

Norwich Union Annuity Limited

Registered office: 2 Rougier Street, York, YO90 1UU

**Annual FSA Insurance Returns for the year ended
31st December 2003**



Returns under the Accounts and Statements Rules

Index to Appendices 9.1, 9.3, 9.4 and 9.6 of IPRU (INS)

Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 2003**

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Returns under the Accounts and Statements Rules

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Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 2003**

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Statement of solvencyName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

R9	Company registration number 3253948	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2003	
	As at the end of this financial year	As at the end of the previous year	Source			
	1	2	<	>	?	

GENERAL INSURANCE BUSINESS**Available assets**

Other than long term insurance business assets allocated towards general insurance business required minimum margin	11			See instructions 1 and 2
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Required minimum margin

Required minimum margin for general insurance business	12			12 . 49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13			

LONG TERM INSURANCE BUSINESS**Available assets**

Long term insurance business admissible assets	21	12242460	11661831	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	141751	130622	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	11480441	10971851	See instruction 4
Other insurance and non-insurance liabilities	24	132728	200729	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	771042	619873	

Implicit Items admitted under Rule 2.10(5) as modified

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	771042	619873	
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Required minimum margin

Required minimum margin for long term insurance business	41	459218	438874	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	76536	73146	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	694506	546727	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	311824	180999	

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term insurance business as shown in a supplementary note to Form 15	51			See instruction 6
Quantifiable contingent liabilities in respect of long term insurance business as shown in a supplementary note to Form 14	52			See instruction 6

Analysis of the effect of financial engineering on long-term available assetsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

	R9A	Company registration number 3253948	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2003	
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
Required minimum margin for long term insurance business	11	459218	438874	See instruction 2			
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	311824	180999	See instruction 3			
Total available assets and implicit items (11+12)	13	771042	619873				
Analysed as follows:							
Value of implicit items	14			See instruction 5			
Financial reinsurance- ceded	15			See instruction 6			
Financial reinsurance- accepted	16			See instruction 7			
Outstanding contingent loans	17			See instruction 8			
Any other charges on future profits	18			See instruction 9			
Sum of financial engineering adjustments (14+15-16+17+18)	19						
Other assets (13-19)	20	771042	619873				
Total available assets and implicit items (19+20)	21	771042	619873				

Statement of net assetsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

	R10	Company registration number 3253948	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2003	
				1	2		
				As at the end of this financial year	As at the end of the previous year		Source
				1	2		< > ?
Long term insurance business - admissible assets	11	12242460		11661831			13 . 89 . 1
Long term insurance business - liabilities and margins	12	12242460		11661831			14 . 59 . 1

Other than Long term insurance business - admissible assets	21	168729		147607			13 . 89 . 1
Other than Long term insurance business - liabilities	22	26978		16985			15 . 69 . 1
Net admissible assets (21-22)	23	141751		130622			
Other assets allowed to be taken into account in covering the required minimum margin	24	Unpaid amounts (including share premium) on partly paid shares					
	25	Supplementary contributions for a mutual carrying on general insurance business					
Liabilities allowed to be left out of account in covering the required minimum margin	26	Subordinated loan capital					
	27	Cumulative preference share capital					
Available assets (23 to 27)	29	141751		130622			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	50750		50750			
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56	91001		79872			
Total (51 to 56) and equal to line 29 above	59	141751		130622			

Movement of balance of net assets for solvency purposes - as per line 56

Balance brought forward at the beginning of the financial year	61	79872		112647			10 . 56 . 2
Retained profit/(loss) for the financial year	62	20138		(38245)			16 . 59 . 1
Movement in asset valuation differences	63	(30026)		5470			See instruction 2
Decrease/(increase) in the provision for adverse changes	64						See instruction 3
Other movements (particulars to be specified by way of supplementary note)	65	21017					
Balance carried forward at the end of the financial year (61 to 65)	69	91001		79872			

Analysis of admissible assetsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3253948	GL	31	12	2003	£000	1
					As at the end of this financial year		As at the end of the previous year		
					1		2		
Investments									
Land and buildings					11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares			21				
		Debt securities issued by, and loans to, dependants			22				
	Other insurance dependants	Shares			23				
		Debt securities issued by, and loans to, dependants			24				
	Non-insurance dependants	Shares			25				
		Debt securities issued by, and loans to, dependants			26				
	Other group undertakings and participating interests	Shares			27				
		Debt securities issued by, and loans to, group undertakings			28				
		Participating interests			29				
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest			30				
Total sheet 1 (11 to 30)					39				

Analysis of admissible assetsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	3253948	GL	31	12	2003	£000	1	
					day	month	year			
Investments (continued)					As at the end of this financial year			As at the end of the previous year		
Deposits with ceding undertakings					1			2		
Assets held to cover linked liabilities										
Other financial investments	Equity shares			41						
	Other shares and other variable yield securities			42						
	Holdings in collective investment schemes			43			7202		5911	
	Rights under derivative contracts			44						
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45			119190		123842
			Other		46					
		Variable interest	Approved securities		47					
			Other		48					
	Participation in investment pools			49						
	Loans secured by mortgages			50						
	Other loans	Loans to public or local authorities and nationalised industries or undertakings			51					
		Loans secured by policies of insurance issued by the company			52					
		Other			53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54			3056	4080	
		Withdrawal subject to a time restriction of more than one month			55					
	Other			56						
Deposits with ceding undertakings			57							
Assets held to match linked liabilities	Index linked			58						
	Property linked			59						
Reinsurers' share of technical provisions	Provision for unearned premiums			60						
	Claims outstanding			61						
	Provision for unexpired risks			62						
	Other			63						
Total sheet 2 (41 to 63)			69			129448		133833		

Analysis of admissible assetsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total other than long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	3253948	GL	31	12	2003	£000	1
Debtors								
Other assets								
						As at the end of this financial year		As at the end of the previous year
						1		2
Debtors arising out of direct insurance operations	Policyholders			71				
	Intermediaries			72				
Salvage and subrogation recoveries				73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76				
		Due more than 12 months after the end of the financial year		77				
	Other	Due in 12 months or less after the end of the financial year		78		6827		11848
		Due more than 12 months after the end of the financial year		79				
Tangible assets			80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81		30461		1
	Cash in hand			82				
Other assets (particulars to be specified by way of supplementary note)				83				
Prepayments and accrued income	Accrued interest and rent			84		1993		1925
	Deferred acquisition costs			85				
	Other prepayments and accrued income			86				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				87				
Total sheet 3 (71 to 86 less 87)				88		39281		13774
Grand total of admissible assets (39+69+88)				89		168729		147607
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets (as per line 89 above)				91		168729		147607
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				92				
Solvency margin deduction for subsidiary undertakings which are insurance undertakings				93				
Other differences in the valuation of assets (other than for assets not valued above)				94				(30026)
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)				95				
Total assets determined in accordance with the insurance accounts rules (91 to 95)				99		168729		117581
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100				

