

Legal and General Assurance (Pensions Management) Limited

Annual PRA Insurance Returns for the year ended

31 December 2013

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

Contents

Balance Sheet and Profit and Loss Account

Form 2	Statement of solvency - long-term insurance business	1
Form 3	Components of capital resources	2
Form 13	Analysis of admissible assets	5
Form 14	Long term insurance business liabilities and margins	11
Form 15	Liabilities (other than long term insurance business)	12
Form 16	Profit and loss account (non-technical account)	13

Long Term Insurance Business: Revenue Account and Additional Information

Form 40	Revenue account	14
Form 41	Analysis of premiums	15
Form 42	Analysis of claims	16
Form 43	Analysis of expenses	17
Form 44	Linked funds balance sheet	18
Form 45	Revenue account for internal linked funds	19
Form 46	Summary of new business	20
Form 47	Analysis of new business	21
Form 48	Assets not held to match linked liabilities	26
Form 49	Fixed and variable interest assets	27
Form 50	Summary of mathematical reserves	28
Form 51	Valuation summary of non-linked contracts (other than accumulating with-profits contracts)	29
Form 53	Valuation summary of property linked contracts	31
Form 55	Unit prices for internal linked funds	34
Form 58	Distribution of surplus	36
Form 60	Long-term insurance capital requirement	37

Supplementary notes to the return	38
--	----

Additional information on derivative contracts	49
---	----

Abstract of the Valuation Report	51
---	----

Directors' Certificate	61
-------------------------------	----

Auditor's Report	62
-------------------------	----

Statement of solvency - long-term insurance businessName of insurer **Legal and General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2013**

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2013	
	1006112	GL				£000
			As at end of this financial year			As at end of the previous year
			1			2

Capital resources

Capital resources arising within the long-term insurance fund	11	30000	30000
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12	235947	246273
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13	265947	276273

Guarantee fund

Guarantee fund requirement	21	9397	9245
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22	256550	267028

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31	28191	27734
Resilience capital requirement	32		
Base capital resources requirement	33	3146	2984
Individual minimum capital requirement	34	28191	27734
Capital requirements of regulated related undertakings	35		
Minimum capital requirement (34+35)	36	28191	27734
Excess (deficiency) of available capital resources to cover 50% of MCR	37	251851	262406
Excess (deficiency) of available capital resources to cover 75% of MCR	38	244804	255472

Enhanced capital requirement

With-profits insurance capital component	39		
Enhanced capital requirement	40	28191	27734

Capital resources requirement (CRR)

Capital resources requirement (greater of 36 and 40)	41	28191	27734
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42	237756	248539

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 **Legal and General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2013**

R3	Company registration number 1006112	GL/ UK/ CM	day month year			Units £000
			31	12	2013	
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3	Total as at the end of the previous year 4	

Core tier one capital

Permanent share capital	11		100	100	100
Profit and loss account and other reserves	12		275541	275541	276173
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		275641	275641	276273

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		275641	275641	276273
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35		9694	9694	
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37		9694	9694	
Total tier one capital after deductions (31-37)	39		265947	265947	276273

Components of capital resources

Name of insurer **Legal and General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2013**

Company registration number	GL/UK/CM	day month year			Units	
R3	1006112	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 **Legal and General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2013**

Company registration number	GL/UK/CM	day month year			Units	
R3	1006112	GL	31	12	2013	£000
		General insurance business 1	Long-term insurance business 2	Total as at the end of this financial year 3		Total as at the end of the previous year 4

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72		265947	265947	276273
Inadmissible assets other than intangibles and own shares	73				
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		265947	265947	276273

Available capital resources for GENPRU/INSRU tests

Available capital resources for guarantee fund requirement	81		265947	265947	276273
Available capital resources for 50% MCR requirement	82		265947	265947	276273
Available capital resources for 75% MCR requirement	83		265947	265947	276273

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 **Legal and General Assurance (Pensions Management) 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	1006112	GL	31	12	2013	£000
					1	2
					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	227559	226446
	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	74071	57176
	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 **Legal and General Assurance (Pensions Management) 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	1006112	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	
	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	301630	283622
---	----	--------	--------

Analysis of admissible assets

Name of insurer **Legal and General Assurance (Pensions Management) 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	1006112	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	301630	283622
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	301630	283622
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 **Legal and General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2013**

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

R13	Company registration number	GL/UK/CM	day month year			Units	Category of assets
			31	12	2013		
	1006112	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		
Rights under derivative contracts		44		
Fixed interest securities	Approved	45	31351	30897
	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	33831	30390
	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	249563013	238724358

Analysis of admissible assets

Name of insurer **Legal and General Assurance (Pensions Management) 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	1006112	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	29784	26226
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74	1173	845
	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	5681	
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	6880	9177
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84	2	2
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86	84259	68458

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	249755974	238890353
---	----	-----------	-----------

Analysis of admissible assets

Name of insurer **Legal and General Assurance (Pensions Management) 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	1006112	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	249755974	238890353
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	310735	249421
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	250066709	239139774
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 **Legal and General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2013**Total business/Sub fund **Total long term business**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	247426160	235683230	
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12			
Balance of surplus/(valuation deficit)	13	30000	30000	
Long term insurance business fund carried forward (11 to 13)	14	247456160	235713230	
Claims outstanding	Gross	15		
	Reinsurers' share	16		
	Net (15-16)	17		
Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers	23			
Creditors	Direct insurance business	31	91388	56389
	Reinsurance accepted	32	4810	
	Reinsurance ceded	33		
Debenture loans	Secured	34		
	Unsecured	35		
Amounts owed to credit institutions	36			
Creditors	Taxation	37	18355	16155
	Other	38	2182805	3101544
Accruals and deferred income	39	2456	3035	
Provision for "reasonably foreseeable adverse variations"	41			
Total other insurance and non-insurance liabilities (17 to 41)	49	2299814	3177123	
Excess of the value of net admissible assets	51			
Total liabilities and margins	59	249755974	238890353	

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	41020	28195
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	247426160	235683230

Total liabilities (11+12+49)	71	249725974	238860353
Increase to liabilities - DAC related	72		
Reinsurers' share of technical provisions	73	310735	249421
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75	30000	30000
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	250066709	239139774

Liabilities (other than long term insurance business)Name of insurer **Legal and General Assurance (Pensions Management) Limited**

Global business

Financial year ended **31 December 2013**

Company registration number	GL/UK/CM	day	month	year	Units	
R15	1006112	GL	31	12	2013	£000
					As at end of this financial year	As at end of the previous year
					1	2

Technical provisions (gross amount)

Provisions for unearned premiums	11		
Claims outstanding	12		
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	
Other technical provisions	16		
Total gross technical provisions (11 to 16)	19		

Provisions and creditors

Provisions	Taxation	21	(2424)	
	Other risks and charges	22	12118	
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	139	99
	Foreseeable dividend	48		
	Other	49	55850	37250
Accruals and deferred income	51			
Total (19 to 51)	59	65683		37349
Provision for "reasonably foreseeable adverse variations"	61			
Cumulative preference share capital	62			
Subordinated loan capital	63			
Total (59 to 63)	69	65683		37349

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71	55850		37250
---	----	-------	--	-------

Amounts deducted from technical provisions for discounting	82			
Other adjustments (may be negative)	83	(9694)		
Capital and reserves	84	245641		246272
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	301630		283621

Profit and loss account (non-technical account)

Name of insurer

Legal and General Assurance (Pensions Management) Limited

Global business

Financial year ended

31 December 2013

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	1006112	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				159613	149434	
Investment income	Income	14				1	115	
	Value re-adjustments on investments	15				134	119	
	Gains on the realisation of investments	16				615	478	
Investment charges	Investment management charges, including interest	17				50	50	
	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				(6)	(6)	
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29				160307	150090	
Tax on profit or loss on ordinary activities		31				139	99	
Profit or loss on ordinary activities after tax (29-31)		39				160168	149991	
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				160168	149991	
Dividends (paid or foreseeable)		51				160800	148531	
Profit or loss retained for the financial year (49-51)		59				(632)	1460	

Long-term insurance business : Revenue account

Name of insurer **Legal and General Assurance (Pensions Management) Limited**
Total business / subfund **Total long term business**
Financial year ended **31 December 2013**
Units **£000**

Financial year	Previous year
1	2

Income

Earned premiums	11	28524906	25113975
Investment income receivable before deduction of tax	12	6498163	6718234
Increase (decrease) in the value of non-linked assets brought into account	13		
Increase (decrease) in the value of linked assets	14	20076416	13827644
Other income	15	301634	262780
Total income	19	55401119	45922633

Expenditure

Claims incurred	21	43340667	33479574
Expenses payable	22	135653	110199
Interest payable before the deduction of tax	23	416	349
Taxation	24	21840	125175
Other expenditure	25		
Transfer to (from) non technical account	26	159613	149434
Total expenditure	29	43658189	33864731

Business transfers - in	31		
Business transfers - out	32		
Increase (decrease) in fund in financial year (19-29+31-32)	39	11742930	12057902
Fund brought forward	49	235713230	223655328
Fund carried forward (39+49)	59	247456160	235713230

Long-term insurance business : Analysis of premiums

Name of insurer **Legal and General Assurance (Pensions Management) Limited**
 Total business / subfund **Total long term business**
 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					
Single premiums	12		28245913	301346	28547259	25125571

Reinsurance - external

Regular premiums	13					
Single premiums	14		22353		22353	11596

Reinsurance - intra-group

Regular premiums	15					
Single premiums	16					

Net of reinsurance

Regular premiums	17					
Single premiums	18		28223560	301346	28524906	25113975

Total

Gross	19		28245913	301346	28547259	25125571
Reinsurance	20		22353		22353	11596
Net	21		28223560	301346	28524906	25113975

