | 14737 |

Financial engineering adjustments

| | | | | | |
|--|-----------|--|--|--|--|
| Implicit items | 91 | | | | |
| Financial reinsurance - ceded | 92 | | | | |
| Financial reinsurance - accepted | 93 | | | | |
| Outstanding contingent loans | 94 | | | | |
| Any other charges on future profits | 95 | | | | |
| Sum of financial engineering adjustments (91+92-93+94+95) | 96 | | | | |

Analysis of admissible assets

Name of insurer **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

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 | 597740 | GL | 31 | 12 | 2013 | £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 | | |
| 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 **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

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 | 597740 | GL | 31 | 12 | 2013 | £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 | 4944 | 4944 |
| | due in more than 12 months | 77 | | |
| Other | due in 12 months or less | 78 | | |
| | due in more than 12 months | 79 | | |

Other assets

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

| | | | |
|---|----|--|--|
| Deductions from the aggregate value of assets | 87 | | |
|---|----|--|--|

| | | | |
|---|----|------|------|
| Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87) | 89 | 4944 | 4944 |
|---|----|------|------|

Analysis of admissible assets

Name of insurer **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

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 | 597740 | GL | 31 | 12 | 2013 | £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 | 4944 | 4944 |
| 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 | (4944) | (4907) |
| 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 | | 37 |
| 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 **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

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

| Company registration number | GL/UK/CM | day | month | year | Units | Category of assets | |
|-----------------------------|----------|-----|-------|------|----------------------------------|--------------------------------|----|
| R13 | 597740 | GL | 31 | 12 | 2013 | £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 | 574 | 1352 |
| Rights under derivative contracts | 44 | | |
| Fixed interest securities | Approved | 45 | 15204 |
| | Other | 46 | 81 |
| Variable interest securities | Approved | 47 | 347 |
| | 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 | 6 | 13 |
| Other loans | 53 | | |
| Bank and approved credit & financial institution deposits | One month or less withdrawal | 54 | 15463 |
| | More than one month withdrawal | 55 | 0 |
| 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 **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

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

| Company registration number | GL/UK/CM | day | month | year | Units | Category of assets | |
|-----------------------------|----------|-----|-------|------|----------------------------------|--------------------------------|----|
| R13 | 597740 | GL | 31 | 12 | 2013 | £000 | 10 |
| | | | | | As at end of this financial year | As at end of the previous year | |
| | | | | | 1 | 2 | |

Reinsurers' share of technical provisions

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

Debtors and salvage

| | | | | |
|------------------------------------|----------------------------|----|-----|---|
| Direct insurance business | Policyholders | 71 | | |
| | Intermediaries | 72 | | |
| Salvage and subrogation recoveries | | 73 | | |
| Reinsurance | Accepted | 74 | | |
| | Ceded | 75 | | |
| Dependants | due in 12 months or less | 76 | | |
| | due in more than 12 months | 77 | | |
| Other | due in 12 months or less | 78 | 102 | 5 |
| | due in more than 12 months | 79 | | |

Other assets

| | | | |
|---|----|-----|-----|
| Tangible assets | 80 | | |
| Deposits not subject to time restriction on withdrawal with approved institutions | 81 | 609 | 50 |
| Cash in hand | 82 | | |
| Other assets (particulars to be specified by way of supplementary note) | 83 | | |
| Accrued interest and rent | 84 | 140 | 223 |
| Deferred acquisition costs (general business only) | 85 | | |
| Other prepayments and accrued income | 86 | | |

| | | | |
|---|----|--|--|
| Deductions from the aggregate value of assets | 87 | | |
|---|----|--|--|

| | | | |
|---|----|-------|-------|
| Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87) | 89 | 32526 | 38510 |
|---|----|-------|-------|

Analysis of admissible assets

Name of insurer **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

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

| Company registration number | GL/UK/CM | day | month | year | Units | Category of assets | |
|-----------------------------|----------|-----|-------|------|----------------------------------|--------------------------------|----|
| R13 | 597740 | GL | 31 | 12 | 2013 | £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 | 32526 | 38510 |
| Admissible assets in excess of market and counterparty limits | 92 | | |
| Inadmissible assets directly held | 93 | 26 | |
| 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 | 32552 | 38510 |
| 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 **Liverpool Victoria Life Company Limited**
Global business
Financial year ended **31 December 2013**
Total business/Sub fund **Ordinary Long Term - Non Profit**
Units **£000**

| As at end of this financial year 1 | As at end of the previous year 2 |
|---|---|
|---|---|