Analysis of admissible assets

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3253948	GL	31	12	2003	£000	10
					day	month	year		
Investments					As at the end of this financial year		As at the end of the previous year		
					1		2		
Land and buildings					11	3061		2839	
Investments in group undertakings and participating interests	UK insurance business dependants	Shares			21				
		Debt securities issued by, and loans to, dependants			22				
	Other insurance dependants	Shares			23				
		Debt securities issued by, and loans to, dependants			24				
	Non-insurance dependants	Shares			25	464260		715253	
		Debt securities issued by, and loans to, dependants			26	6558541		5848533	
	Other group undertakings and participating interests	Shares			27				
		Debt securities issued by, and loans to, group undertakings			28	86943		86725	
		Participating interests			29				
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest			30				
Total sheet 1 (11 to 30)					39	7112805		6653350	

Analysis of admissible assetsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	3253948	GL	31	12	2003	£000	10
					day	month	year		
Investments (continued)					As at the end of this financial year			As at the end of the previous year	
Deposits with ceding undertakings					1			2	
Assets held to cover linked liabilities									
Other financial investments	Equity shares				41				
	Other shares and other variable yield securities				42				
	Holdings in collective investment schemes				43				
	Rights under derivative contracts				44				
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45	1281486		1196328	
			Other		46	2966901		2948181	
		Variable interest	Approved securities		47	3313		11072	
			Other		48				
	Participation in investment pools				49				
	Loans secured by mortgages				50				
	Other loans	Loans to public or local authorities and nationalised industries or undertakings				51			
		Loans secured by policies of insurance issued by the company				52			
		Other				53			
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less				54			
		Withdrawal subject to a time restriction of more than one month				55			
Other				56					
Deposits with ceding undertakings				57					
Assets held to match linked liabilities	Index linked				58	621730		524204	
	Property linked				59				
Reinsurers' share of technical provisions	Provision for unearned premiums				60				
	Claims outstanding				61				
	Provision for unexpired risks				62				
	Other				63				
Total sheet 2 (41 to 63)					69	4873430		4679785	

Analysis of admissible assetsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	3253948	GL	31	12	2003	£000	10
Debtors							As at the end of this financial year	As at the end of the previous year
Other assets							1	2
Debtors arising out of direct insurance operations	Policyholders		71			24394		38865
	Intermediaries		72					
Salvage and subrogation recoveries			73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted		74			10462		81011
	Due from reinsurers and intermediaries under reinsurance contracts ceded		75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year	76			74015		66580
		Due more than 12 months after the end of the financial year	77					
	Other	Due in 12 months or less after the end of the financial year	78			28867		20645
		Due more than 12 months after the end of the financial year	79					
Tangible assets			80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities		81			36855		39545
	Cash in hand		82					
Other assets (particulars to be specified by way of supplementary note)			83					
Prepayments and accrued income	Accrued interest and rent		84			81632		82050
	Deferred acquisition costs		85					
	Other prepayments and accrued income		86					
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets			87					
Total sheet 3 (71 to 86 less 87)			88			256225		328696
Grand total of admissible assets (39+69+88)			89			12242460		11661831
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets (as per line 89 above)			91			12242460		11661831
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)			92					
Solvency margin deduction for subsidiary undertakings which are insurance undertakings			93					
Other differences in the valuation of assets (other than for assets not valued above)			94			358		(79833)
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)			95					
Total assets determined in accordance with the insurance accounts rules (91 to 95)			99			12242818		11581998
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance			100			30956		14641

Long term insurance business liabilities and marginsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R14	3253948	GL	31	12	2003	£000	10
				As at the end of this financial year 1		As at the end of the previous year 2		Source	
Mathematical reserves, after distribution of surplus		11	11465624			10971851		See Instruction 2	
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12						See Instruction 3	
Balance of surplus/(valuation deficit)		13						See Instruction 4	
Long term insurance business fund carried forward (11 to 13)		14	11465624			10971851		See Instruction 5	
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	59596			48174			
	Reinsurers' share	16							
	Net (15-16)	17	59596			48174			
Provisions for other risks and charges	Taxation	21	12883			25980			
	Other	22							
Deposits received from reinsurers		23							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	21689		21207			
		Reinsurance accepted	32						
		Reinsurance ceded	33				808		
	Debenture loans	Secured	34						
		Unsecured	35						
	Amounts owed to credit institutions		36				1461		
	Other creditors	Taxation	37	20360			22876		
		Other	38	18054			80069		
Accruals and deferred income		39	146			154			
Provision for adverse changes (calculated in accordance with rule 5.3)		41							
Total other insurance and non-insurance liabilities (17 to 41)		49	132728			200729			
Excess of the value of net admissible assets		51	644108			489251		See Instruction 6	
Total liabilities and margins		59	12242460			11661831			
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	12186			8237			
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62							
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate		63	14817					See Instruction 7	

Liabilities (other than long term insurance business)Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units		
		R15	3253948	GL	31	12	2003	£000	
				As at the end of this financial year			As at the end of the previous year		
				1			2		
Technical provisions (gross amount)	Provision for unearned premiums			11					
	Claims outstanding			12					
	Provision for unexpired risks			13					
	Equalisation provisions	Credit business			14				
		Other than credit business			15				
	Other			16					
Total (11 to 16)				19					
Provisions for other risks and charges	Taxation			21					
	Other			22					
Deposits received from reinsurers				31					
Creditors	Arising out of insurance operations	Direct insurance business			41				
		Reinsurance accepted			42				
		Reinsurance ceded			43				
	Debenture loans	Secured			44				
		Unsecured			45				
	Amounts owed to credit institutions				46			2468	
	Other creditors	Taxation			47	10599		4757	
		Recommended dividend			48				
		Other			49	16379		9760	
Accruals and deferred income				51					
Total (19 to 51)				59	26978		16985		
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]				61					
Cumulative preference share capital				62					
Subordinated loan capital				63					
Total (59 to 63)				69	26978		16985		
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance				71	13885		5848		