Long-term insurance business : Analysis of claims

Name of insurer **Legal and General Assurance (Pensions Management) Limited**
 Total business / subfund **Total long term business**
 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					
Disability periodic payments	12					
Surrender or partial surrender	13		42748023	669503	43417526	33504092
Annuity payments	14		815		815	949
Lump sums on maturity	15					
Total	16		42748838	669503	43418341	33505041

Reinsurance - external

Death or disability lump sums	21					
Disability periodic payments	22					
Surrender or partial surrender	23		76859		76859	24518
Annuity payments	24					
Lump sums on maturity	25					
Total	26		76859		76859	24518

Reinsurance - intra-group

Death or disability lump sums	31					
Disability periodic payments	32					
Surrender or partial surrender	33					
Annuity payments	34		815		815	949
Lump sums on maturity	35					
Total	36		815		815	949

Net of reinsurance

Death or disability lump sums	41					
Disability periodic payments	42					
Surrender or partial surrender	43		42671164	669503	43340667	33479574
Annuity payments	44					
Lump sums on maturity	45					
Total	46		42671164	669503	43340667	33479574

Long-term insurance business : Analysis of expenses

Name of insurer **Legal and General Assurance (Pensions Management) Limited**
 Total business / subfund **Total long term business**
 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					
Commission - other	12					
Management - acquisition	13		23501	474	23975	21232
Management - maintenance	14		95347	1921	97268	79874
Management - other	15		14410		14410	9093
Total	16		133258	2395	135653	110199

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					
Commission - other	42					
Management - acquisition	43		23501	474	23975	21232
Management - maintenance	44		95347	1921	97268	79874
Management - other	45		14410		14410	9093
Total	46		133258	2395	135653	110199

Long-term insurance business : Linked funds balance sheet

Name of insurer **Legal and General Assurance (Pensions Management) Limited**

Total business

Financial year ended **31 December 2013**Units **£000**

Financial year	Previous year
1	2

Internal linked funds (excluding cross investment)

Directly held assets (excluding collective investment schemes)	11	238009540	228487582
Directly held assets in collective investment schemes of connected companies	12	10152251	7984719
Directly held assets in other collective investment schemes	13	22075	21776
Total assets (excluding cross investment) (11+12+13)	14	248183866	236494077
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16	7954	2018
Other liabilities	17	749752	808829
Total net assets (14-15-16-17)	18	247426160	235683230

Directly held linked assets

Value of directly held linked assets	21		
--------------------------------------	----	--	--

Total

Value of directly held linked assets and units held (18+21)	31	247426160	235683230
Surplus units	32		
Deficit units	33		
Net unit liability (31-32+33)	34	247426160	235683230

Long-term insurance business : Revenue account for internal linked funds

Name of insurer **Legal and General Assurance (Pensions Management) Limited**

Total business

Financial year ended **31 December 2013**Units **£000**

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

Income

Value of total creation of units	11	28524201	25113975
Investment income attributable to the funds before deduction of tax	12	6481728	6707496
Increase (decrease) in the value of investments in the financial year	13	20076378	13827615
Other income	14		
Total income	19	55082307	45649086

Expenditure

Value of total cancellation of units	21	43345758	33485259
Charges for management	22	8975	8404
Charges in respect of tax on investment income	23	(16716)	96659
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26	1360	861
Total expenditure	29	43339377	33591183

Increase (decrease) in funds in financial year (19-29)	39	11742930	12057903
Internal linked fund brought forward	49	235683230	223625327
Internal linked funds carried forward (39+49)	59	247426160	235683230

Long-term insurance business : Summary of new business

Name of insurer **Legal and General Assurance (Pensions Management) Limited**

Total business

Financial year ended **31 December 2013**Units **£000**

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

Number of new policyholders/
scheme members for direct
insurance business

Regular premium business	11					
Single premium business	12					
Total	13					

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		25337112	296172	25633284	22609532
External reinsurance	26		1458858		1458858	1301566
Intra-group reinsurance	27		1449238	5174	1454412	1214473
Total	28		28245208	301346	28546554	25125571

Long-term insurance business : Analysis of new business

Name of insurer
Legal and General Assurance (Pensions Management) Limited

Total business

Financial year ended

31 December 2013

Units

£000

UK Pension / Direct Insurance Business

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
755	Trustee investment plan				2915399
765	Group managed fund				22421713

Long-term insurance business : Analysis of new business

Name of insurer Legal and General Assurance (Pensions Management) Limited

Total business

Financial year ended 31 December 2013

Units

£000

UK Pension / Reinsurance accepted external

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
755	Trustee investment plan				1458858

Long-term insurance business : Analysis of new business

Name of insurer Legal and General Assurance (Pensions Management) Limited

Total business

Financial year ended

31 December 2013

Units

£000

UK Pension / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
755	Trustee investment plan				1449238

Long-term insurance business : Analysis of new business

Name of insurer
Legal and General Assurance (Pensions Management) Limited

Total business

Financial year ended

31 December 2013

Units

£000

Overseas / Direct Insurance Business

Product code number	Product description	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
1	2				
755	Trustee investment plan				62856
765	Group managed fund				233316

Long-term insurance business : Analysis of new business

Name of insurer Legal and General Assurance (Pensions Management) Limited

Total business

Financial year ended 31 December 2013

Units £000

Overseas / Reinsurance accepted intra-group

Product code number	Product description	Regular premium business		Single premium business	
		Number of policyholders / scheme members	Amount of premiums	Number of policyholders / scheme members	Amount of premiums
1	2	3	4	5	6
755	Trustee investment plan				5174

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

Name of insurer **Legal and General Assurance (Pensions Management) 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	31351	31351		0.37	
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18	161610	161610	120	0.07	
Total	19	192961	192961	120	0.12	

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 **Legal and General Assurance (Pensions Management) Limited**Category of assets **10 Total long term insurance business assets**Financial year ended **31 December 2013**Units **£000**

		Value of assets 1	Mean term 2	Yield before adjustment 3	Yield after adjustment 4
UK Government approved fixed interest securities	11	31351	0.24	0.37	0.37
Other approved fixed interest securities	21				
Other fixed interest securities					
AAA/Aaa	31				
AA/Aa	32				
A/A	33				
BBB/Baa	34				
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39				
Approved variable interest securities	41				
Other variable interest securities	51				
Total (11+21+39+41+51)	61	31351	0.24	0.37	0.37

Long-term insurance business : Summary of mathematical reserves

Name of insurer **Legal and General Assurance (Pensions Management) Limited**Total business / subfund **Total long term business**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		4458	4458	5426
Form 52	13				
Form 53 - linked	14		243760111	247732437	235927225
Form 53 - non-linked	15				
Form 54 - linked	16				
Form 54 - non-linked	17				
Total	18		243764569	247736895	235932651

Reinsurance - external

Form 51 - with-profits	21				
Form 51 - non-profit	22				
Form 52	23				
Form 53 - linked	24		306277	306277	243995
Form 53 - non-linked	25				
Form 54 - linked	26				
Form 54 - non-linked	27				
Total	28		306277	306277	243995

Reinsurance - intra-group

Form 51 - with-profits	31				
Form 51 - non-profit	32		4458	4458	5426
Form 52	33				
Form 53 - linked	34				
Form 53 - non-linked	35				
Form 54 - linked	36				
Form 54 - non-linked	37				
Total	38		4458	4458	5426

Net of reinsurance

Form 51 - with-profits	41				
Form 51 - non-profit	42				
Form 52	43				
Form 53 - linked	44		243453834	247426160	235683230
Form 53 - non-linked	45				
Form 54 - linked	46				
Form 54 - non-linked	47				
Total	48		243453834	247426160	235683230

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

Name of insurer **Legal and General Assurance (Pensions Management) Limited**
 Total business / subfund **Total long term business**
 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
400	Annuity non-profit (CPA)	75	889					4458

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

Name of insurer **Legal and General Assurance (Pensions Management) Limited**
 Total business / subfund **Total long term business**
 Financial year ended **31 December 2013**
 Units **£000**

UK Pension / Reinsurance ceded intra-group

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
400		Annuity non-profit (CPA)		75		889										4458	

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

Name of insurer **Legal and General Assurance (Pensions Management) Limited**

Total business / subfund **Total long term business**

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
755	Trustee investment plan				30856286	30856286		30856286
765	Group managed fund				212903825	212903825		212903825

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

Name of insurer **Legal and General Assurance (Pensions Management) Limited**
 Total business / subfund **Total long term business**
 Financial year ended **31 December 2013**
 Units **£000**

UK Pension / Reinsurance ceded external

Product code number	1	2	Product description	Number of policyholders / scheme members	4	Amount of benefit	5	Amount of annual office premiums	6	Nominal value of units	7	Discounted value of units	8	9
755			Trustee investment plan	38793					38793	38793		38793		38793
765			Group managed fund	267484					267484	267484		267484		267484

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

Name of insurer **Legal and General Assurance (Pensions Management) Limited**
 Total business / subfund **Total long term business**
 Financial year ended **31 December 2013**
 Units **£000**
 Overseas / 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
755	Trustee investment plan				261196	261196		261196
765	Group managed fund				3711130	3711130		3711130

