

Scottish Life Finance Limited

(formerly Scottish Life Finance plc)

Annual report and financial statements

for the year ended 31 December 2010

Registered Number SC169821

FRIDAY



SCT \*SWZWMR62\* 219  
28/01/2011  
COMPANIES HOUSE

# **Scottish Life Finance Limited (formerly Scottish Life Finance plc)**

## **Annual report and financial statements**

**for the year ended 31 December 2010**

### **Contents**

Directors and independent auditors for the year ended 31 December 2010 .....	1
Directors' report for the year ended 31 December 2010 .....	2
Independent auditors' report to the members of Scottish Life Finance Limited .....	4
Profit and loss account for the year ended 31 December 2010.....	5
Balance sheet as at 31 December 2010 .....	6
Notes to the financial statements for the year ended 31 December 2010 .....	7

# **Scottish Life Finance Limited (formerly Scottish Life Finance plc)**

## **Directors and independent auditors for the year ended 31 December 2010**

### **Directors**

Stephen Shone  
Christopher Aujard

### **Secretary**

Royal London Management Services Limited

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6RH

### **Registered Office**

St Andrew House  
1 Thistle Street  
Edinburgh  
EH2 1DG

### **Registered Number**

SC169821

# Scottish Life Finance Limited (formerly Scottish Life Finance plc)

## Directors' report for the year ended 31 December 2010

The directors present their annual report and audited financial statements for the year ended 31 December 2010.

### Business review and principal activity

The company ceased trading on 28 November 2006. Previously, the company provided finance to its parent company, The Royal London Mutual Insurance Society Limited, in the form of proceeds from the issue of £125,000,000 9% Undated Subordinated Guaranteed Bonds. On 28 November 2006 the parent company repaid this loan in full and the company redeemed in full the Undated Subordinated Guaranteed Bonds.

During the year the company re-registered as a private limited company and hence changed its name from Scottish Life Finance plc to Scottish Life Finance Limited.

The loss for the year after tax was £5,467 (2009: £11,035). A dividend of £1,384 has been paid during the year (2009: £nil) and, accordingly, a deficit of £6,851 (2009: £11,035) was transferred from reserves.

### Share capital reduction

During the year, a special resolution was passed to reduce the issued share capital of the company from 50,000 issued ordinary shares of £1 each to 1 issued ordinary fully paid-up share of £1 in accordance with Sections 641 to 644 of the Companies Act 2006. The reduction in the shares was transferred to the company's profit and loss account reserve at nominal value.

### Future outlook

The company is not expected to trade again in the foreseeable future.

### Principal risks and uncertainties

The board of directors has overall responsibility for the company's systems of risk management. The company operates within the risk management framework and under the policies and procedures maintained by its parent company, The Royal London Mutual Insurance Society Limited, and does not maintain its own individual risk management procedures.

### Key performance indicators (KPIs)

The company's directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### Directors

The directors who held office during the year are given below:

Stephen Shone  
Christopher Aujard

### Directors' indemnities

The directors have the benefit of a qualifying third party indemnity provision (as defined in section 234 of the Companies Act 2006). This provision was in force throughout the financial year. The company's ultimate parent undertaking, The Royal London Mutual Insurance Society Limited, also maintains Directors' and Officers' liability insurance in respect of the company and its directors.

### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

# **Scottish Life Finance Limited (formerly Scottish Life Finance plc)**

## **Directors' report for the year ended 31 December 2010 (continued)**

### **Statement of directors' responsibilities (continued)**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

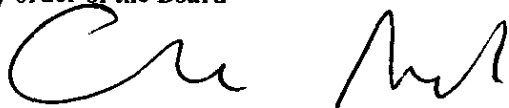
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors and provision of information to auditors**

The incumbent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and they will be re-appointed by deemed re-appointment in accordance with section 487 of the Companies Act 2006.

The directors who held office as at the date of approval of this Directors' report confirm that so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and that each director has taken all steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **By order of the Board**



Chris Aujard (Secretary)

**For and on behalf of Royal London Management Services Limited**

Secretary

14 January 2011

# Scottish Life Finance Limited (formerly Scottish Life Finance plc)

## Independent auditors' report to the members of Scottish Life Finance Limited

We have audited the financial statements of Scottish Life Finance Limited for the year ended 31 December 2010, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out in the Directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### Opinion on financial statements

*In our opinion the financial statements:*

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Gail Tucker (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
14 January 2011

# Scottish Life Finance Limited (formerly Scottish Life Finance plc)

## Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Administrative expenses	2	(7,601)	(15,360)
Operating loss		(7,601)	(15,360)
Other interest receivable	3	-	23
Loss on ordinary activities before tax		(7,601)	(15,337)
Tax on loss on ordinary activities	4	2,134	4,302
Loss for the financial year	7	(5,467)	(11,035)

All of the above amounts are in respect of discontinued operations.

The company has no recognised gains or losses other than the loss for the year and accordingly no statement of total recognised gains and losses has been prepared.

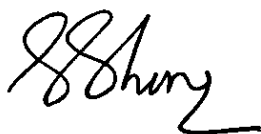
The accounting policies and notes on pages 7 to 10 form an integral part of these financial statements.