Profit and loss account (non-technical account)Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	3253948	GL	31	12	2003	£000
		This financial year		Previous year		Source		
		1		2		<	>	?
Transfer (to)/from the general insurance business technical account	From Form 20	11				20 . 59		
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13				40 . 26		
Investment income	Income	14	7678		7968			
	Value re-adjustments on investments	15	812					
	Gains on the realisation of investments	16	10677					
Investment charges	Investment management charges, including interest	17	5		3			
	Value re-adjustments on investments	18			8735			
	Loss on the realisation of investments	19			32383			
Allocated investment return transferred to the general insurance business technical account		20				20 . 51		
Other income and charges (particulars to be specified by way of supplementary note)		21						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	19162		(33153)			
Tax on profit or loss on ordinary activities		31	(976)		5092			
Profit or loss on ordinary activities after tax (29-31)		39	20138		(38245)			
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	20138		(38245)			
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	20138		(38245)			

Analysis of derivative contractsName of insurer **Norwich Union Annuity Limited**

Global business

Insurance Business **Other than long term**Financial year ended **31st December 2003**Category of assets **Total other than long term insurance business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R17	3253948	GL	31	12	2003	£000	1
Derivative contracts		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
Futures contracts	Fixed-interest securities	11		2494				2285	
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32	3056					1626	
	Land	33							
	Currencies	34							
	Other	35							
Adjustments for variation margin		41	(3056)	(2494)				(3911)	
Total (11 to 41)		49							

Long term insurance business : Revenue accountName of insurer **Norwich Union Annuity Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
R40	3253948	GL	31	12	2003	£000	OB	1	0
Items to be shown net of reinsurance ceded						The financial year	Previous year		
							1	2	
Earned premiums						11	960378	893978	
Investment income receivable before deduction of tax						12	781794	732541	
Increase (decrease) in the value of non-linked assets brought into account						13	(415323)	415465	
Increase (decrease) in the value of linked assets						14			
Other income						15			
Total income (11 to 15)						19	1326849	2041984	
Claims incurred						21	797050	752861	
Expenses payable						22	37674	31543	
Interest payable before deduction of tax						23	153	227	
Taxation						24	(1801)	8956	
Other expenditure						25			
Transfer to (from) non technical account						26			
Total expenditure (21 to 26)						29	833076	793587	
Increase (decrease) in fund in financial year (19-29)						39	493773	1248397	
Fund brought forward						49	10971851	9723454	
Fund carried forward (39+49)						59	11465624	10971851	

Long term insurance business : Analysis of premiums and expensesName of insurer **Norwich Union Annuity Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
		R41	3253948	GL	31	12	2003	£000	OB	1	0
					Gross		Payable to or recoverable from reinsurers	Net of reinsurance (1-2)			
					1		2	3			
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	11	67515	17563	49952					
		Regular premium	12								
	Pension business contracts	Single premium	13	962144	51718	910426					
		Regular premium	14								
	Permanent health contracts	Single premium	15								
		Regular premium	16								
	Other contracts	Single premium	17								
		Regular premium	18								
	Total premiums	Single premium	19	1029659	69281	960378					
		Regular premium	29								
Total premiums at lines 19 and 29 attributable to	UK contracts	31	1011140	69281	941859						
	Overseas contracts	32	18519		18519						
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41	12630		12630					
	Other commission payable		42								
	Management expenses in connection with acquisition of business		43	14695		14695					
	Management expenses in connection with maintenance of business		44	8556		8556					
	Other management expenses		45	1793		1793					
	Total expenses (41 to 45)		49	37674		37674					
	Total expenses at line 49 attributable to	UK contracts	51	37407		37407					
		Overseas contracts	52	267		267					

Long term insurance business : Analysis of claimsName of insurer **Norwich Union Annuity Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**Name and number of fund/Summary **Ordinary Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
				day	month	year					
		R42	3253948	GL	31	12	2003	£000	OB	1	0
Claims incurred in the financial year					Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
					1	2	3				
Life assurance and annuity contracts	On death	11	2			2					
	By way of lump sums on maturity	12	815			815					
	By way of annuity payments	13	51685	6940			44745				
	By way of payments arising from other insured events	14									
	On surrender or partial surrender	15	1414			1414					
	Total life assurance and annuity claims (11 to 15)	19	53916	6940			46976				
Pension business contracts	On death	21									
	By way of lump sums on vesting	22	9506			9506					
	By way of vested annuity payments	23	793214	54452			738762				
	On surrender or partial surrender	24	1806			1806					
	Total pension business claims (21 to 24)	29	804526	54452			750074				
Permanent health contracts	By way of lump sums	31									
	By way of periodical payments	32									
	Total permanent health claims (31+32)	39									
Other contracts	By way of lump sums	41									
	By way of periodical payments	42									
	Total claims (41+42)	49									
Total claims (19+29+39+49)		59	858442	61392			797050				
Total claims at line 59 attributable to	UK contracts	61	834414	61392			773022				
	Overseas contracts	62	24028			24028					

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of Company **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

1 The investigation relates to 31 December 2003.

2 The last investigation related to 31 December 2002.

3 The valuation has been made in conformity with Rule 5.6 of the Interim Prudential Sourcebook for Insurers.

4 (1)

(a) There is no accumulating with profit business.

(b) There is no business where benefits are determined on the basis of interest accrued in respect of premium paid.

(c) The non-linked business within the Company is predominantly immediate annuity business.

Immediate annuities can be level or escalating. The rate of escalation can be fixed.

Immediate annuities may have a minimum guarantee period.

All annuity business is non-profit.

Reversionary annuities are contingent annuities payable on the death of the annuitant to the annuitant's spouse.

There is a small block of G-Plus Bonds. These are single premium contracts, issued as two separate policies, one a temporary annuity and the other a deferred annuity. The deferred annuity provides a guaranteed cash option at the vesting date.

The long term care annuity in payment is an immediate annuity to provide income for care services, either in the annuitant's home or in a residential or nursing home.

The impaired life annuity policy is a pension annuity providing income in retirement, which has been enhanced to take into account an individual's reduced life expectancy.

5 (1)

(a) United Kingdom: Index Linked Immediate Annuities

These are immediate annuities where the annuity increases annually in line with the increase in the Retail Price Index.

(b) These contracts are classified as:

United Kingdom pension business;

Business is written directly, and reinsurance is accepted and ceded;

Annuity in payment, annuity certain and reversionary annuity.