Long-term insurance business : Unit prices for internal linked funds

Name of insurer Legal and General Assurance (Pensions Management) Limited

Total business

Financial year ended 31 December 2013

Units £000

1	2	3	4	5	6	7	8
Fund name	Type of fund	Net assets	Main series	Unit management charge	Price at previous valuation date	Price at current valuation date	Change in price during year
PMC CASH	24 - group managed fund - other managed fund	1610911			6.5656	6.4377	(1.95)
PMC INDEX-LINKED BOND FUND	24 - group managed fund - other managed fund	102506			9.4982	9.5630	0.68
PMC ACTIVE CORP BOND ALL ST FD	24 - group managed fund - other managed fund	7350891			2.0551	2.0758	1.01
PMC ACTIVE CORP BOND > 10YR FD	24 - group managed fund - other managed fund	4342974			2.5840	2.5668	(0.67)
PMC HIGH YIELD BOND FUND	24 - group managed fund - other managed fund	196921			1.5057	1.6276	8.09
PMC PAN EUROPEAN CREDIT FUND	24 - group managed fund - other managed fund	1004540			1.5328	1.5602	1.79
PMC US CREDIT FUND	24 - group managed fund - other managed fund	119308			1.8495	1.8015	(2.60)
PMC CORE PLUS	24 - group managed fund - other managed fund	1597501			1.7352	1.7270	(0.47)
PMC LIQUIDITY FUND	24 - group managed fund - other managed fund	1685849			1.1097	1.0804	(2.64)
PMC ACTIVE USD CRD ALL STK FD	24 - group managed fund - other managed fund	275499			1.3759	1.3411	(2.53)
PMC ACTIVE USD CRD OVR 10 YR	24 - group managed fund - other managed fund	171781			1.4825	1.3830	(6.71)
PMC ACTIVE GBP CRDT ALL ST FD	24 - group managed fund - other managed fund	6878496			2.0573	2.0811	1.16
PMC USD ACT CDT DUR NEUTRAL	24 - group managed fund - other managed fund	284388			1.1263	1.1474	1.88
PMC EUR ACT CRD DURAT NEUT FD	24 - group managed fund - other managed fund	169554			1.0952	1.1631	6.20
PMC ACTIVE EUR CRDT ALL ST FD	24 - group managed fund - other managed fund	180986			1.1774	1.2398	5.30
PMC ACT GBP CR +10YR FD	24 - group managed fund - other managed fund	4147624			2.5874	2.5742	(0.51)
PMC ACT USD DUR NEUT LG DTD	24 - group managed fund - other managed fund	181669			1.0269	1.0644	3.65
PMC CORE PLUS (USS) FUND	24 - group managed fund - other managed fund	496368			1.2529	1.2456	(0.58)

Long-term insurance business : Unit prices for internal linked funds

Name of insurer **Legal and General Assurance (Pensions Management) Limited**

Total business

Financial year ended **31 December 2013**

Units **£000**

1 Fund name	2 Type of fund	3 Net assets	4 Main series	5 Unit management charge	6 Price at previous valuation date	7 Price at current valuation date	8 Change in price during year
PMC LDI RP/2045 ACT CORP BD	24 - group managed fund - other managed fund	107479			1.7957	2.0172	12.33
PMC LDI ACT CORP BD (LIBOR)	24 - group managed fund - other managed fund	1002146			1.1211	1.1904	6.18
PMC LDI 6A CORP BD (LIBOR)	24 - group managed fund - other managed fund	250044			1.0294	1.0772	4.64
ACTIVE GBL CORP (GBP HDG) BD F	24 - group managed fund - other managed fund	648584			1.0743	1.0751	0.08
DIVERSIFIED FUND	24 - group managed fund - other managed fund	426808				1.1883	
PRE-RETIREMENT CREDIT ONLY FD	24 - group managed fund - other managed fund	457367				0.9926	
2040 LEVERAGED IND-LK GILT FD	24 - group managed fund - other managed fund	106831				0.9164	
Cash (Charges Invoices)	24 - group managed fund - other managed fund	337899			6.2705	6.2974	0.43
HYBRID PROPERTY (70:30)	24 - group managed fund - other managed fund	137220			1.1949	1.2898	7.94
Property	27 - group managed fund - property	1799779			31.0556	34.0751	9.72

Long-term insurance business : Distribution of surplus

Name of insurer **Legal and General Assurance (Pensions Management) Limited**
 Total business / subfund **Total long term business**
 Financial year ended **31 December 2013**
 Units **£000**

Financial year	Previous year
1	2

Valuation result

Fund carried forward	11	247456160	235713230
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13	159613	149434
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15	247615773	235862664
Mathematical reserves	21	247426160	235683230
Surplus including contingency and other reserves held towards the capital requirements (deficiency) (15-21)	29	189613	179434

Composition of surplus

Balance brought forward	31	30000	30000
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34	159613	149434
Total	39	189613	179434

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	159613	149434
Total distributed surplus (46+47)	48	159613	149434
Surplus carried forward	49	30000	30000
Total (48+49)	59	189613	179434

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 requirement

Name of insurer Legal and General Assurance (Pensions Management) 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%				
Classes I (other), II and IX	13	0.15%				
Classes I (other), II and IX	14	0.3%				
Classes III, VII and VIII	15	0.3%				
Total	16					

Insurance health risk and life protection reinsurance capital component

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

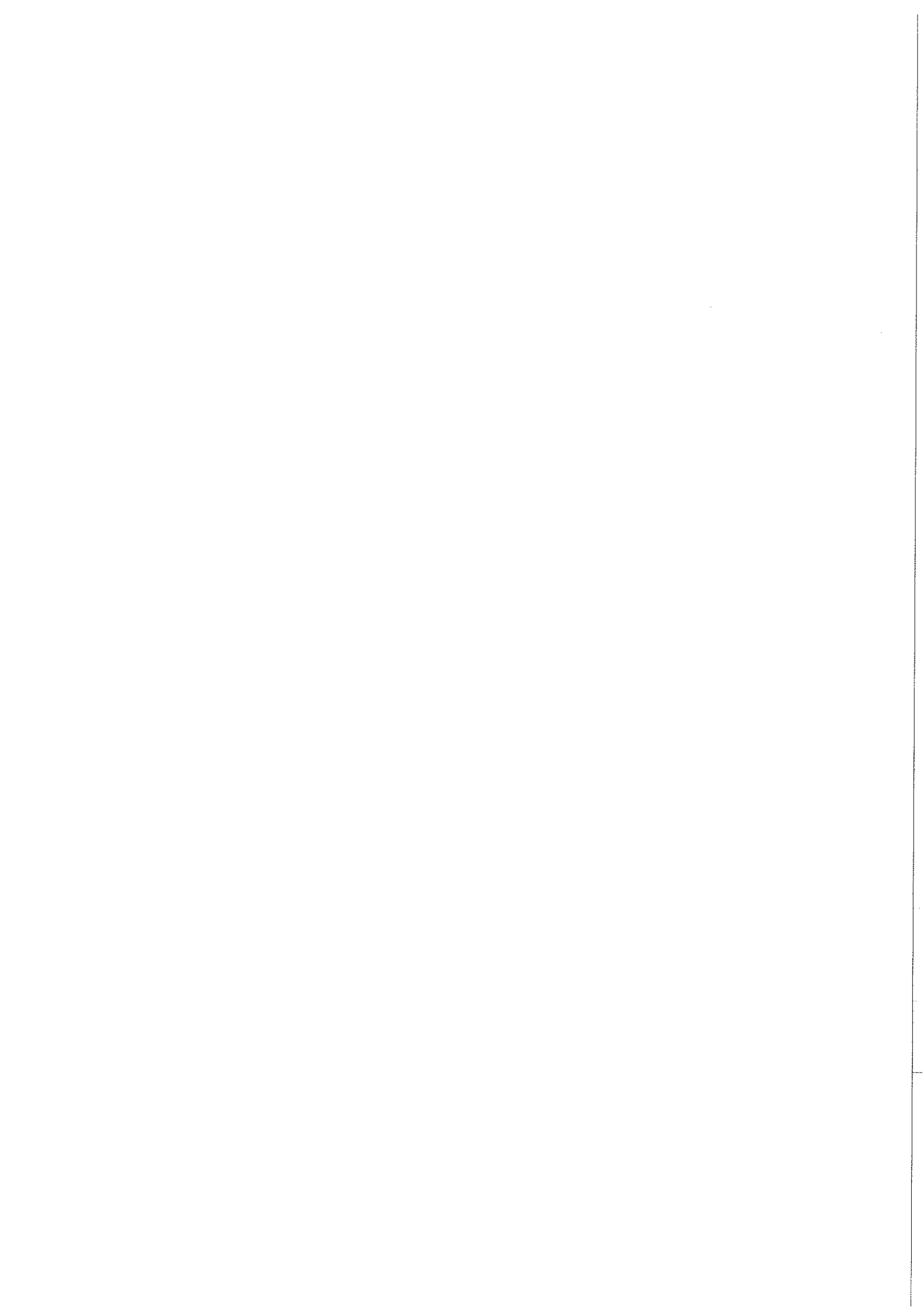
Insurance expense risk capital component

Life protection and permanent health reinsurance	31	0%				
Classes I (other), II and IX	32	1%	4458		0.85	38
Classes III, VII and VIII (investment risk)	33	1%	3004	3004	1.00	30
Classes III, VII and VIII (expenses fixed 5 yrs +)	34	1%				
Classes III, VII and VIII (other)	35	25%				27920
Class IV (other)	36	1%				
Class V	37	1%				
Class VI	38	1%				
Total	39					27987
						27596