| | | | | |
|--|---------------------------|-----------|-------|------|
| Mathematical reserves, after distribution of surplus | 11 | 18400 | 20846 | |
| Cash bonuses which had not been paid to policyholders prior to end of the financial year | 12 | | | |
| Balance of surplus/(valuation deficit) | 13 | 8679 | 9793 | |
| Long term insurance business fund carried forward (11 to 13) | 14 | 27079 | 30640 | |
| Claims outstanding | Gross | 15 | 338 | 239 |
| | Reinsurers' share | 16 | | |
| | Net (15-16) | 17 | 338 | 239 |
| Provisions | Taxation | 21 | | |
| | Other risks and charges | 22 | | |
| Deposits received from reinsurers | 23 | | | |
| Creditors | Direct insurance business | 31 | 35 | 34 |
| | Reinsurance accepted | 32 | | |
| | Reinsurance ceded | 33 | 0 | |
| Debenture loans | Secured | 34 | | |
| | Unsecured | 35 | | |
| Amounts owed to credit institutions | 36 | | | |
| Creditors | Taxation | 37 | 1 | 2689 |
| | Other | 38 | 5062 | 4908 |
| Accruals and deferred income | 39 | 11 | 1 | |
| Provision for "reasonably foreseeable adverse variations" | 41 | | | |
| Total other insurance and non-insurance liabilities (17 to 41) | 49 | 5447 | 7871 | |
| Excess of the value of net admissible assets | 51 | | | |
| Total liabilities and margins | 59 | 32526 | 38510 | |

| | | | |
|--|-----------|------|------|
| Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance | 61 | 5061 | 4906 |
| Amounts included in line 59 attributable to liabilities in respect of property linked benefits | 62 | | |

| | | | |
|---|-----------|-------|-------|
| Total liabilities (11+12+49) | 71 | 23847 | 28717 |
| Increase to liabilities - DAC related | 72 | | |
| Reinsurers' share of technical provisions | 73 | | |
| Other adjustments to liabilities (may be negative) | 74 | | |
| Capital and reserves and fund for future appropriations | 75 | 8705 | 9793 |
| 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 | 32552 | 38510 |

Liabilities (other than long term insurance business)Name of insurer **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

| | Company registration number | GL/UK/CM | day month year | Units | |
|--|-----------------------------|---------------|----------------|---------------------------------------|-------------------------------------|
| | R15 | 597740 | GL | 31/12/2013 | £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 | | |
| Total (59 to 63) | | 69 | | |

| | | | | |
|---|--|-----------|--|--|
| Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance | | 71 | | |
|---|--|-----------|--|--|

| | | | | |
|--|--|-----------|--------|--------|
| Amounts deducted from technical provisions for discounting | | 82 | | |
| Other adjustments (may be negative) | | 83 | (4944) | (4907) |
| Capital and reserves | | 84 | 4944 | 4944 |
| 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 | 0 | 37 |

Profit and loss account (non-technical account)Name of insurer **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

| | | Company registration number | GL/ UK/ CM | day | month | year | Units | |
|--|--|-----------------------------------|------------------|--------------------------------|-----------|--------------------------|-------------|-------------|
| | | R16 | 597740 | GL | 31 | 12 | 2013 | £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 | | | | | 85000 | |
| Investment income | Income | 14 | | | | | | |
| | 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 | | | | | | |
| Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21) | | 29 | | | | | 85000 | |
| Tax on profit or loss on ordinary activities | | 31 | | | | | | |
| Profit or loss on ordinary activities after tax (29-31) | | 39 | | | | | 85000 | |
| 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 | | | | | 85000 | |
| Dividends (paid or foreseeable) | | 51 | | | | | 90000 | |
| Profit or loss retained for the financial year (49-51) | | 59 | | | | | (5000) | |

Long-term insurance business : Revenue account

Name of insurer **Liverpool Victoria Life Company Limited**
 Total business / subfund **Ordinary Long Term - Non Profit**
 Financial year ended **31 December 2013**
 Units **£000**

| Financial year | Previous year |
|----------------|---------------|
| 1 | 2 |

Income

| | | | |
|--|-----------|--------------|-------------|
| Earned premiums | 11 | 676 | 727 |
| Investment income receivable before deduction of tax | 12 | 963 | 2765 |
| Increase (decrease) in the value of non-linked assets brought into account | 13 | (2144) | 358 |
| Increase (decrease) in the value of linked assets | 14 | | |
| Other income | 15 | | 0 |
| Total income | 19 | (505) | 3850 |

Expenditure

| | | | |
|--|-----------|-------------|--------------|
| Claims incurred | 21 | 3028 | 5088 |
| Expenses payable | 22 | 135 | 108 |
| Interest payable before the deduction of tax | 23 | | |
| Taxation | 24 | (108) | 694 |
| Other expenditure | 25 | | |
| Transfer to (from) non technical account | 26 | | 85000 |
| Total expenditure | 29 | 3055 | 90890 |

| | | | |
|---|----|--------|---------|
| Business transfers - in | 31 | | |
| Business transfers - out | 32 | | |
| Increase (decrease) in fund in financial year (19-29+31-32) | 39 | (3560) | (87040) |
| Fund brought forward | 49 | 30639 | 117679 |
| Fund carried forward (39+49) | 59 | 27079 | 30639 |