(c) These are all single premium contracts.

(d) These are non-profit annuities, written on either a single life or joint life and last survivor basis, which provide a series of payments throughout the life of the annuitant(s) which are revalued, annually, in line with the Retail Price Index. The annuity may incorporate a minimum guaranteed period of payment. In some cases (including Limited Price Indexation), the revaluation may have a maximum and/or minimum percentage increase.

(e) There are no guaranteed investment returns other than those implicit in the guaranteed annuity benefit.

(f) The guaranteed annuity benefit is calculated incorporating an allowance for acquisition expenses, renewal expenses and commission.

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of Company **Norwich Union Annuity Limited**

Financial year ended **31st December 2003**

- (g) Not applicable.
- (h) Not applicable, except in cases where pension benefits are altered on settlement of a divorce.
- (i) See (d) above.
- (j) None.
- (k) The contract was open to new business during the year to the valuation date.
- (l) Not applicable.
- (2) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.

- 6 (1)** The conventional immediate and deferred annuity business is valued by discounting future benefit payments and maintenance expenses.

The mathematical reserve for RPI-linked annuities is determined with an explicit allowance of 3% for future increases in annuity payments, which is consistent with the treatment of the matching assets. The treatment of RPI-linked annuities which are subject to maximum and minimum percentage annual increases are described in 6.1 (h) below.

- (a) The company holds an interest rate swap in its policyholder fund in respect of index linked business. The valuation interest rate used to determine the value of long-term index linked liabilities is derived from the rate of interest which equates the discounted value of aggregate cash flows, including cash flows arising from the swap, with the total market value of the asset portfolio, including the market value of the swap. Supplementary note 0902 gives details of long-term business liability calculations.
- (b) The Company has no with profits business.
- (c) The Company has no conventional business requiring a net premium valuation.
- (d) All negative reserves have been eliminated.
- (e) Not applicable.
- (f) No provision is needed for any prospective liability for tax on unrealised gains. A provision remains for capital gains tax liability in respect of the unit linked business previously reinsured into Norwich Union Annuities Limited from Norwich Union Life & Pensions Limited and Norwich Union Linked Life Limited. The reinsurance was captured by the ceding company on 2 January 2001 but the tax liability remains with Norwich Union Annuities Limited.
- (g) Not applicable.
- (h) For the G Plus Bond deferred annuity a guaranteed cash option is available in lieu of an annuity and the reserve is held for this option.

As described in 5(1)(d), some RPI-linked annuities are subject to maximum and minimum percentage increases. For valuation purposes these are treated as being identical to normal RPI-linked annuities.

- 6 (2)** Not applicable.

- 7 (1)** The rates of interest, and tables of mortality are generally shown in Forms 51 and 54.

For deferred annuities, the value at vesting date of the cash option is discounted in deferment using interest only as shown on Form 51.

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of Company **Norwich Union Annuity Limited**

Financial year ended **31st December 2003**

- (2) The mortality basis for long term care immediate annuities is based on the same base tables as general annuities (see 7(4) below) with individual loadings as advised by the underwriters at the point of sale and an additional margin for prudence.
- (3) The UK tables have been used, adjusted as necessary for experience. The policyholders predominantly reside in the country of operation, except for business written in the Minor Sterling category.
- (4) Mortality is based on the '80 Amounts' tables with adjustments to make prudent allowance for current experience, and for expected improving longevity. The mortality rates at 31 December 1995 have been determined by taking a percentage of the mortality rates of the C=2010 tables as follows:

	Table	Male	Female
General Annuity	IMA80/IFA80 ultimate	70%	102%
Pensions Annuity (Business Up To 31/12/2002)	PMA80/PFA80	75%	90%
Pensions Annuity (Business Post 31/12/2002)	PMA80/PFA80	61%	73%

The allowance for future mortality improvement has been determined by reference to published population mortality investigations and current mortality experience.

For pensions annuity business, the annual reductions in base table mortality rates between 1996 and 2002 range from 4.1% to 0.5% for males and from 2.7% to 0.5% for females. From 2003 the improvement rates are 100% of the Medium Cohort improvement rates for males and 75% for females from CMI Working Paper 1 (December 2002), subject to a minimum of 0.5% p.a. at all ages and calendar years.

For general annuity business, the annual reductions in base table mortality rates between 1996 and 1999 range from 2.5% to 0.5%. The resulting rates are then subject to future annual reductions ranging from 4.1% to 0.5% for males and from 2.7% to 0.5% for females.

- (5) No allowance is made or reserve held in addition to the assumptions in 7(4) above, in respect of possible changes in the incidence of disease or developments in medical science.
- (6) Two tests were adopted at December 2003, reflecting the proposal in CP195 for resilience testing under the Prudential Sourcebook:
 - (i) a rise in risk free interest yields for all outstanding terms of 20%
 - (ii) a fall in risk free interest yields for all outstanding terms of 20%

For those fixed interest securities that are not risk free, we assume the yield differential to risk free does not reduce in a resilience test.

The most demanding test as at 31.12.2003 was test (ii).

- (7) The valuation rate of interest used is net of a deduction of 0.11% which provides a prudent margin for the cash flow reinvestment and disinvestment risk, both on the published basis and the mismatch basis (i) described above. A deduction of 0.085% is included for mismatch basis (ii).
- (8) The assets and liabilities have been revalued on the interest basis (ii) described in paragraph 7(6). All other assumptions relating to mortality, expenses and bad debts remain unchanged. The results are:

Increase in aggregate value of assets	£1,081.4m
Increase in aggregate value of liabilities	£1,098.0m
Difference	£16.6m

A further mathematical reserve of £15m has been established, equal to the value of assets on the published basis that when revalued under test (ii) equates to the difference above.

- (9) There are no significant liabilities in currencies different to the matching assets.

8 (a) The Company has no regular premium conventional business.

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of Company **Norwich Union Annuity Limited**

Financial year ended **31st December 2003**

- (b) The value of future maintenance expenses is calculated from current maintenance expense levels by broad category of business, increasing by future expense inflation over the lifetime of each contract.

The annual maintenance allowance has been taken as £18.63 for pensions and general annuities and £25.12 for long term care annuities, based on the terms of the Management Services Agreement between Norwich Union Life Services Limited and Norwich Union Annuity Limited and increased by 10%.