Insurance market risk capital component

Life protection and permanent health reinsurance	41	0%				
Classes I (other), II and IX	42	3%	4458		0.85	114
Classes III, VII and VIII (investment risk)	43	3%	3004	3004	1.00	90
Classes III, VII and VIII (expenses fixed 5 yrs +)	44	0%				
Classes III, VII and VIII (other)	45	0%	247729433	247423156		
Class IV (other)	46	3%				
Class V	47	0%				
Class VI	48	3%				
Total	49					204
			247736895	247426160		138

Long term insurance capital requirement	51					28191
						27734



**Returns under the Accounts and Statements Rules
 Supplementary Notes
 Legal and General Assurance (Pensions Management) Limited
 Financial year ended 31 December 2013**

***0301* Reconciliation of Net Admissible Assets to the capital resources shown on Form 3**

	2013 £'000
Form 13, Line 89 (other than long-term)	301,630
Form 13, Line 89 (long-term)	249,755,974
LESS:	
Form 14, Line 11	(247,426,160)
Form 14, Line 49	(2,299,814)
Form 15, Line 69	(65,683)
Core tier one capital (line 39)	<u>265,947</u>
Total capital resources after deductions (line 79)	<u>265,947</u>

***0310* Net valuation differences**

In accordance with GENPRU 1.3.9R(2) this relates to the firms' share of the group deficit reduction amount (net of Tax)

***0313* Reconciliation of Profit and Loss account and other reserves Form 3 line 12 to the profit and loss retained Form 16 line 59**

	£'000
Form 3, Line 12, (Profit and Loss account and other reserves 2013)	275,541
Form 3, Line 12, (Profit and Loss account and other reserves 2012)	(276,173)
Form 16, Line 59 (Profit and Loss retained for the financial year)	<u>(632)</u>

***1301* OLTB: Aggregate Value of Certain Investments**

The Company has no assets of the types specified in instruction 5 to Form 13.

***1302* OLTB: Hybrid Securities**

The Company has no hybrid securities.

***1303* OLTB: Salvage or Subrogation Recoveries**

The Company has not included any salvage or subrogation recoveries in Form 13.

***1304* OLTB: Set Off**

In accordance with paragraph 8 of Appendix 9.1, amounts shown in Forms 13 and 15 have been calculated by netting amounts to the extent permitted by generally accepted accounting principles.

**Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013**

***1305* OLTB: Counterparty Limits**

The investment managers of the shareholders' and General Insurance funds of UK companies in the Legal & General Group have been given counterparty limits as authorised by the Group Counterparty Credit Committee which is a sub committee of the Group Risk & Compliance Committee. These global limits for cash deposits, money market investments, foreign exchange and interest rate management transactions (including exposures related to derivatives, stock lending and cash balances with custodian banks) apply to groupwide shareholders' funds in all UK companies of the Group.

- (a) These limits are for approved counterparties and are graded by counterparty and duration, but the maximum counterparty exposure limit was £685 million.
- (b) Limits are also established for unapproved counterparties for the purpose of investing in Commercial Paper issued by such counterparties. The maximum limit for such counterparties is £45 million.
- (c) These limits were not exceeded during the financial year.

***1307* OLTB: Secured Obligations**

The Company has no OLTB rights to which paragraph 14 of Part I of Appendix 4.2 applies. For the Company's secured LTB rights, see Note 1313 below.

***1308* LTB: Aggregate Value of Certain Investments**

The Company has no assets of the types specified in instruction 5 to Form 13.

***1309* LTB: Hybrid Securities**

The Company has no hybrid securities.

***1310* LTB: Set Off**

In accordance with paragraph 8 of Appendix 9.1, amounts shown in Forms 13 and 15 have been calculated by netting amounts to the extent permitted by generally accepted accounting principles.

The amount in line 78 relates to segregated clients.

***1312* LTB: Counterparty Limits**

The non-linked assets held within the long-term insurance fund are treated as shareholders' funds for this purpose (see Note 1305).

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013

***1313* LTB: Secured Obligations**

The Company has rights to which paragraph 14 of Part I of Appendix 4.2 applies under its reinsurance treaty with Swiss Re Europe S.A (see section 9 of the Abstract of the Valuation Report prepared by the Actuarial Function Head). The potential value of these rights at the Valuation Date was equal to the deduction for Reinsurance Ceded shown on Form 53.

***1401* LTB: Provision for Adverse Changes**

The Company has no obligations to which rule INSPRU 3.2 applies. Accordingly there is no method used to determine any provision for adverse changes.

***1402* LTB: Details of Charges over Assets, Contingent Liabilities etc.**

- (i) No charge has been made on the assets of the Company to secure the liabilities of any other person.
- (ii) The fund has no liability to tax on capital gains that might arise if the Company disposed of its assets.
- (iii) Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance of actual experience from that assumed may result in such liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of such contracts, or the circumstances in which policyholders have entered into them. In addition, the extent of liabilities in respect of contracts with policyholders may be affected by Court judgments, Ombudsman rulings, regulatory action and industry compensation schemes. Whilst it is not possible to predict with certainty the resultant financial impact or timing of all these factors, the Company considers that provisions have been made on a prudent basis and that it has adequate capital and reserves to meet all reasonably foreseeable eventualities.
- (iv) There are no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business in respect of the existing or future liabilities of any related Company.
- (v) There is no other fundamental uncertainty.

***1501* OLTB: Provision for Adverse Changes**

The Company has no obligations to which rule INSPRU 3.2 applies. Accordingly there is no method used to determine any provision for adverse changes.

***1502* OLTB: Details of Charges over Assets, Contingent Liabilities etc.**

- (i) No charge has been made on the assets of the Company to secure the liabilities of any other person.
- (ii) There is no liability to tax on capital gains that might arise if the Company disposed of its assets.

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013

(iii) Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance of actual experience from that assumed may result in such liabilities differing from the provisions made for them. Liabilities may also arise in respect of claims relating to the interpretation of such contracts, or the circumstances in which policyholders have entered into them. In addition, the extent of liabilities in respect of contracts with policyholders may be affected by Court judgements, Ombudsman rulings, regulatory action and industry compensation schemes. Whilst it is not possible to predict with certainty the resultant financial impact or timing of all these factors, the Company considers that provisions have been made on a prudent basis and that it has adequate capital and reserves to meet all reasonably foreseeable eventualities.

(iv) There are no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business in respect of the existing or future liabilities of any related Company.

(v) There is no other fundamental uncertainty.

***1506* Net valuation differences**

In accordance with GENPRU 1.3.9R(2) this relates to the firms' share of the group deficit reduction amount.

***1507* Net valuation differences**

In accordance with GENPRU 1.3.9R(2) this relates to the firms' share of the group deficit reduction amount (net of tax).

***1601* Basis of Conversion of Foreign Currency**

Assets, liabilities and revenue transactions in foreign currencies are translated to sterling at rates of exchange ruling at the end of the period other than certain revenue transactions which are translated to sterling at the appropriate rates prevailing during the period.

***1603* Other Income and Charges**

Other charges consist of custody charges for OLTB assets.

***1700* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

**Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013**

***4002* Other Income and Expenditure**

Other income consists of: -

	£'000 2013	£'000 2012
Investment management fees for pension fund management contracts	301,953	262,361
Specific charges to clients on asset allocation, subsidies, ex-gratia payments and stock reservation recoveries	256	548
Interest claims	(575)	(129)
	301,634	262,780

***4006* Allocation of Income, Appreciation/Depreciation, Expenses and Taxation**

As there is only one long-term insurance fund all investment income, increase or decrease in the value of the assets brought into account, expenses and taxation is directly allocated to the fund.

***4008* Provision of Management Services to or by the Company**

- (a) Legal & General Investment Management (Holdings) Limited ("LGIM(H)") provides, either directly or indirectly, administration services to the Company.
- (b) Legal & General Investment Management Limited, a wholly owned subsidiary of LGIM(H), provides investment management services to the Company.
- (c) Legal & General Investment Management Corporate Director Limited, a wholly owned subsidiary of LGIM(H), provides management services to the Company.

***4009* Material Connected Party Transactions**

Names of transacting parties	Legal & General Investment Management (Holdings) Limited
Relationship between transacting parties	Parent
Description of transaction	Administration services
Amounts involved £'000	26,508
Other relevant elements of the transaction	None
Amounts written off in respect of debts due to/from connected parties	None

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013

Names of transacting parties	Legal & General Investment Management Limited
Relationship between transacting parties	Fellow subsidiary undertakings
Description of transaction	Investment management services
Amounts involved £'000	73,349
Other relevant elements of the transaction	None
Amounts written off in respect of debts due to/from connected parties	None

***4401* Basis of Valuation of Assets**

The long-term insurance business assets have been valued at bid or single price of the underlying securities.