Long-term insurance business : Analysis of premiums

Name of insurer **Liverpool Victoria Life Company Limited**
 Total business / subfund **Ordinary Long Term - Non Profit**
 Financial year ended **31 December 2013**
 Units **£000**

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

Gross

| | | | | | | |
|------------------|----|-----|---|--|-----|-----|
| Regular premiums | 11 | 676 | 0 | | 676 | 727 |
| Single premiums | 12 | | | | | |

Reinsurance - external

| | | | | | | |
|------------------|----|--|--|--|--|--|
| Regular premiums | 13 | | | | | |
| Single premiums | 14 | | | | | |

Reinsurance - intra-group

| | | | | | | |
|------------------|----|--|--|--|--|--|
| Regular premiums | 15 | | | | | |
| Single premiums | 16 | | | | | |

Net of reinsurance

| | | | | | | |
|------------------|----|-----|---|--|-----|-----|
| Regular premiums | 17 | 676 | 0 | | 676 | 727 |
| Single premiums | 18 | | | | | |

Total

| | | | | | | |
|-------------|----|-----|---|--|-----|-----|
| Gross | 19 | 676 | 0 | | 676 | 727 |
| Reinsurance | 20 | | | | | |
| Net | 21 | 676 | 0 | | 676 | 727 |

Long-term insurance business : Analysis of claims

Name of insurer **Liverpool Victoria Life Company Limited**
 Total business / subfund **Ordinary Long Term - Non Profit**
 Financial year ended **31 December 2013**
 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 | 640 | | | 640 | 538 |
| Disability periodic payments | 12 | | | | | |
| Surrender or partial surrender | 13 | 79 | | | 79 | 76 |
| Annuity payments | 14 | | | | | |
| Lump sums on maturity | 15 | 2309 | | | 2309 | 4474 |
| Total | 16 | 3028 | | | 3028 | 5088 |

Reinsurance - external

| | | | | | | |
|--------------------------------|-----------|--|--|--|--|--|
| Death or disability lump sums | 21 | | | | | |
| Disability periodic payments | 22 | | | | | |
| Surrender or partial surrender | 23 | | | | | |
| Annuity payments | 24 | | | | | |
| Lump sums on maturity | 25 | | | | | |
| Total | 26 | | | | | |

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 | 640 | | | 640 | 538 |
| Disability periodic payments | 42 | | | | | |
| Surrender or partial surrender | 43 | 79 | | | 79 | 76 |
| Annuity payments | 44 | | | | | |
| Lump sums on maturity | 45 | 2309 | | | 2309 | 4474 |
| Total | 46 | 3028 | | | 3028 | 5088 |

Long-term insurance business : Analysis of expenses

Name of insurer **Liverpool Victoria Life Company Limited**
 Total business / subfund **Ordinary Long Term - Non Profit**
 Financial year ended **31 December 2013**
 Units **£000**

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

Gross

| | | | | | |
|--------------------------|-----------|------------|--|------------|------------|
| Commission - acquisition | 11 | 3 | | 3 | 4 |
| Commission - other | 12 | | | | |
| Management - acquisition | 13 | | | | |
| Management - maintenance | 14 | 131 | | 131 | 104 |
| Management - other | 15 | | | | |
| Total | 16 | 135 | | 135 | 108 |

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 | 3 | | 3 | 4 |
| Commission - other | 42 | | | | |
| Management - acquisition | 43 | | | | |
| Management - maintenance | 44 | 131 | | 131 | 104 |
| Management - other | 45 | | | | |
| Total | 46 | 135 | | 135 | 108 |

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

Name of insurer **Liverpool Victoria Life Company Limited**
 Category of assets **10 Total long term insurance business assets**
 Financial year ended **31 December 2013**
 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 | 15336 | 15336 | 611 | 2.36 | |
| Other fixed interest securities | 13 | 81 | 83 | 0 | | |
| Variable interest securities | 14 | 349 | 349 | 5 | 3.74 | |
| UK listed equity shares | 15 | | | | | |
| Non-UK listed equity shares | 16 | | | | | |
| Unlisted equity shares | 17 | | | | | |
| Other assets | 18 | 16760 | 16758 | 77 | 0.50 | |
| Total | 19 | 32526 | 32526 | 694 | 1.41 | |

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 : Summary of mathematical reserves

Name of insurer **Liverpool Victoria Life Company Limited**
 Total business / subfund **Ordinary Long Term - Non Profit**
 Financial year ended **31 December 2013**
 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 | 18359 | 41 | 18400 | 20846 |
| Form 52 | 13 | | | | |
| Form 53 - linked | 14 | | | | |
| Form 53 - non-linked | 15 | | | | |
| Form 54 - linked | 16 | | | | |
| Form 54 - non-linked | 17 | | | | |
| Total | 18 | 18359 | 41 | 18400 | 20846 |