- 9 (a) See Form 54 and 6 (1) above. The assumed rates of mortality and rates of interest for such annuities are indicated in Forms 54 or their supplementary notes.

- (b) Not applicable.

- 10 (1) The assumed future inflation rate applying to maintenance expenses is 4.0% pa.

- (2) Based on the non linked business in force at 31 December 2003, the explicit allowance for maintenance expenses during 2004 is £7.4m and the implicit allowance for investment expenses, in the valuation rate of interest, during 2004 is £7.9m.

- (3) The costs of acquiring new business assumed in the next twelve months would have little impact on the Company and would be charged to the new business written.

- (4) An assessment was made of the cost of closure of the Company to new business at the end of 2003. The cost of closure was covered by margins in the valuation basis. No reserve is required.

- 11 Mathematical reserves for overseas business as reported in Forms 51 and 54, are all in respect of sterling liabilities and are fully matched by sterling assets.

- 12 (1) The Company has no facultative reinsurance with a reinsurer who is not authorised to carry out business in the United Kingdom.

- (2) There were 6 reinsurance treaties where the Company was the ceding insurer and under which business was in force at the valuation date.

(i) The first treaty, with Munich Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty was closed to new business in March 2001 although premiums continue to be paid on existing business. The treaty is for quota share on UK Long Term Care (Immediate Care) business and the premiums during 2003 were £1.229m. There are no deposit back arrangements under this treaty. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract.

(ii) The second treaty, with Munich Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty is for quota share on UK Long Term Care (Immediate Care) business. There are no deposit back arrangements under this treaty. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract.

(iii) The third treaty, with Hannover Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty is for quota share on UK Long Term Care (Immediate Care) business. There are no deposit back arrangements under this treaty. There are no liabilities to refund reinsurance commission in the event of lapse or surrender of the contract.

The premiums during 2003 in respect of treaties (ii) and (iii) were £16.128m in total.

(iv) The fourth treaty, with Hannover Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty is for quota share on UK Impaired Life Annuity business. The premiums during 2003 were £0.44m. There are no deposit back arrangements under this treaty.

(v) The fifth treaty, with XL Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty commenced on 31st March 2002 and is a quota share mortality swap arrangement where fixed reinsurance premiums are paid in exchange for reinsurance claims linked to actual claims. The mortality risk is in respect of a proportion of the in-force UK pension annuity business. The premiums during 2003 were £37.53m. No annuity is shown as ceded on Form 51 in order to avoid distortion in the net annuity total. There are no deposit back arrangements under this treaty.

Valuation report prepared by the appointed actuary – IPRU (INS) Appendix 9.4

Name of Company **Norwich Union Annuity Limited**

Financial year ended **31st December 2003**

(vi) The sixth treaty, with Partner Re. The reinsurer is authorised to carry on insurance business in the UK and is not connected. The treaty commenced on 31st March 2002 and is a quota share mortality swap arrangement where fixed reinsurance premiums are paid in exchange for reinsurance claims linked to actual claims. The mortality risk is in respect of a proportion of the in-force UK pension annuity business. The premiums during 2003 were £18.77m. No annuity is shown as ceded on Form 51 in order to avoid distortion in the net annuity total. There are no deposit back arrangements under this treaty.

(3) Not applicable.

13 The Company has no with profits business.

14-16 Not relevant.

17 & 18 Forms 46 and 47 follow for Global business in the Ordinary Long Term Fund.

19 (1) Forms 48 and 49 follow.

(2) The derivative contract held in the policyholder fund does not give the right to acquire or dispose of assets and hence does not affect the value in Form 48.

20 Forms 51 and 54 follow.

21 (1) Form 57 follows.

21 (2) In accordance with Rule 5.11(7)(a) of the Interim Prudential Sourcebook for Insurers, a prudent adjustment, excluding that part of the yield estimated to represent compensation for the risk that the income from the asset might not be maintained or that capital repayments might not be received as they fall due, was made to the yield on assets.

This adjustment took account of :

- (a) Market margins of gross yield over the yields of risk-free investments of a similar term in the same currency, where available
- (b) The reasonableness of the net of adjustment yields over the yields of risk-free investments of a similar term in the same currency, taking account of the points above
- (c) The future outlook for bad debt experience.
- (d) The historic experience of bad debts for each of the major fixed interest asset classes
- (e) The need to take a prudent view of the above.

The deductions for bad debts were:

Gilts	Corporate Bonds	Bonds – Alternative Investments	Commercial Mortgages
0.00%	0.28%	0.69%	0.42%

21 (3) The Company holds equity shares in and loans to its subsidiary Norwich Union Mortgage Holdings Limited, which offers predominantly fixed interest commercial mortgages. The aggregate value of those shares and loans and the yield from them takes account of the risks inherent in the underlying mortgages, as described in Section 21(2).

22 & 23 Forms 58 and 60 follow.

M N Urmston
Appointed Actuary

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2003**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
			day	month	year				
	R46	3253948	GL	31	12	2003	£000	UK	NL
	Life assurance and general annuity		Pensions business		Permanent health		Other business		
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
	1	2	3	4	5	6	7	8	
In force at beginning of year	11	12753	330842						
New business and increases	12	659	33455						
Net transfers and other alterations 'on'	13	31	60						
Total 'on' (12+13)	19	690	33515						
Deaths	21	1043	6305						
Other insured events	22								
Maturities	23								
Surrenders	24	8	127						
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27	201	417						
Total 'off' (21 to 27)	29	1252	6849						
In force at end of year (11+19-29)	39	12191	357508						

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2003**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
			day	month	year				
	R46	3253948	GL	31	12	2003	£000	UK	LN
	Life assurance and general annuity		Pensions business		Permanent health		Other business		
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
	1	2	3	4	5	6	7	8	
In force at beginning of year	11	147	5234						
New business and increases	12	44	851						
Net transfers and other alterations 'on'	13	6	94						
Total 'on' (12+13)	19	50	945						
Deaths	21	34	51						
Other insured events	22								
Maturities	23								
Surrenders	24	1	4						
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27	1	2						
Total 'off' (21 to 27)	29	36	57						
In force at end of year (11+19-29)	39	161	6122						