***4402* Rights under Derivative Contracts**

Rights under derivative contracts are held as assets by the internal linked funds as follows:

	£'000
APAD: Infrastructure Equity MFG	7
APAE: Infrastructure Equity MFG - GBP Hedged	13,155
APAF: Asia Pacific (ex Japan) Developed Real Estate Eqty Ind	10
APAM: Russell Fundamental Global Large Company Index Fund	3
APAN: Russell Global Large Cap Defensive Index Fund	7
B: UK Fixed Interest - All Stocks	9
BC: GEM Stock Fund	2,233
BJ: Active Corp Bond - Over 10 Yr	5,388
C: Property	5,460
CAAC: Core Plus (USS) Fund	2,542
CS: Eurozone Equity Index (NetWHT)	45
DC: Active Corp Bond - All Stocks	11,112
DD: Europe ex UK & Eurozone Index (NetWHT)	6
DJ: Americas/Africa Adv Emerging	67
EC: Japan Equity Index-GBP Hedged	124,675
ED: Europe (ex UK) Index-GBP Hdgd	24,438
EE: N America Eq Index-GBP Hedged	199,946
EF: A/Pac exJap Dev Index-GBP Hdgd	47,187
EPAA: Europe (exUK) Equ (NetWHT) Ind	3
EPAB: Europe(exUK) NetWHT Ind GBPHgd	588
EPAD: Europe (ex UK ex Eurozone) Equity (NetWHT) Index - EUR Hedged	22
EW: N America Net US WHT Euro Hed	2,887
EX: Japan Eq Net WHT Ind-Euro Hedg	1,310
FA: Overseas Bond Index-GBP Hedged	35,356
FG: UK World Eq Index-Euro Hedged (NetWHT)	166
GC: N America Net US WHT GBP Hedg	5,215
GPAC: MSCI Val Weight Dev Ind-GBPHgd	1,467
GPAE: FTSE-RAFI Dev 1000 Equity Fund	7
GPAH: FTSE RAFI AW 3000 GBP Hedged	16,364

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013

GPAS: FTSE RAFI All World 3000 (Net WHT) Index Fund	1
GPAX: FTSE RAFI All World 3000 - North America Equity Index	3
GPBA: FTSE RAFI AW 3000 Dev Equity Ind Des E	1
GPBB: Ethical Global Equity Index Fund - GBP Hedged	358
GPBD: FTSE RAFI AW 3000 Dev Equity Ind Des M	6
GW: N America Equity (Net US WHT)	173
HH: Eur ex UK Adv Emerging Equ Ind	4
HN: World Emerging Markets Equ Ind	736
HP: UK FTSE 100 Equity Index	285
HS: Middle East/Africa Equ Index	2
JR: Ethical US Equity Index Fund	2
JV: Ethical Global Equ ex US Ind	3
KN: Japan Equity (Net WHT) Index	40
KR: Japan Eq Net WHT Ind-GBP Hedge	2,523
KT: High Yield Bond	2,103
KV: Asia Pacific Adv Em Equ Ind	3
LG: Client Specific Unitised	20,302
LK: Client Specific Unitised	1,069,366
LR: Client Specific Unitised	133,407
LV: Client Specific Unitised	252,025
MAAD: Overlay Dynamic Diversified Fund	214
MAAL: Euro Dynamic Diversified Overlay Fund	8
MB: Global Infrastructure Equ Ind	2
MC: Global Lst Private Eq Pas Fund	5
N: UK Equity Index	3,988
NB: LDI AAA-AA-A Corporate Bond Interest Rate Hedged Fund	3,799
NC: LDI Active Corp Bond Interest Rate Hedged Fund	15,711
NPAA: US Real Estate Equity Index	3
NY: N America Equity Ind (Des E)	3
PA: Europe (ex UK) Equ Ind (Des E)	8
PC: Asia Pac ex Jap Dev Equ Des E	7
PP: Eur Large Cap exUK Equ Des B	97
PPAA: Asia Pac exJap Dev Eqty Index - EUR Hdgd	338
PT: World Equity Index (MSCI)	157
PV: World Eqty Ind (MSCI)-GBP Hdgd	4,340
R: Japan Equity Index	663
S: North America Equity Index	1,621
T: Europe (ex UK) Equity Index	836
TD: Core Plus	8,024
TE: Act GBP Collateralized & Corps	815
TK: Client Specific Unitised	2,828
TLAH: Client Specific Unitised Fund - Global Credit	6,966
TLAJ: Client Specific Unitised Fund - Global Credit	3,899
TLAN: Client Specific Unitised Fund	2,571
TLAR: Client Specific Unitised Fund	23,842
TLAS: Client Specific Unitised Fund	765
TLAT: Client Specific Unitised Fund	1,433
TR: Mid East/Afr Equ Ind-GBP Hdgd	61
TSAJ: CSUF GBP	7,262

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013

TSAK: CSUF EUR	89
TSBD: CSUF-High Div	90
TV: GI Cr 6A 40%Fin Pass - GBP Hdg	105
VA: EUR Corp Pass 6A Fund GBP Hdg	1,300
VB: CSUF - Global Credit	23,944
VF: USD Corp Pass 6A Fund GBP Hdg	9,659
VR: N America Large Cap Equ Des B	8
W: Asia Pac exJap Dev Eqty Index	1,403
WH: Active EUR Credit All Stocks	34
WJ: Act USD Dur Neutral Long Dated	3,205
WS: Active GBP Credit All Stocks	22,739
WT: Act GBP Credit Over 10 Yr Fund	6,216
XG: USDAct Credit Duration Neutral	3,347
XK: A/Pac exJap&Kor Dev Ind-GBPHgd	341
XM: EUR Act Cred Duration Neutral	96
XP: Client Specific Unitised	25,495
XPAA: FTSE-RAFI Emerging Markets Equity	3
XPAB: EM Passive Local Ccy Govt Bond	1
XPAC: EM Passive USD Gov Bond GBPHgd	1,088
YAAG: Euro Liquidity (2012) Fund	277
YX: FTSE RAFI AW 3000 Eq Ind	580
	<u>2,171,302</u>

Liabilities in relation to derivative contracts are held by the internal linked funds as follows:
£'000

AG: Overseas Bonds Index (AG)	(2)
APAD: Infrastructure Equity MFG	(1)
APAE: Infrastructure Equity MFG	(3,831)
APAF: Asia Pac (xJap)Dev Rel Eq In Fd APAF	(1)
B: UK Fixed Interest - All Stocks (B)	(7)
BJ: Active Corporate Bond - Over 10 Yr (BJ)	(4,252)
CAAC: Core Plus (USS) Fund	(2,245)
CG: > 5 yr US Inflation Linked Index (CG)	(2)
DC: Active Corporate Bond - All Stocks (DC)	(7,023)
EC: Japan Equity Index - GBP Hedged (EC)	(30,508)
ED: Europe (ex-UK) Index - GBP Hedged (ED)	(36,292)
EE: North America Equity Index - GBP Hedged (EE)	(72,492)
EF: Asia Pacific (ex-Jap) Dev Index - GBP Hedged (EF)	(11,516)
EPAA: Europe (ex UK) Equ (NetWHT) Ind	(6)
EPAB: Europe (ex UK) NetWHT Ind GBP Hgd	(668)
EPAD: Europe (ex UK ex Eurozone) Equity (Net WHT) Index - EUR Hedged	(62)
EW: N America Net US WHT - Euro Hedged (EW)	(398)
EX: Japan Equity Index-Euro Hedged (EX)	(40)
FA: Overseas Bond Index - GBP Hdg (FA)	(8,102)
FG: UK World Eq Index-Euro Hedged (FG)	(208)
GC: Nth America Net US WHT - GBP Hedgd (GC)	(954)
GPAC: MCSI Value Weighted Developed Index - GBP Hedged	(251)

Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013

GPAE: FTSE RAFI Dev 1000 Equity Fund	(1)
GPAH: FTSE RAFI AW 3000 GBP Hedged	(4,315)
GPAS: RAFI All Wld 3000 Net WHT-GPAS	(1)
GPBB: Ethical Global Equity Index Fund - GBP Hedged	(94)
GPBD: FTSE RAFI AW 3000 Dev Equity Ind Des M	(2)
HH: Europe exUK AdvEmergEq Ind(HH)	(4)
HN: World Emerging Markets Eqty Index	(30)
HS: Middle East/Africa Equ Ind	(1)
JR: Ethical US Equity Index Fund (JR)	(1)
KR: Japan Eq (Net WHT) Idx GBP Hdg (KR)	(202)
KT: High Yield Bond (KT)	(234)
LG: Client Specific Unitised	(39)
LK: Client Specific Unitised	(809,105)
LR: Client Specific Unitised	(119,681)
LT: Client Specific Unitised	(15)
LV: Client Specific Unitised	(220,753)
MAAD: Overlay Dynamic Diversified Fund	(61)
MAAL: Euro Dynamic Diversified Overlay Fund	(3)
MC: Global Listed Priv Eq Passive Index (MC)	(1)
NPAA: US Real Estate Equity Index Fund	(1)
PC: AsiaPac.exJapDevEq Idx(DesE)PC	(1)
PPAA: Asia Pac exJap Dev Eqty Index - EUR Hdgd	(78)
PV: Wld Equ Ind-MSCI-GBPCurrHdg-PV	(753)
R: Japan Equity Index (R)	(426)
S: North America Equity Index (S)	(23)
T: Europe (ex UK) Equity Index (T)	(881)
TD: Core-Fund (TD)	(4,792)
TE: Pan-European Credit Fund (TE)	(647)
TK: Portfolio Implementation	(824)
TLAH: Client Specific Unitised Fund	(12,247)
TLAJ: Client Specific Unitised Fund	(6,863)
TLAN: Client Specific Unitised Fund	(20,269)
TLAR: Client Specific Unitised Fund	(654)
TLAS: Client Specific Unitised Fund	(61)
TLAT: Client Specific Unitised Fund	(654)
TR: Middle East/Africa Equ Index	(81)
TSAJ: Client Specific Unitised Fund	(845)
TSAK: Client Specific Unitised Fund	(206)
TV: GlCredit(40%Fins)IF-£Hdgd (TV)	(49)
VA: Corp Bond(NonFin)F-\$ Hdgd (VA)	(1,493)
VB: USD-EUR CB 40% Fin IndxIT&GBP Hdg	(42,043)
VF: \$CorpBond(NonFin)F-£Hdgd (VF)	(3,021)
VR: N Am LgeCap Equ Ind-Des B (VR)	(2)
W: Asia Pacific (ex Jap) Dev Equity Index (W)	(26)
WH: Active EUR Credit All Stocks	(590)
WS: Active GBP Credit All Stock	(10,303)
WT: Act GBP Credit Over 10 Yr Fund	(7,858)
XK: Asia Pac xJapkorDevEqIndGBPH-XK	(41)
XM: EUR Act Cred Duration Neutral	(3,839)
XP: Client Specific Unitised Fund	(91)

**Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013**

XPAA: FTSE-RAFI Emerging Markets Equity	(2)
XPAB: EM Passive Local CCY Govt Bond	(3)
XPAC: EM Passive USD Gov Bond GBP Hedged	(284)
YAAG: Euro Liquidity Fund	(117)
YX: FTSE-RAFI All World 3000 Equity Index	(644)
	<u>(1,454,116)</u>

Rights under contracts which have the effect of derivative contracts are held as assets by the internal linked funds as follows: -

	£'000
BC: Asia Emerging Markets Index (BC)	2,120
HN: World Emerging Markets Eqty Index	120
	<u>2,240</u>

***4502* Other Income and Expenditure**

Other expenditure consists of: -

	£'000
Bank Charges	1
Property Surveyor fees	404
Expenses On Dividends Received	487
Other Expenses	468
	<u>1,360</u>

***4503* Charges in respect of tax on investment income**

The credit of (£16,716k) shown in line 23 is as a result of adjustment to the balance sheet in respect of prior years' tax totalling (£117,900k) which have arisen on the filing of claims for the refund of withholding tax which has been suffered by the Company's internal linked funds in years 2004 to 2012.

***4601* Non-linked Group Contracts**

At the end of the report period there were 75 non-linked group contracts in force covered by one treaty for reinsurance ceded.

***4602* Linked Group Contracts**

At the end of the report period there were 2,851 linked group contracts in force.

***4701* Analysis of New Business**

All business is regarded as recurrent single premium business. The number of new policyholders/scheme members is zero as the benefits at member level is unknown.

**Returns under the Accounts and Statements Rules
Supplementary Notes
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013**

***4801* Accrued Interest**

The Company has only one fund to which assets covering long-term insurance business liabilities are appropriated.

***5200* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

***5400* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

***5600* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

***5700* Omission of Form**

A total Form 57 has been omitted, as it would be the same as the underlying Form 57.

***5900* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

***5900* Omission of Form**

Form omitted as all entries (including comparatives) would be blank.

***6002* Insurance expense risk capital component**

The £3,004k in line 33 relates to the MMAVC.

Return under the Accounts and Statements Rules
Statements required by the Rules
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013

Rule 9.29: Additional information on derivative contracts

- a) Investment objectives and guidelines are set for each fund. These reflect the specific objectives of the fund in terms of its asset structure, permitted holdings and performance targets. Compliance with the rules and Guidance in respect of the derivatives is taken fully into account during drafting. The overriding principles are to have adequate controls in place to ensure long term funds are not exposed excessively to risks related to derivative contracts. Specific guidelines are set and these are summarised below:
- (i) The use of derivatives must be appropriately justified as efficient portfolio management or as a reduction of investment risks.
 - (ii) Adequate cover must be maintained to enable obligations to be met and rights to be exercised.
 - (iii) Regular monitoring should be performed in order to determine aggregate exposure to each asset and counterparty exposure (for which a limit is set).
 - (iv) Monitoring and valuation procedures must enable the external reporting on derivative contracts to be completed satisfactorily.
 - (v) Derivatives must be based on assets which are themselves admissible or based on an index of such assets or based on an official index of retail prices.
 - (vi) Derivatives transactions should only be undertaken in the full knowledge of their treatment for tax purposes to ensure that such transactions are financially appropriate.
- b) The investment objectives and guidelines do not specifically refer to derivative contracts as referred to in sub-paragraph (b) of the rule.
- c) The Company has not been party to any derivative contract during the financial year of the kind described in sub-paragraph (b) of the rule.
- d) There were no circumstances surrounding the use, during the year, of any derivative or quasi derivative which required a significant provision under INSPRU 3.2.17R or that did not fall under the definition of a permitted derivatives contract under the permitted link rules.
- e) No considerations were received by the firm during the year for granting rights under derivatives or quasi derivatives. (The company received £1,665,115 of underwriting commission).

Return under the Accounts and Statements Rules
Statements required by the Rules
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013

Rule 9.30: Additional information on controllers

Legal & General Group Plc ("the Group") was, throughout the year, a shareholder controller of the Company. The Group holds all the ordinary share capital and voting rights in Legal & General Investment Management (Holdings) Limited, which holds all the share capital and voting rights in the Company.

Returns under the Accounts and Statements Rules (IPRU (INS))

Appendix 9.4 (Rule 9.31):

Legal and General Assurance (Pensions Management) Ltd

Abstract of the Valuation Report

Financial year ended 31 December 2013

1. Introduction

- 1.(1) The date to which this investigation relates, namely the valuation date, is 31 December 2013.
- 1.(2) The date of the previous investigation under rule 9.4 was 31 December 2012.
- 1.(3) There have been no valuations (for the purposes of rule 9.4) since the previous investigation.

2. Product range

- 2.(1) The pooled fund contract provides for investment of the assets of defined benefit and defined contribution pension schemes into linked funds. The name of the fund section generally indicates the nature of the underlying assets.
- 2.(2) 70 new sections were created in 2013. These are listed and include the internal reference code.

2013 Opened Funds (Code Name)

1. AABC Property Unit Trust
2. AABD Consumer Association Index Bonds (charges included)
3. APAG Global Real Estate Equity Index (charges included)
4. APAH Global Listed Private Equity Passive Fund (charges included)
5. APAJ Global Infrastructure Equity Index (charges included)
6. APAM Russell Fundamental Global Large Company Index Fund
7. APAN Russell Global Large Cap Defensive Index Fund
8. APAP Infrastructure (Net WHT) Index
9. APAR Global Real Estate Equity (Net WHT) Index Fund
10. BFAE Euro Government Bond Over 5 Year Index Fund (charges included)
11. BFAF German Government Bond 2044
12. BFAG Netherlands Government Bond 2042
13. BFAH German Government InflationBond2023
14. BFAJ Euro Government Bond >5Yr (Scheme & Inv Chg)
15. BGAA 0 to 5 Yr Gilts Index (charges included)
16. BSAA 2068 Gilt
17. CCAC Inv Grade Corp Bond >15Yr Ind (charges included)
18. CCAD Inv Grade Corp Bond All Stocks Ind (charges Included)
19. CCAE Corporate Bonds
20. CSAH Active Global Corp Bond EUR Hedged
21. CYAD Pre-Retirement Credit Only
22. FAAK 2038 Leveraged Gilt Fund
23. FAAL 2042 Leveraged Gilt Fund

Returns under the Accounts and Statements Rules (IPRU (INS))
Appendix 9.4 (Rule 9.31):
Legal and General Assurance (Pensions Management) Ltd
Abstract of the Valuation Report
Financial year ended 31 December 2013

24.	FAAT	2030 Leveraged Index Linked Gilt
25.	FAAX	2040 Leveraged Index Linked Gilt
26.	FABD	2045 Fixed Fund
27.	FABE	2055 Fixed Fund
28.	FRAL	2045 Real Fund
29.	FRAM	2055 Real Fund
30.	GPBB	Ethical Global Equity Index Fund - GBP Hedged
31.	GPBD	FTSE RAFI AW 3000 Dev Equity Ind Des M
32.	GPBE	All World Equity Index
33.	GPBF	All World Equity Index GBP Hedged
34.	GPBG	World Developed Equity Index
35.	GPBH	World Developed Equity Index Fund - GBP Hedged
36.	LSAA	2068 Index-Linked Gilt
37.	LUAC	<5Yr Index Linked Gilts Index
38.	LUAD	5-15 Yr Index Linked Gilts Index
39.	MAAC	Dynamic Diversified Fund
40.	MAAD	Overlay Dynamic Diversified
41.	MAAJ	Euro Dynamic Diversified
42.	MAAL	Euro Dynamic Diversified Overlay
43.	RAAC	2020 Inflation Fund
44.	RAAH	2050 Inflation Fund
45.	RAAJ	2060 Inflation Fund
46.	TLAD	CSUF
47.	TLAE	CSUF
48.	TLAF	CSUF
49.	TLAG	Bespoke
50.	TLAH	CSUF Global Credit
51.	TLAJ	CSUF Global Credit
52.	TLAK	CSUF Physical Credit
53.	TLAL	CSUF Physical Credit
54.	TLAN	Client Specific Unitised
55.	TLAR	Client Specific Unitised
56.	TLAS	Client Specific Unitised
57.	TLAT	Client Specific Unitised
58.	TLAY	Client Specific Unitised
59.	TSAR	Bespoke
60.	TSAS	Bespoke
61.	TSAY	Bespoke
62.	TSBA	Bespoke
63.	TSBB	Bespoke
64.	TSBD	CSUF
65.	TSBF	Bespoke

Returns under the Accounts and Statements Rules (IPRU (INS))

Appendix 9.4 (Rule 9.31):

Legal and General Assurance (Pensions Management) Ltd

Abstract of the Valuation Report

Financial year ended 31 December 2013

66.	TSBL	CSUF
67.	UPAB	FTSE 250 Index Fund
68.	XPAE	LGIM Russell Developed Large Cap EM Geo Exposure Index Fund
69.	YAAC	Euro Liquidity 2012 (charges included)
70.	YL	Hybrid Property 70:30 (charges included)

13 sections were withdrawn in 2013. These are listed below and include the internal reference code.