Reinsurance - external

| | | | | | |
|------------------------|-----------|--|--|--|--|
| Form 51 - with-profits | 21 | | | | |
| Form 51 - non-profit | 22 | | | | |
| Form 52 | 23 | | | | |
| Form 53 - linked | 24 | | | | |
| Form 53 - non-linked | 25 | | | | |
| Form 54 - linked | 26 | | | | |
| Form 54 - non-linked | 27 | | | | |
| Total | 28 | | | | |

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 | 18359 | 41 | 18400 | 20846 |
| Form 52 | 43 | | | | |
| Form 53 - linked | 44 | | | | |
| Form 53 - non-linked | 45 | | | | |
| Form 54 - linked | 46 | | | | |
| Form 54 - non-linked | 47 | | | | |
| Total | 48 | 18359 | 41 | 18400 | 20846 |

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

Name of insurer **Liverpool Victoria Life Company Limited**
 Total business / subfund **Ordinary Long Term - Non Profit**
 Financial year ended **31 December 2013**
 Units **£000**
 UK Life / 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 |
| 300 | Regular premium non-profit WL/EA OB | 1233 | 15478 | 137 | | | | 15341 |
| 325 | Level term assurance | 564 | 13823 | 100 | | | | 1720 |
| 330 | Decreasing term assurance | 220 | 9656 | 29 | | | | 976 |
| 435 | Miscellaneous non-profit | | 50365 | | | | | 30 |
| 440 | Additional reserves non-profit OB | | | | | | | 291 |
| | | | | | | | | |
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Long-term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profits contracts)

Name of insurer **Liverpool Victoria Life Company Limited**
 Total business / subfund **Ordinary Long Term - Non Profit**
 Financial year ended **31 December 2013**
 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 |
| 325 | Level term assurance | | 2695 | 8 | | | | 41 |
| 330 | Decreasing term assurance | | 73 | 1 | | | | 0 |
| | | | | | | | | |
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Long-term insurance business: Analysis of valuation interest rateName of insurer **Liverpool Victoria Life Company Limited**Total business **Ordinary Long Term - Non Profit**Financial year ended **31 December 2013**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 L&GA NP Form 51 assurances | | | | |
| UK Pens NP Form 51 assurances | | | | |
| UK PHI NP Form 51 assurances | | | | |
| UK PHI NP Form 51 claims in payment | | | | |
| Misc | | | | |
| | | | | |
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| | | | | |
| Total | | | | |

Long-term insurance business : Distribution of surplus

Name of insurer **Liverpool Victoria Life Company Limited**
 Total business / subfund **Ordinary Long Term - Non Profit**
 Financial year ended **31 December 2013**
 Units **£000**

| Financial year 1 | Previous year 2 |
|---------------------|--------------------|
|---------------------|--------------------|

Valuation result

| | | | |
|---|----|-------|--------|
| Fund carried forward | 11 | 27079 | 30639 |
| Bonus payments in anticipation of a surplus | 12 | | |
| Transfer to non-technical account | 13 | | 85000 |
| Transfer to other funds / parts of funds | 14 | | |
| Subtotal (11 to 14) | 15 | 27079 | 115639 |
| Mathematical reserves | 21 | 18400 | 20846 |
| Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21) | 29 | 8679 | 94793 |

Composition of surplus

| | | | |
|---|----|--------|-------|
| Balance brought forward | 31 | 9793 | 93298 |
| Transfer from non-technical account | 32 | | |
| Transfer from other funds / parts of fund | 33 | | |
| Surplus arising since the last valuation | 34 | (1114) | 1495 |
| Total | 39 | 8679 | 94793 |

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 | | 85000 |
| Total distributed surplus (46+47) | 48 | | 85000 |
| Surplus carried forward | 49 | 8679 | 9793 |
| Total (48+49) | 59 | 8679 | 94793 |

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 **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**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% | | | 1.00 | |
| Classes I (other), II and IX | 13 | 0.15% | | | | |
| Classes I (other), II and IX | 14 | 0.3% | 23355 | 23355 | | 70 |
| Classes III, VII and VIII | 15 | 0.3% | | | | |
| Total | 16 | | 23355 | 23355 | 70 | 87 |

Insurance health risk and life protection reinsurance capital component

| | | | | | | | |
|--|----|--|--|--|--|---|---|
| Class IV supplementary classes 1 and 2 and life protection reinsurance | 21 | | | | | 3 | 2 |
|--|----|--|--|--|--|---|---|