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Linked

Financial year ended **31st December 2003**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN
		R46	3253948		GL	day	month			
		Life assurance and general annuity		Pensions business		Permanent health		Other business		
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
		1	2	3	4	5	6	7	8	
In force at beginning of year	11	17								
New business and increases	12	5								
Net transfers and other alterations 'on'	13									
Total 'on' (12+13)	19	5								
Deaths	21									
Other insured events	22									
Maturities	23									
Surrenders	24									
Forfeitures	25									
Conversions to paid-up policies for reduced benefits	26									
Net transfers, expiries and other alterations 'off'	27									
Total 'off' (21 to 27)	29									
In force at end of year (11+19-29)	39	22								

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
UK DIRECT WRITTEN INSURANCE BUSINESS						
Life Assurance & General Annuity Insurance Business						
Non-Linked Non-Profit Policies						
Immediate Annuity	603	38141	4909 pa			
Sub total: Non-Linked Non-Profit Policies	603	38141	4909 pa			
Index Linked Contracts						
Annuity in payment	44	10295	949 pa			
Sub total: Index Linked Contracts	44	10295	949 pa			
Total: Life Assurance & General Annuity Insurance Business	647	48436	5858 pa			

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
Pension Insurance Business						
Non-Linked Non-Profit Policies						
Annuity in Payment	9490	264961	15108 pa			
Annuity in Payment(Increments)		989	45 pa			
Sub total: Non-Linked Non-Profit Policies	9490	265950	15153 pa			
Index Linked Contracts						
Annuity in payment	508	35840	1412 pa			
Annuity in Payment(Increments)		1	2 pa			
Sub total: Index Linked Contracts	508	35841	1414 pa			
Total: Pension Insurance Business	9998	301791	16567 pa			
Total: UK Direct Written Insurance Business	10645	350227	22425 pa			

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
UK REINSURANCE ACCEPTED Life Assurance & General Annuity Insurance Business Non-Linked Non-Profit Policies Annuity in payment	56	560	37 pa			
Sub total: Non-Linked Non-Profit Policies	56	560	37 pa			
Total: Life Assurance & General Annuity Insurance Business	56	560	37 pa			

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
Pension Insurance Business						
Non-Linked Non-Profit Policies						
Annuity in payment	20535	644964	40694 pa			
Annuity in Payment(Increments)		1549	79 pa			
Sub total: Non-Linked Non-Profit Policies	20535	646513	40773 pa			
Index Linked Contracts						
Annuity in Payment	343	13840	542 pa			
Sub total: Index Linked Contracts	343	13840	542 pa			
Total: Pension Insurance Business	20878	660353	41315 pa			
Total: UK Reinsurance Accepted	20934	660913	41352 pa			

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
OVERSEAS DIRECT WRITTEN INSURANCE BUSINESS						
Life Assurance & General Annuity Insurance Business						
Non-Linked Non-Profit Policies						
Immediate Annuity	72	2497	192 pa			
Sub total: Non-Linked Non-Profit Policies	72	2497	192 pa			
Index Linked Contracts						
Immediate Annuity	1	84	3 pa			
Sub total: Index Linked Contracts	1	84	3 pa			
Total: Life Assurance & General Annuity Insurance Business	73	2581	195 pa			
Total: Overseas Direct Written Insurance Business	73	2581	195 pa			

Long term insurance business : Analysis of new ordinary long term business

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R47	3253948	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
OVERSEAS REINSURANCE ACCEPTED						
Life Assurance & General Annuity Insurance Business						
Non-Linked Non-Profit Policies						
Annuity in Payment	413	15641	974 pa			
Annuity in Payment(Increments)		16	1 pa			
Sub total: Non-Linked Non-Profit Policies	413	15657	975 pa			
Index Linked Contracts						
Annuity in payment	4	281	12 pa			
Sub total: Index Linked Contracts	4	281	12 pa			
Total: Life Assurance & General Annuity Insurance Business	417	15938	987 pa			
Total: Overseas Reinsurance Accepted	417	15938	987 pa			

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	3253948	GL	31	12	2003	£000	10
Type of asset			Value of admissible assets as shown on Form 13 1	Expected income from admissible assets 2	Yield % 3			
Land and buildings		11	3061	215	8.48			
Fixed interest securities	Approved securities	12	1298190	56183	4.92			
	Other	13	3118655	197019	6.05			
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14	3340	83	1.71			
	Other	15						
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18	7022801	469264	6.68			
	Not producing income	19	174681					
Total (11 to 19)		29	11620728	722764	6.21			

Long term insurance business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefitsName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Category of assets **Total long term insurance business assets**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Category
of assets

R49	3253948	GL	31	12	2003	£000	10
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Redemption period in years			Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3		Value of admissible assets as shown on Form 13 4	Gross redemption yield % 5	Value of admissible higher yielding assets 6
One year or less	11	Fixed interest approved securities	9790	4.05		Variable interest and variable yield approved securities excluding equities	145	0.75	
More than one year but not more than five years	12		24062	4.45			701	1.25	
More than five years but not more than ten years	13		30291	5.06			871	1.78	
More than ten years but not more than fifteen years	14		308491	4.99			771	1.97	
More than fifteen years but not more than twenty years	15		268308	5.10					
More than twenty years but not more than twenty five years	16		133600	4.96			560	1.97	
More than twenty five years	17		453583	4.82			292	1.91	
Irredeemable	18		70065	4.76					
Total (11 to 18)	19		1298190	4.92		3340	1.71		
One year or less	21	Other fixed interest securities				Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	22		103624	5.67	12864				
More than five years but not more than ten years	23		244389	6.09	17174				
More than ten years but not more than fifteen years	24		502022	6.43	68892				
More than fifteen years but not more than twenty years	25		711055	6.12	105337				
More than twenty years but not more than twenty five years	26		565215	5.99	53777				
More than twenty five years	27		741871	5.66	1775				
Irredeemable	28		250479	6.58	65982				
Total (21 to 28)	29		3118655	6.06	325801				

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business** Company registration number **R51** GL/UK/CM **GL** Period ended **31 12 2003** Units **£000** UK/OS **UK** Type of business **L&GA** Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
DIRECT WRITTEN INSURANCE BUSINESS											
Non-Profit Policies											
Annuity in payment	5.499	IMA/IFA80	4723	9096 pa				82434			82434
Annuity in payment	5.499	PMA/PFA80	2800	977 pa				8066			8066
Annuity in payment	4.999	IMA/IFA80	1286	5023 pa				50071			50071
Annuity in payment	4.999	PMA/PFA80	1022	246 pa				2825			2825
Annuity in payment (Temporary)	5.499	IMA/IFA80	160	245 pa				794			794
Annuity in payment (Temporary)	4.999	IMA/IFA80	150	546 pa				1129			1129
Annuity in payment - (Long Term Care)	4.999	IMA/IFA80	517	6624 pa				30018			30018
Annuity certain	5.499		3	7 pa				9			9
Annuity certain	4.999		20	90 pa				281			281
Reversionary annuity	5.499	PMA/PFA80	15	22 pa				73			73
Contingency reserve								255			255
Sub total: Non-Profit Policies			10696	22876 pa				175955			175955