2013 Closed Funds (Code Name)

1.	AD	Discretionary
2.	BFAA	Ger Fr NI Gov Bnd>15YrInd (charges included)
3.	F	International Equity
4.	KL	Diversified Growth Fund
5.	LE	Client Specific Unitised
6.	LX	Client Specific Unitised
7.	PD	North American Wealth Weighted
8.	PE	Eur (ex UK) Wealth Weighted
9.	PF	Japan Wealth Weighted Fund
10.	STAA	Marathon Run off Portfolio #1
11.	STAB	Marathon Run off Portfolio #2
12.	TC	Diversified Alternatives Fund
13.	TSBG	Client Specific Unitised

2.(3) All policies have an embedded annuity option which gives the policyholder the right but not obligation to purchase an annuity for retiring underlying members at prevailing market rates. In addition, the money market additional voluntary contribution contract (MMAVC) has an embedded guarantee on the capital value of the investments made.

2.(4) The MMAVC contract included at outset, guaranteed annuity rates for members retiring at normal retirement date within the first ten years of the scheme. No members are now entitled to this guarantee.

2.(5) There are certain Overseas Life Assurance Benefit (OLAB) contracts where the benefits are paid in a non-Sterling currency, either Euro or US dollars.

2.(6) There have been no changes to the product brand name.

2.(7) None of the contracts contain a with-profits option.

Returns under the Accounts and Statements Rules (IPRU (INS))
Appendix 9.4 (Rule 9.31):
Legal and General Assurance (Pensions Management) Ltd
Abstract of the Valuation Report
Financial year ended 31 December 2013

2.(8) The terms and conditions of the policy may be changed with four months notice to policyholders.

3. Discretionary charges and benefits

3.(1) The company does not have the option of applying market value reductions

3.(2) The company does not write non-linked protection business

3.(3) The company does not write non-profit deposit administration benefits

3.(4) The company does not use benefit charges

3.(5) The contracts are not with-profits

3.(6) The Company recovers its costs, other than flat charges for smaller schemes with less than £25m invested or for ancillary services, through the fund management fee which accrues daily as a proportion of the assets of the fund. The standard fees for internal linked funds vary from 0.03% to 0.75% p.a. for active funds and from 0.03% to 0.55% p.a. for index tracking funds; the fees also vary within these ranges depending upon the amount invested. There are extra fixed fees for other related services including asset allocation, blended prices and scheme benchmarking.

3.(7) The Company maintains a spread between the bid and offer prices of units. This covers the Company's dealing costs, including stamp duty. As at the investigation date the default bid/offer spreads vary from nil to a maximum of 6.55% on a property fund (of which a significant proportion is for stamp duty levied on purchases of direct property).

3.(8) Where policyholder investments match policyholder disinvestments from the fund, the saving in external dealing costs is passed to the policyholder or retained by the Company depending upon the circumstances. In the latter case, such matching was a source of revenue to the Company for weekly dealt internal linked funds through 2013. In 2014 the Company has agreed to transition to giving the benefit of matching to policyholders.

3.(9) (i) Internal linked funds:

For more recent internal linked funds custodial costs are paid by the Company and recouped as part of the fund management fee. A few of the older internal linked funds have custodial costs deducted directly from the fund. Whilst it is possible for the fund management fee to be deducted as part of the unit price (these funds have 'charges' after the fund name), the majority of policyholders pay fund management fees quarterly in arrears.

Returns under the Accounts and Statements Rules (IPRU (INS))

Appendix 9.4 (Rule 9.31):

Legal and General Assurance (Pensions Management) Ltd

Abstract of the Valuation Report

Financial year ended 31 December 2013

There are three methods used in the creation and cancellation of units for the internal linked funds. The methods are daily midday, daily close, and weekly pricing series. For all pricing series the Company determines the bid and offer price around the mid value on a basis which reflects the typical spread for dealing in the market, including where applicable, local tax and stamp duties and brokerage. The timing of the valuation of the pricing series are described below, however all units are created or cancelled as at the valuation point in time. For all pricing series the Company does not retain a "box" of units.

A weekly pricing series is available to clients. On the day before a dealing day all existing investments of each fund are valued at the closing mid-market price (or last traded price in some markets) by reference to at least one recognised pricing service. Where a bid/offer spread exists and the fund is due to receive an inflow, units are typically created at the offer price; conversely if the fund is due to pay an outflow then units are cancelled typically at the bid price. Dealing days occur on the first business day of each calendar month, with the balance spread over the rest of the month.

A daily close of business single swinging price series is also available to clients for a sub-set of the weekly funds. On the valuation day (normally weekly), all funds are valued at bid, mid and offer. Prices are typically struck for each subsequent business day based upon the latest available weekly valuation adjusted by the total return on the relevant index to allow for movements, including currency if applicable, between the weekly valuation and the pricing day for the fund. If the fund is due to receive a net inflow then new units are created at the offer price; if the fund is due to pay a net outflow then units are cancelled at the bid price. When the net flow in either direction is small the mid-price is used for both the creation and cancellation of units.

A midday single swinging pricing series is also available to clients for a sub-set of the daily funds. The midday pricing series is typically valued using the last night's close daily unit price rolled forward by the relevant index (or close proxy) where available and currency if applicable.

The MMAVC contract is an internal linked fund which has a single unit price i.e. it does not have a bid/offer spread. The fund management fee is currently 0.125% p.a. of the total value of the fund.

Liability Driven Investments (LDI) and Client Specific Unitised Funds (CSUF's) are valued using the unit prices as described above for the underlying funds together with the value of any directly held assets and swap(s). OTC swaps are valued using external vendor valuations, or curves for use within internal model valuations, and verified against the counterparty valuation.

(ii) External linked funds:

Returns under the Accounts and Statements Rules (IPRU (INS))

Appendix 9.4 (Rule 9.31):

Legal and General Assurance (Pensions Management) Ltd

Abstract of the Valuation Report

Financial year ended 31 December 2013

Where the Company on behalf of its policyholders' purchases shares in the LGIM (Ireland) Risk Management Solutions PLC Qualifying Investor Scheme, the Company charges a fund management fee which includes the cost of providing the relevant sub-fund of the Qualifying Investor Scheme. All shares created allow for the associated costs of underlying asset purchases, and where shares are cancelled the cost of sale of underlying assets is allowed for (in both cases subject to certain minimums). In the underlying vehicle there is no timing difference between valuation and share transactions. The Company does not retain for itself any discount, commission or other allowance on purchase or sale of units.

Where the Company on behalf of its policyholders' purchases shares in the LGIM Commodity Composite Source ETF, a sub-fund of Source Markets plc, a proportion of the on-fund fee is paid to a related company Legal & General Investment Management (LGIM). All shares created allow for the associated costs of underlying asset purchases, and where shares are cancelled the cost of sale of underlying assets is also allowed for. In the underlying vehicle there is no timing difference between valuation and share transactions. Neither the Company nor LGIM receive any allowances from the UCITS compliant fund on purchase or sale of shares.

Where the Company on behalf of its policyholders' purchases shares in LGIM Liquidity Funds PLC UCITS scheme, the Company charges a fund management fee which includes the cost of providing the relevant sub-fund of the UCITS scheme. In the underlying vehicle there is no impact from timing differences between valuation and share transactions. The Company does not receive any allowances from the UCITS compliant fund on purchase or sale of shares.

Where the Company on behalf of its policyholders' purchases shares in sub-funds of the Legal & General Investment Management Funds ICVC ('LGIM OEIC') scheme, the Company charges a fund management fee which includes the cost of providing the relevant sub-fund of the OEIC scheme. All shares created allow for the associated costs of underlying asset purchases, and where shares are cancelled the cost of sale of underlying assets is allowed for (in both cases subject to certain minimums). In the underlying vehicle there is no timing difference between the valuation and the actual share transactions. The Company does not receive any allowances from the UCITS compliant sub-fund on purchase or sale of shares.

Where the Company on behalf of its policyholders' purchases shares in sub-funds of the Legal & General UCITS compliant SICAV ('L&G SICAV') scheme, the Company charges a fund management fee which includes the cost of providing the relevant sub-fund of the SICAV scheme. All shares created allow for the associated costs of underlying asset purchases, and where shares are cancelled the cost of sale of underlying assets is allowed for (in both cases subject to certain minimums). In the underlying vehicle there is no timing difference between the valuation and the actual share transactions. The Company does not receive any allowances from the UCITS compliant sub-fund on purchase or sale of shares.

Returns under the Accounts and Statements Rules (IPRU (INS))
Appendix 9.4 (Rule 9.31):
Legal and General Assurance (Pensions Management) Ltd
Abstract of the Valuation Report
Financial year ended 31 December 2013

3.(10) No method is required to provide for UK tax on realised or unrealised capital gains although a small number of territories in which the Company invests may levy a tax on capital gains at a local level which is charged to the unit linked funds. If deemed appropriate by the Company an adjustment to income for the recovery of overseas withholding tax is allowed for in the unit price. In addition transactional taxes are included as appropriate in the spread on the unit linked funds

3. (11) Double charging for expenses is eliminated in unit cross holdings.

4. Valuation basis

4.(1) The mathematical reserve for the pooled fund contracts has been calculated using values, accrued interest, and units standing to the credit of the policies on the valuation date.

No allowance is made for persistency, interest or mortality in the valuation of linked contracts.

Unit liabilities are valued at valuation unit prices without any discounting.

The mathematical reserve for immediate annuities is obtained by discounting future payments on the basis shown below. Individual contracts are valued with explicit allowance for future expenses.