Insurance expense risk capital component

| | | | | | | | |
|--|-----------|-----|-------|-------|------|-----|-----|
| Life protection and permanent health reinsurance | 31 | 0% | | | | | |
| Classes I (other), II and IX | 32 | 1% | 18369 | 18369 | 1.00 | 184 | 208 |
| Classes III, VII and VIII (investment risk) | 33 | 1% | | | | | |
| Classes III, VII and VIII (expenses fixed 5 yrs +) | 34 | 1% | | | | | |
| Classes III, VII and VIII (other) | 35 | 25% | | | | | |
| Class IV (other) | 36 | 1% | 30 | 30 | 1.00 | 0 | 0 |
| Class V | 37 | 1% | | | | | |
| Class VI | 38 | 1% | | | | | |
| Total | 39 | | | | | 184 | 208 |

Insurance market risk capital component

| | | | | | | | |
|--|-----------|----|-------|-------|------|-----|-----|
| Life protection and permanent health reinsurance | 41 | 0% | | | | | |
| Classes I (other), II and IX | 42 | 3% | 18369 | 18369 | 1.00 | 551 | 624 |
| Classes III, VII and VIII (investment risk) | 43 | 3% | | | | | |
| Classes III, VII and VIII (expenses fixed 5 yrs +) | 44 | 0% | | | | | |
| Classes III, VII and VIII (other) | 45 | 0% | | | | | |
| Class IV (other) | 46 | 3% | 30 | 30 | 1.00 | 1 | 1 |
| Class V | 47 | 0% | | | | | |
| Class VI | 48 | 3% | | | | | |
| Total | 49 | | 18400 | 18400 | | 552 | 625 |

| | | | | | | | |
|--|-----------|--|--|--|--|-----|-----|
| Long term insurance capital requirement | 51 | | | | | 809 | 922 |
|--|-----------|--|--|--|--|-----|-----|

Returns under the Accounts and Statements Rules

Supplementary Notes to the Return

Name of company **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

0201 The Financial Services Authority, on the application of the firm, made a direction in February 2010 under section 148 of the Financial Services and Markets Act 2000. The direction allows the firm to reduce the deduction for intangible assets by an amount equal to the provision for any deferred tax liability arising on goodwill and the acquired value of in-force business

0301 Reconciliation of Net Admissible Assets to Capital Resources after Deduction

| | 2013 | 2012 |
|------------------------------|---------------|---------------|
| Per Annual Return | £000's | £000's |
| Form 13 Line 89 (OLTB) | 4,944 | 4,944 |
| Form 13 Line 89 (LTIB) | 32,526 | 38,510 |
| Form 14 Line 11,12 & 49 | (23,847) | (28,717) |
| Form 15 Line 69 | 0 | 0 |
| Net Admissible Assets | 13,623 | 14,737 |
| Capital Resources | | |
| Subordinated Debt (F3.46) | 0 | 0 |
| Total Form 3 Line 79 | 13,623 | 14,737 |

0302 Capital Instruments

The Company repaid its three subordinated loans from Liverpool Victoria Friendly Society Limited in 2010 and no longer holds any capital instruments.

0313 Reconciliation of Net Profit to Profit Retained

| | 2013 | 2012 |
|---|----------|----------|
| | £000's | £000's |
| Profit & Loss and Other Reserves 2013 F3.12.3 | 13,549 | 14,637 |
| Profit & Loss and Other Reserves 2012 F3.12.4 | 14,637 | 93,242 |
| | | |
| Movement in Period | (1,088) | (78,605) |
| | | |
| Retained Profit in NP Fund | (1,088) | 78,605 |
| | | |
| Retained Profit for the Year F16.59.1 | 0 | 0 |

1301 and *1308* Unlisted investments

The aggregate value of unlisted investments as at the 31 December 2013 year end was £81k (2012: £105k).

1304 and *1310* Amounts receivable and payable

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

1305 and *1319* Maximum permitted counterparty limits

- Investments in deposits, floating rate notes, commercial paper and other non-equity securities may only be placed with counterparties on an agreed list. The list of agreed counterparties is determined by reference to their credit ratings.
- The investment guidelines operated by the company limit exposure to any one counterparty by reference to the credit rating of that counterparty. Investments could not be placed with counterparties with a credit rating of less than Moody's P1 unless otherwise advised before any deposit was made.

1307 and *1313* Aggregate Value of Rights

The aggregate value of rights falling under INSPRU 2.1.35R, INSPRU 2.1.36R and INSPRU 2.1.37R is £Nil.