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business** Company registration number **R51** GL/UK/CM **GL** Period ended **31 12 2003** Units **£000** UK/OS **UK** Type of business **L&GA** Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Sub total: Direct Written Insurance Business			10696	22876 pa				175955			175955
REASSURANCE ACCEPTED Non-Profit Policies											
Annuity in payment	5.499	IMA/IFA80	3	3 pa				14			14
Annuity in payment	5.499	PMA/PFA80	393	100 pa				891			891
Annuity in payment	4.999	IMA/IFA80	150	383 pa				4265			4265
Annuity in payment	4.999	PMA/PFA80	551	195 pa				2505			2505
Annuity in payment (Temporary)	4.999	IMA/IFA80	227	283 pa				392			392
Annuity in payment - (Long Term Care)	4.999	IMA/IFA80	108	1360 pa				4987			4987
Annuity certain	4.999		10	9 pa				26			26
Reversionary annuity	5.499	PMA/PFA80	8	12 pa				31			31
Sub total: Non-Profit Policies			1450	2345 pa				13111			13111
Sub total: Reassurance Accepted			1450	2345 pa				13111			13111

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business** Company registration number **R51** GL/UK/CM **GL** Period ended **31 12 2003** Units **£000** UK/OS **UK** Type of business **L&GA** Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
REASSURANCE CEDED											
Non-Profit Policies											
Annuity in payment	5.499	PMA/PFA80						1			1
Annuity in payment - (Long Term Care)	4.999	IMA/IFA80		4018 pa				18981			18981
Sub total: Non-Profit Policies				4018 pa				18982			18982
Sub total: Reassurance Ceded				4018 pa				18982			18982
Net total: Life Assurance & General Annuity Insurance Business			12146	21203 pa				170084			170084

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

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
DIRECT WRITTEN INSURANCE BUSINESS											
Non-Profit Policies											
Annuity in payment	5.499	PMA/PFA80	184611	439795 pa				5546454			5546454
Annuity in payment (Temporary)	5.499	PMA/PFA80	23	84 pa				292			292
Annuity certain	5.499		753	2068 pa				3767			3767
Reversionary annuity	5.499	PMA/PFA80	1275	4914 pa				27285			27285
Contingency reserve								15468			15468
Miscellaneous reserve								2500			2500
Sub total: Non-Profit Policies			186662	446861 pa				5595766			5595766
Sub total: Direct Written Insurance Business			186662	446861 pa				5595766			5595766
REASSURANCE ACCEPTED											
Non-Profit Policies											
Annuity in payment	5.499	PMA/PFA80	158670	320482 pa				4523209			4523209
Annuity in payment (Temporary)	5.499	PMA/PFA80	38	78 pa				212			212

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Annuity certain	5.499		1366	3089 pa				7844			7844
Reversionary annuity	5.499	PMA/PFA80	1423	619 pa				2834			2834
From Provident Mutual											
Single Life Annuities in Payment	5.499	PMA/PFA80	3164	8000 pa				103946			103946
Joint Life Last Survivor Annuities in Payment	5.499	PMA/PFA80	2	12 pa				164			164
Reversionary annuity	5.499	PMA/PFA80	799	1866 pa				5279			5279
Group annuities	5.499	PMA/PFA80	5907	11614 pa				135094			135094
Sub total: Non-Profit Policies			171369	345760 pa				4778582			4778582
Sub total: Reassurance Accepted			171369	345760 pa				4778582			4778582
REASSURANCE CEDED											
Non-Profit Policies											
Annuity in payment	5.499	PMA/PFA80		1414 pa				20037			20037
Annuity certain	5.499			8 pa				31			31
Reversionary annuity	5.499	PMA/PFA80		98 pa				371			371

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

		Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Type of business	Category of surplus	
		R51	3253948	GL	31	12	2003	£000	UK	Pens	11
Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
Annuity in payment (X/L / Partner-Re)	5.499	PMA/PFA80						24544			24544
Sub total: Non-Profit Policies				1520 pa				44983			44983
Sub total: Reassurance Ceded				1520 pa				44983			44983
Net total: Pension Insurance Business			358031	791101 pa				10329365			10329365
Net total: United Kingdom Insurance Business			370177	812304 pa				10499449			10499449

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business** Company registration number **R51** GL/UK/CM **GL** Period ended **31 12 2003** Units **£000** UK/OS **OS** Type of business **L&GA** Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
DIRECT WRITTEN INSURANCE BUSINESS											
Non-Profit Policies											
Annuity in payment	5.499	PMA/PFA80	860	2038 pa				26578			26578
Annuity in payment	5.499	IMA/IFA80	3495	14677 pa				211198			211198
Annuity in payment (Temporary)	5.499	IMA/IFA80	285	515 pa				1184			1184
Annuity certain	5.499		21	168 pa				384			384
Annuity in payment - - (Temporary - G Plus bond)	4.999	IMA/IFA80	10	13 pa				28			28
Deferred annuity - - (G Plus single premium bond) Guarantee Applies	4.999		10	26 pa				166			166
Reversionary annuity	5.499	PMA/PFA80	2	7 pa				19			19
Contingency reserve								516			516

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

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business** Company registration number **R51** GL/UK/CM **GL** Period ended **31 12 2003** Units **£000** UK/OS **OS** Type of business **L&GA** Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Sub total: Non-Profit Policies			4683	17444 pa				240073			240073
Sub total: Direct Written Insurance Business			4683	17444 pa				240073			240073
REASSURANCE ACCEPTED											
Non-Profit Policies											
Annuity in payment	5.499	PMA/PFA80	2500	7312 pa				105116			105116
Annuity in payment	5.499	IMA/IFA80	21	77 pa				549			549
Annuity in payment (Temporary)	5.499	IMA/IFA80	5	13 pa				53			53
Annuity in payment (Temporary)	5.499	PMA/PFA80	3	15 pa				30			30
Annuity in payment - - (Temporary - G Plus bond)	4.999	IMA/IFA80	3	3 pa				1			1
Deferred annuity - - (G Plus bond)	4.999		3					5			5
Guarantee Applies											
Annuity certain	5.499		14	28 pa				51			51