- i. Due regard has been given to the duty to treat customers fairly through their contractual entitlements and the valuation is in line with those expectations. No increases in policy charges are anticipated in deriving the mathematical reserves. Policyholders are not eligible to participate in any established surplus.
- ii. The net premium method of valuation is not used.
- iii. The valuation methods do not give rise to negative values and do not allow any contract to be treated as an asset.
- iv. The contracts are non-profit and so no reserve has been made for future bonuses.
- v. No provision has been made for any liability to taxation on unrealised capital gains.
- vi. The potential cost associated with the timing difference between quoting and purchase of immediate annuities has been reviewed and no reserve has been deemed necessary.

Returns under the Accounts and Statements Rules (IPRU (INS))
Appendix 9.4 (Rule 9.31):
Legal and General Assurance (Pensions Management) Ltd
Abstract of the Valuation Report
Financial year ended 31 December 2013

4.(2) The annual rate of interest used to value annuities in the course of payment is 3.96% (3.75% 2012).

4.(3) The yield has been adjusted for valuation margins and allowance for default risk.

4.(4) The mortality tables used are set out below:

75.6% of PCMA00 for males and 83.5% of PCFA00 for females for ages below 90. For ages above 90 bespoke mortality rates used. Allowance for future improvement, commencing 01.01.2010, as per CMI's 2012 mortality improvement model; with the following parameters:

Males: Long term rate of 2% p.a. up to age 85, tapering to 0% at 120.

Females: Long term rate of 1.5% p.a. up to age 85, tapering to 0% at 120.

The expectations of life for annuities in the course of payment are:

Age	65	75
Male	24.0	14.8
Female	25.1	15.8

i. The equivalent tables for 2012 were:

79.0% of PCMA00 for males and 86.2% of PCFA00 for females for ages below 90. For ages above 90 bespoke mortality rates used. Allowance for future improvement, commencing 01.01.2009, as per CMI's 2011 mortality improvement model; with the following parameters:

Males: Long term rate of 2% p.a. up to age 85, tapering to 0% at 120.

Females: Long term rate of 1.5% p.a. up to age 85, tapering to 0% at 120.

ii. No allowance has been made for changes in the incidence of disease or developments in medical science other than for reductions in rates of mortality of annuitants as described above.

4.(5) Not relevant

Returns under the Accounts and Statements Rules (IPRU (INS))

Appendix 9.4 (Rule 9.31):

Legal and General Assurance (Pensions Management) Ltd

Abstract of the Valuation Report

Financial year ended 31 December 2013

- 4.(6) The valuation liability for immediate annuity contracts includes a per policy expense allowance of £20.00 p.a. increasing from 31.12.2013 at 3.5% p.a. The basis used in 2012 was £19.30 with increases of 3.5% p.a. from 31.12.2012. The Company itself does not incur expenses as part of the payment of annuities.
- 4.(7) Not relevant
- 4.(8) Not relevant
- 4.(9) Not relevant
- 4.(10) Not relevant
- 4.(11) Derivative assets are held by the Company only for the purposes set out in the FCA rules and guidance. In all cases the value of the derivatives matches the value of the assets held. No additional reserve has therefore been deemed necessary in respect of derivative holdings. When valuing derivatives as part of the unit pricing mechanism, warrants, futures and listed options are taken at market value, and currency forwards are valued using current exchange rates.
- 4.(12) The changes to INSPRU rules at 31 December 2006 have not resulted in any impact on the mathematical reserves.
5. Options and guarantees
5. (1) Given the size of the MMAVC contract the value of the capital guarantee falls below the de-minimis threshold.
6. Expenses
- 6.(1) The valuation basis for linked contracts does not require an explicit reserve for expenses since the amount required to meet expenses arising in future years will implicitly be covered by charges on the linked funds. The amount of fees expected in 2014, according to the 2014 Operating Plan, is in excess of the expected expenses. The basis of calculation of the requirement in respect of the expenses of continuing to transact new business during the 12 months following the valuation date is that used for the Company's Operating Plan and the budgets of the relevant cost centres. No reserve is required.
- 6.(2) The terms under which the new business is written are such that there is no new business strain and as such no need to hold any such reserve.

Returns under the Accounts and Statements Rules (IPRU (INS))

Appendix 9.4 (Rule 9.31):

Legal and General Assurance (Pensions Management) Ltd

Abstract of the Valuation Report

Financial year ended 31 December 2013

- 6.(3) If the Company were to cease transacting new business 12 months after the valuation date then any closure costs would be borne by the Company. No provision is necessary for such costs. However the Company's capital and reserves have been reviewed as to their adequacy to cover costs arising from cessation of new business. The administration of the in-force portfolio is likely, in practice, to be transferred to a third party provider. The costs of the new arrangements would be reflected in revised fund management fees for the linked funds after due notice had been given. The cost of negotiating an arrangement with a third party, and of any expenses which could not be charged to the linked funds in the notification period, is not significant in the context of the excess of maintained capital and reserves over the required margin of solvency. It would also be less than any reasonable estimate of the value of future profits from the in-force business that would exist on cessation of new business.
- 6.(4) Projections of the fund, incorporating expected future expense levels, investment returns and fee income reflecting current experience and recent trends indicate that expenses will continue to be covered by fee income. These projections are performed using a model office and testing of the model office indicated that expense margins were in surplus even under adverse scenarios.
7. Apart from the immediate annuities, all of the contracts are unit linked and are run without a "box" and as a consequence there is no mismatch of reserves.
8. There are no "other special reserves"
9. Reinsurance ceded
- 9.(1) No reinsurance is ceded on a facultative basis.
- 9.(2) Reinsurance treaties
- A Immediate annuities
- i. The liability in respect of immediate annuities is wholly reinsured under a treaty with Legal and General Assurance Society Limited ("Society").
 - ii. The reinsurance is on original terms.
 - iii. No premiums were payable by the Company under the treaty during the report period and no new annuities written.
 - iv. There is no deposit back arrangement.
 - v. The treaty is not closed to new business.
 - vi. The value of the mathematical reserves under this treaty is £4.5m.
 - vii. Society is authorised to carry on insurance business in the United Kingdom.
 - viii. Society is a connected insurer.

Returns under the Accounts and Statements Rules (IPRU (INS))
Appendix 9.4 (Rule 9.31):
Legal and General Assurance (Pensions Management) Ltd
Abstract of the Valuation Report
Financial year ended 31 December 2013

- ix. The Company has no liability to refund any amounts of reinsurance commission in the event of surrender of the contracts.

B Index Funds

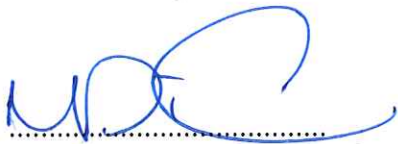
- i. The liability of the Index Funds in respect of exposure to the price of Legal & General Group Plc shares is wholly reinsured under a treaty with Swiss Re Europe S.A (SRE) ("Swiss Re") a company based in Luxembourg.
- ii. The reinsurance is on original terms. The Company has a charge over the assets held by Swiss Re to match its liability.
- iii. The Company ceded client monies of £306 million under the treaty during the report period.
- iv. There is no deposit back arrangement.
- v. The treaty is not closed to new business.
- vi. Swiss Re is authorised to carry on insurance business in the United Kingdom under a branch structure and the assets and custodian are based in London and operate under English law.
- vii. Swiss Re is not a connected insurer.
- viii. The assets held by Swiss Re are subject to a floating charge.
- ix. The Company has no liability to refund any amounts of reinsurance commission in the event of surrender of the contracts.

10. The policies are all non-profit.

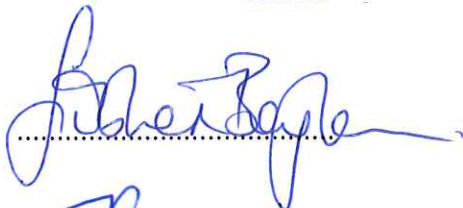
Returns under the Accounts and Statements Rules
Certificate required by rule 9.34
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013

We certify that:

1. (a) the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU and INSPRU; and
2. that we 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.
3. 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;
4. 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 business 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;
5. 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.



M D T Craston, Chief Executive



S Boylan, Director



J C Browne, Director

24 March 2014

**Auditors' Report: Regulatory Return for a life insurance company
Legal and General Assurance (Pensions Management) Limited
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 Financial Services Authority under section 137G of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13 to 16, 40 to 45, 48, 49, 58 and 60, (including the supplementary notes) on pages 1 to 48 ('the Forms');
- the statement required by IPRU(INS) rule 9.29 on page 49 ('the statement'); and
- the valuation report required by IPRU(INS) rule 9.31(a) on pages 51 to 61 ('the valuation report');

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

- Forms 50 to 55 (including the supplementary notes) on pages 28 to 35;
- the statements required by IPRU(INS) rules 9.30 on page 50; and
- the certificate required by IPRU(INS) rule 9.34(1) on page 62.

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. 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.

**Auditors' Report: Regulatory Return for a life insurance company
Legal and General Assurance (Pensions Management) Limited
Financial year ended 31 December 2013
Independent auditors' report to the directors pursuant to rule 9.35 of the Interim
Prudential Sourcebook for Insurers
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.

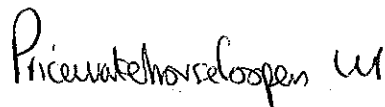
In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, statement, analysis or report to be examined under IPRU(INS) rule 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid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

Opinion

In our opinion:

(i) the Forms, the statement and the valuation report fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and

(ii) the methods and assumptions determined by the 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

24 March 2014