- *1309* Hybrid Securities**
- The aggregate value of those investments falling within lines 46 or 48 which are hybrid securities is £NIL.
(2012: £NIL)
- *1318* Other Asset Adjustments**
- The adjustment in Line 101 for Other Than Long term Insurance Business relates to the gross up of the interfund debtor with the Long Term Insurance Business. The equal and opposite contra entry is reflected in Line 15.83
- The Business amount has been calculated on a net position with the Other Than Long Term Insurance Business debtor being netted off against the Long Term Insurance Business creditor.
- *1401* and *1501* Provision for reasonably foreseeable adverse variations**
- No provision was thought necessary as the company maintains sufficient admissible assets to meet reasonably foreseeable adverse variations
- *1402* and *1502* Liabilities**
- (a) There are no charges over the assets of the Company;
 - (b) The estimated liability for corporation tax in respect of capital gains, which would have arisen if the investments had been realised at their market values, would have been £Nil (2011:£Nil).
 - (c) Other than those shown on Forms 14 and 15 there are no contingent liabilities (other than insurance liabilities) applicable to the Company.
 - (d) The Company has no guarantees, indemnities or other contractual commitments effected other than in the ordinary course of insurance business in respect of related companies; and
 - (e) The Directors are not aware of any fundamental uncertainties affecting its business.
- *1405* and *1507* Other Adjustments**
- The adjustment in Line 83 for Other Than Long term Insurance Business relates to the gross up of the interfund debtor with the Long Term Insurance Business. The equal and opposite contra entry is reflected in Line 13.101
- The Business amount has been calculated on a net position with the Other Than Long Term Insurance Business debtor being netted off against the Long Term Insurance Business creditor.
- *1700* Omission of Form**
- Form 17 - Analysis of Derivative Contracts has been omitted in respect of all categories because all entries would be blank.
- *1800* and *1900* Omission of form**
- Forms 18, 19 and Appendix 9.4A have not been produced for LVLC because there are no with-profit liabilities.
- *4002* Other Income**
- Income relates to commission and interest income received.
- *4004* Transfer to Non Technical Account**
- During the prior year surplus funds were transferred to Shareholder Fund.
- *4006* Apportionment to Long Term Insurance Business Funds**
- The two long term insurance business funds are independently maintained and each has its own identifiable assets. Investment income, taxation, expenses and any increase or decrease in the value of assets are allocated as they occur for each fund.

- *4700* **Omission of Form**
- Form 47 – New business has been omitted because the entries would be blank. LVLC is closed to new business.
- *4802* **Expected income from assets where payments in default**
- No expected income is allowed for on any bonds where payments are in default.
- *4900* **Omission of Form**
- Form 49 has been omitted as it falls below the de minimis limit.
- *4901* **Disclosure of Rating Agency Used**
- A combination of Moody's, S&P and Fitch Credit Ratings has been used to classify the Other Fixed Interest Securities.
- *5103* **Business for a Product Classified as Miscellaneous**
- Product code 435 includes some miscellaneous reserves in respect of reinsurance business accepted by LVLC.
- *5303* **Business for a Product Classified as Miscellaneous**
- Product code 795 includes non-unit reserves for Income Protector policies.
- *5700* **Omission of Form**
- Form 57 has been omitted as it falls below the de minimis limit.
- *6001* **Omission of Form**
- On the grounds of materiality, no Form 11 or 12 has been produced for LVLC and so the requirement at Form 60, Line 21 has been estimated. The method of estimation applies the same proportion of the F11 and 12 liability to total PHI reserve in LVFS, to the remaining PHI reserve in LVLC. The gross annual office premiums in force at the valuation date in respect of the relevant business was £420k.

Returns under the Accounts and Statements Rules

Statement of additional information on derivatives required by Rule 9.29

Name of company **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

DERIVATIVES COMMENTARY

- a) Investment guidelines operated by the Company:
 - (i) Derivatives are only to be used for the purpose of efficient portfolio management and not for speculation; and
 - (ii) All positions involving contingent liabilities must be fully covered throughout the term of the derivative either by the underlying security or by the equivalent value in cash.
- b) The Company did not make any derivative transactions during 2013.
- c) The Company was not party to any derivative contracts during the financial year which were never likely to be exercised.
- d) The Company did not use any derivative contracts during the financial year which required a significant provision to be made for it under INSPRU 3.2.17R or (where appropriate) did not fall within the definition of a permitted derivative contract.
- e) The total value of fixed consideration received by the Company in return for granting rights under derivative contracts during the year was: £Nil.

Returns under the Accounts and Statements Rules

Statement on Controllers required by Rule 9.30

Name of company **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

CONTROLLERS

At 31 December 2013 Liverpool Victoria Friendly Society Limited owned 100% of the shares in the Company and was entitled to exercise 100% of the voting power at any General Meeting of the Company.

APPENDIX 9.4 (Rule 9.31(a))

ABSTRACT OF VALUATION REPORT ON THE INVESTIGATION INTO THE FINANCIAL CONDITION OF THE COMPANY IN RESPECT OF ITS LONG-TERM BUSINESS

In accordance with Part VII of the Financial Services and Markets Act 2000, Liverpool Victoria Life Company Limited ("LVLC") transferred all business to Liverpool Victoria Friendly Society ("LVFS") at 11.59pm on 31st December 2008, with the exception of a small volume of life business previously acquired by LVLC from UIA (Insurance) Limited ("UIA") at 11.59pm on 31st October 2005.

INTRODUCTION

- 1.(1) The valuation date to which the actuarial investigation relates is 31st December 2013.
- (2) The valuation date to which the previous actuarial investigation relates is 31st December 2012.
- (3) No interim valuations (for the purposes of rule 9.4) have been carried out since the previous 'valuation date'.