# Scottish Life Finance Limited (formerly Scottish Life Finance plc)

## Balance sheet as at 31 December 2010

	Note	2010 £	2009 £
<b>Current assets</b>			
Debtors		1	2,154
Cash at bank and in hand		-	4,698
<b>Net current assets</b>		1	6,852
<b>Total assets less current liabilities</b>		1	6,852
<b>Capital and reserves</b>			
Called up share capital	6,7(ii)	1	50,000
Profit and loss account	7	-	(43,148)
<b>Total shareholders' funds</b>	7(ii)	1	6,852

The financial statements on pages 5 to 10 were approved by the board of directors on 14 January 2011 and signed on its behalf by:



**Stephen Shone**  
Director  
Scottish Life Finance Limited  
Registered Number: SC169821

The accounting policies and notes on pages 7 to 10 form an integral part of these financial statements.



# **Scottish Life Finance Limited (formerly Scottish Life Finance plc)**

## **Notes to the financial statements for the year ended 31 December 2010**

### **1 Accounting policies**

#### **(i) Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The company is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited and is included in the consolidated accounts of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within Financial Reporting Standard 1 (Revised 1996), 'Cash Flow Statements' from preparing a cash flow statement and the exemption within Financial Reporting Standard 8, 'Related Party Disclosures', not to disclose related party transactions entered into between two or more members of the group, provided that any subsidiary undertaking which is a party to the transaction is wholly owned by a member of that group.

#### **(ii) Taxation**

Provision is made for taxation at current rates on the appropriate adjusted trading profit and relief for overseas taxation is taken where appropriate. Credit is taken for trading and investment losses that can be surrendered as group relief to other group companies. Deferred taxation is provided on all untaxed gains and other timing differences, between their recognition in the financial statements and their recognition in the tax computations, except that overall assets are only recognised if, on the basis of all available evidence, it is regarded as more likely than not that the timing differences will reverse in the foreseeable future. The value of the resultant deferred tax assets and liabilities has been calculated on a discounted basis reflecting the fact that the timing differences are projected to reverse over several years. The discounted rates used are the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with maturity dates similar to those of the deferred tax assets and liabilities.

### **2 Administrative expenses including directors', employees' and auditors' remuneration**

Administrative expenses of £7,601 (2009: £15,360) comprise charges for the provision of services made under a management services agreement by Royal London Management Services Limited. The company has no employees (2009: none).

The directors received no remuneration in respect of their services to the company (2009: £nil).

The remuneration of the auditors, PricewaterhouseCoopers LLP, for the year was £600 (2009: £600), in respect of the audit of the company. There are no fees payable to PricewaterhouseCoopers LLP and its associates for services other than the statutory audit of the company.

# Scottish Life Finance Limited (formerly Scottish Life Finance plc)

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 3 Other interest receivable

	2010 £	2009 £
Interest receivable on cash held at bank	-	23

### 4 Tax on loss on ordinary activities

(i) Tax credited in the profit and loss account	2010 £	2009 £
UK corporation tax credit at 28% (2009: 28%) on the loss for the year	(2,134)	(4,302)

#### (ii) Factors affecting the tax credit

The tax credit for the year is different from the standard rate of corporation tax in the UK of 28% (2009: 28%) applied to the loss before tax. The difference is explained below:

	2010 £	2009 £
Loss on ordinary activities before tax	(7,601)	(15,337)
Loss multiplied by the standard rate of UK corporation tax of 28% (2009: 28%)	(2,128)	(4,294)
Effect of:		
Interest imputed for tax purposes on intra-group debt	(6)	(8)
Current tax credit for the year	(2,134)	(4,302)

The standard rate of corporation tax in the UK will change from 28% to 27% with effect from 1 April 2011. It is anticipated that there will be future decreases in the tax rates in future years but these will only be enacted once they are included in future Finance Acts and Bills.

#### (iii) Deferred taxation

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements.

### 5 Dividends

	2010 £	2009 £
Interim dividend paid (£1,384 per £1 ordinary share)	1,384	-

# Scottish Life Finance Limited (formerly Scottish Life Finance plc)

## Notes to the financial statements for the year ended 31 December 2010 (continued)

### 6 Called up share capital

	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1 (2009: 50,000 ordinary shares of £1 each)	1	50,000

During the year, a special resolution was passed to reduce the issued share capital of the company from 50,000 issued ordinary shares of £1 each to 1 issued ordinary fully paid-up share of £1 in accordance with Sections 641 to 644 of the Companies Act 2006. The reduction in the shares was transferred to the company's profit and loss account reserve at nominal value.

### 7 Reserves

(i) Profit and loss account	2010 £	2009 £
At 1 January	(43,148)	(32,113)
Loss for the financial year	(5,467)	(11,035)
Reduction in called up share capital (note 6)	49,999	-
Dividend paid (note 5)	(1,384)	-
<b>At 31 December</b>	<b>-</b>	<b>(43,148)</b>

#### (ii) Reconciliation of movements in total shareholders' funds

	Share capital £	Profit and loss account £	Total £
At 1 January 2009	50,000	(32,113)	17,887
Loss for the financial year	-	(11,035)	(11,035)
At 31 December 2009	50,000	(43,148)	6,852
Loss for the financial year	-	(5,467)	(5,467)
Reduction in called up share capital (note 6)	(49,999)	49,999	-
Dividend paid (note 5)	-	(1,384)	(1,384)
<b>At 31 December 2010</b>	<b>1</b>	<b>-</b>	<b>1</b>

# **Scottish Life Finance Limited (formerly Scottish Life Finance plc)**

## **Notes to the financial statements for the year ended 31 December 2010 (continued)**

### **8 Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking and controlling party is The Royal London Mutual Insurance Society Limited, a company registered in England and Wales.

The Royal London Mutual Insurance Society Limited is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. Copies of the financial statements of The Royal London Mutual Insurance Society Limited are available from the company's registered office.