PRODUCT RANGE

2. The entire product range (with the exception of UIA business) was transferred from LVLC to LVFS on 31st December 2008. Further to this, on 30th November 2011, the separate reinsurance agreement drawn up whereby all Permanent Health Insurance benefits not otherwise reinsured were ceded from LVFS to LVLC was collapsed. All remaining reinsurance agreements between LVLC and other cedants remained unaffected by the transfer of business.

There have been no other significant changes in the remaining LVLC product range during the financial year (new products, new bonus series, products withdrawn, changes to options or guarantees under existing products), including brand names and charging methods.

DISCRETIONARY CHARGES AND BENEFITS

- 3.(1) At the valuation date, the company does not transact any business where the option of a market value reduction ("MVR") can be applied.
- (2) The Company does not transact reviewable protection business at the valuation date.
- (3) The Company does not transact deposit administration business at the valuation date.
- (4)(5) The Company does not transact linked business at the valuation date.
- (6) The Company does not transact accumulating with-profits business at the valuation date.
- (7)(8) The Company does not maintain any internal linked funds at the valuation date.
- & (9)

VALUATION BASIS (OTHER THAN FOR SPECIAL RESERVES)

- 4.(1) The investigation involved the determination, for each insurance type, the net liability in respect of the contracts in force at the date of the investigation.

A gross premium method of valuation has been adopted using the bases described in sub-paragraphs 4.(2) to 4.(6) below. The liability has been calculated as the present value of the benefits plus the present value of expenses less the present value of the gross premiums.
- (2) The annual percentage rates of interest used for determining the mathematical reserves described in sub-paragraph 4.(1) were as follows:-

| Product Group | Product Code Number | Interest Rate as at:- | |
|-----------------|---------------------|--------------------------------|--------------------------------|
| | | 31 st December 2013 | 31 st December 2012 |
| L&GA Non-Profit | 300, 325, 330 | 1.60% | 1.76% |

- (3) The method used to adjust the yield on assets other than equity shares and land, in accordance with INSPRU 3.1.41R, was to restrict the yields of non-"Approved" fixed interest stocks to the yields on gilts of equivalent term or, if lower, the actual yield.
- (4) The mortality bases used to determine the mathematical reserves described in sub-paragraph 4.(1) were as follows:-

| Product Group | Product Code Number | Mortality basis as at:- | |
|-----------------|---------------------|--------------------------------|--------------------------------|
| | | 31 st December 2013 | 31 st December 2012 |
| L&GA Non-Profit | 300, 325, 330 | 100%AM/AF92 | 100%AM/AF92 |

- (5) The Company does not transact morbidity business at the valuation date.
- (6) The expense bases used to determine the mathematical reserves described in sub-paragraph 4.(1) were as follows:-

| Product Group | Product Code Number | Expense basis as at:- | |
|-----------------|---------------------|--------------------------------|--------------------------------|
| | | 31 st December 2013 | 31 st December 2012 |
| L&GA Non-Profit | 300, 325, 330 | £26.95 | £27.17 |

Allowance was made for investment expenses by reducing the gross valuation interest rate by 0.09%.

The rates of tax relief assumed on expenses used to determine the mathematical reserves described in sub-paragraph 4.(1) were as follows:-

| Product Group | Rate of Tax Relief as at:- | |
|-----------------|--------------------------------|--------------------------------|
| | 31 st December 2013 | 31 st December 2012 |
| L&GA Non-Profit | 20% | 20% |

- (7) The Company does not transact any linked business at the valuation date.
- (8) Where relevant, allowance has been made for future guaranteed benefit increases when determining mathematical reserves in accordance with sub-paragraph 4(1).
- (9) No allowance has been made for the surrender or lapse of any contract.
- (10) The Company does not hold any derivative contracts.
- (11) No adjustments were made to the valuation methodology as at the valuation date arising from changes in the INSPRU valuation rules effective from 31st December 2006.

OPTIONS AND GUARANTEES

5. There are no guarantees and options where the basic reserve exceeds the lesser of £10m and 1% of the total gross mathematical reserves.

EXPENSE RESERVES

- 6.(1) The aggregate amount, grossed up for taxation where appropriate, expected to arise during the twelve months after the valuation date from explicit allowances made in the valuation to meet expenses in fulfilling contracts in force at the valuation date is £0.1m (including £0.0m of implicit investment expenses). This amount is based on those expenses explicitly included in future cash flows. No allowance is made for any other maintenance expenses, all expenses have been treated as attributable.
- (2) No implicit allowances were made in the valuation of expenses.
- (3) The amount of maintenance expenses shown at line 14 of Form 43 is £0.1m.
- (4) The cost of continuing to transact new business during the twelve months following the valuation date is zero. This is because the Company is closed to writing direct new business at the valuation date.
- (5) The cost of closure to new business is zero.
- (6) All expenses have been treated as attributable in this valuation.

MISMATCHING RESERVES

- 7.(1) There were no liabilities denominated in currencies other than sterling as at the valuation date.
- (2) No reserve is held for currency mismatching.
- (3)(4) As the Company is a realistic basis life there is no requirement for LVLC to hold resilience capital. However, LVLC has calculated a resilience capital reserve of £0.3m and included it within the mathematical reserves.
- (5)
- (6) On a prudent assumption basis of future experience, the Company has concluded it has sufficient net cashflow, of an

appropriate currency and term, to meet the expected cash outflows from the insurance liabilities as they become due. As such no further reserve was made arising from the test on assets in INSPRU 1.1.34R(2).

OTHER SPECIAL RESERVES

8. No other special reserves exceeded the lesser of £10m and 0.1% of total mathematical reserves.

REINSURANCE

- 9.(1) During the year 2013, no reinsurances were ceded on a facultative basis to reinsurers who are not authorised to carry on business in the United Kingdom.
- (2) In respect of contracts written in the LVLC fund, as at the valuation date, the Company had no treaties of reinsurance where the Company is the Cedant and under which business is in force at the valuation date, and where premiums exceed the lesser of £10m and 1% of gross premiums or reserves exceed the lesser of £10m and 1% of total mathematical reserves.

REVERSIONARY (OR ANNUAL) BONUS

- 10.(1) The Company does not transact any with-profits business.
(2) (3)
& (4)

Certificate required by Rule 9.34(1) of the Accounts and Statements Rules

Name of company **Liverpool Victoria Life Company Limited**

Global business

Financial year ended **31 December 2013**

We certify that:

- a) the return has been properly prepared in accordance with the requirements in IPRU (INS), GENPRU and INSPRU;
- b) we are satisfied that:
 - i. throughout the financial year, the insurer has complied in all material respects with the requirements in SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU and INSPRU; and
 - ii. it is reasonable to believe that the insurer has continued so to comply subsequently and will continue so to comply in future;
- c) 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;
- d) 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;
- e) the with-profits fund has been managed in accordance with the Principles and Practice of Financial Management, as established, maintained and recorded under COBS 20.3; and
- f) we have, in preparing the return, taken and paid due regard to-
 - i. advice from every actuary appointed by the insurer to perform the actuarial function in accordance with SUP 4.3.13R; and
 - ii. advice from every actuary appointed by the insurer to perform the with-profits actuary function in accordance with SUP 4.3.16AR.

.....
R A Rowney
Director

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P W Moore
Director

.....
R Small
Company Secretary

Liverpool Victoria Life Company Limited
Frizzell House
County Gates
Bournemouth
BH1 2NF

25 March 2014

Liverpool Victoria Life Company Limited

Global business/UK branch business

Financial year ended 31 December 2013

Independent auditors' report to the directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers

We have audited the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in Part I and Part IV of Chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Prudential Sourcebook for Insurers ('the Rules') made by the Prudential Regulation Authority under section 137G of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 16, 40 to 43, 48, 58 and 60, (including the supplementary notes) on pages 1 to 24 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on page 29 ('the statement'); and
- the valuation report required by IPRU(INS) rule 9.31(a) on pages 33 to 35 ('the valuation report').

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

- Forms 50, 51 and 57 (including the supplementary notes) on pages 19 to 22;
- the statement required by IPRU(INS) rule 9.30 page 31; and
- the certificate required by IPRU(INS) rule 9.34(1) on page 37.

Respective responsibilities of the insurer and its auditors

The insurer is responsible for the preparation of an annual return (including the Forms, the statement and the valuation report) under the provisions of the Rules. The requirements of the Rules have been modified by a direction treated as being issued under section 138A of the Financial Services and Markets Act 2000 on 3 February 2012. Under IPRU(INS) rule 9.11 the Forms, the statement and the valuation report are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules. The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report are required to reflect appropriately the requirements of INSPRU 1.2.

It is our responsibility to form an independent opinion as to whether the Forms, the statement and the valuation report meet these requirements, and to report our opinion to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms, the statement and the valuation report are not in agreement with the accounting records and returns;
- or
- we have not received all the information we require for our audit.

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

Basis of opinion

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms, the statement and the valuation report. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the statement and the valuation report.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms, the statement and the valuation report are free from material misstatement, whether caused by fraud or other irregularity or error and comply with IPRU(INS) rule 9.11.

performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

Opinion

In our opinion:

(i) the Forms, the statement and the valuation report fairly state the information provided on the basis required by the Rules 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.

PricewaterhouseCoopers LLP
Chartered Accountants

25 March 2014

(a) The maintenance and integrity of the Liverpool Victoria Friendly Society Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the insurance annual return since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of insurance annual returns may differ from legislation in other jurisdictions.