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business** Company registration number **R51** GL/UK/CM **GL** Period ended **31 12 2003** Units **£000** UK/OS **OS** Type of business **L&GA** Category of surplus **11**

Category of surplus **Ordinary Long Term**

Type of insurance or name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses 5	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits 8	Value of sums assured or annuities per annum, including vested reversionary bonuses 9	Value of annual premiums		Amount of mathematical reserves 12
	Rate of interest 2	Mortality or morbidity table 3			Office premiums 6	Net premiums 7			Office premiums 10	Net premiums 11	
Reversionary annuity	5.499	PMA/PFA80	4	4 pa				13			13
Sub total: Non-Profit Policies			2553	7452 pa				105818			105818
Sub total: Reassurance Accepted			2553	7452 pa				105818			105818
REASSURANCE CEDED											
Non-Profit Policies											
Annuity in payment	5.499	IMA/IFA80		101 pa				1446			1446
Sub total: Non-Profit Policies				101 pa				1446			1446
Sub total: Reassurance Ceded				101 pa				1446			1446
Net total: Life Assurance & General Annuity Insurance Business			7236	24795 pa				344445			344445
Net total: Overseas Insurance Business			7236	24795 pa				344445			344445

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance
Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

		R54	3253948	GL	31	12	2003	£000	UK	L&GA	11			
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS														
Non-Profit Policies														
Annuity in payment (Long term care) - Index Linked	1.722	IMA/IFA80	225		3018 pa				RPI			13907		13907
Contingency Reserve												10		10
Sub total: Non-Profit Policies			225		3018 pa							13917		13917
Sub total: Direct Written Insurance Business			225		3018 pa							13917		13917
REASSURANCE ACCEPTED														
Non-Profit Policies														
Annuity in payment - Index Linked	1.722	IMA/IFA80	3		5 pa				RPI			65		65
Annuity in payment (Long Term Care) - Index Linked	1.722	IMA/IFA80	45		559 pa				RPI			1994		1994

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Ordinary Long Term**

R54	3253948	GL	31	12	2003	£000	UK	L&GA	11
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Name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link 10	Investment liability		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
Sub total: Non-Profit Policies			48		564 pa							2059		2059
Sub total: Reassurance Accepted			48		564 pa							2059		2059
REASSURANCE CEDED Non-Profit Policies														
Annuity in payment (Long Term Care) - Index Linked	1.722	IMA/IFA80			1833 pa			RPI				9555		9555
Sub total: Non-Profit Policies					1833 pa							9555		9555
Sub total: Reassurance Ceded					1833 pa							9555		9555
Net total: Life Assurance & General Annuity Insurance Business			273		1749 pa							6421		6421

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

R54	3253948	GL	31	12	2003	£000	UK	Pens	11
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS														
Non-Profit Policies														
Annuity in payment - Index Linked	2.207	PMA/PFA80	5143		24025 pa				RPI			387685		387685
Annuity certain	2.207		24		160 pa				RPI			229		229
Reversionary annuity	2.207	PMA/PFA80	9		33 pa				RPI			141		141
Contingency reserve												918		918
Sub total: Non-Profit Policies			5176		24218 pa							388973		388973
Sub total: Direct Written Insurance Business			5176		24218 pa							388973		388973
REASSURANCE ACCEPTED														
Non-Profit Policies														
Annuity in payment - Index Linked	2.207	PMA/PFA80	7800		12702 pa				RPI			240737		240737
Annuity certain	2.207		29		122 pa				RPI			212		212
Reversionary annuity	2.207	PMA/PFA80	90		12 pa				RPI			68		68

Long term insurance business : Valuation summary of index linked contractsName of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

		Company registration number		GL/UK/CM		Period ended			Units	UK/OS	Type of business	Category of surplus		
		R54		3253948		GL		31	12	2003	£000	UK	Pens	11
Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Sub total: Non-Profit Policies			7919		12836 pa							241017		241017
Sub total: Reassurance Accepted			7919		12836 pa							241017		241017
REASSURANCE CEDED Non-Profit Policies														
Annuity in payment - Index Linked	2.207	PMA/PFA80			1155 pa				RPI			17315		17315
Sub total: Non-Profit Policies					1155 pa							17315		17315
Sub total: Reassurance Ceded					1155 pa							17315		17315
Net total: Pension Insurance Business			13095		35899 pa							612675		612675
Net total: United Kingdom Insurance Business			13368		37648 pa							619096		619096

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance
Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

R54	3253948	GL	31	12	2003	£000	OS	L&GA	11
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies														
Annuity in payment - Index Linked	2.207	PMA/PFA80	6		119 pa				RPI			1561		1561
Contingency reserve												4		4
Sub total: Non-Profit Policies			6		119 pa							1565		1565
Sub total: Direct Written Insurance Business			6		119 pa							1565		1565
REASSURANCE ACCEPTED Non-Profit Policies														
Annuity in payment - Index Linked	2.207	PMA/PFA80	67		52 pa				RPI			1069		1069
Sub total: Non-Profit Policies			67		52 pa							1069		1069

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Type of business **Life Assurance & General Annuity Insurance Business**

Company registration number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of business

Category of surplus

Category of surplus **Ordinary Long Term**

R54	3253948	GL	31	12	2003	£000	OS	L&GA	11
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Name of contract 1	Valuation basis		No of contracts 4	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link 10	Investment liability		Other liabilities		Amount of mathematical reserves 15
	Rate of interest 2	Mortality or morbidity table 3		Guaranteed on death 5	Current on death/current payable per annum 6	Guaranteed on maturity 7	Office premiums 8	Net premiums 9		Current benefit value 11	Discounted value 12	Mortality and expenses 13	Options and guarantees other than investment performance guarantees 14	
Sub total: Reassurance Accepted			67		52 pa							1069		1069
Net total: Life Assurance & General Annuity Insurance Business			73		171 pa							2634		2634
Net total: Overseas Insurance Business			73		171 pa							2634		2634

Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefitsName of insurer **Norwich Union Annuity Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of Surplus	
			day	month	year				
	R56	3253948	GL	31	12	2003	£000	UK	11
Type of assets and liabilities	Name of index link			Value of assets or liabilities		Gross derivative value			
	1			2		3			
Corporate index linked bonds	RPI			390539					
Land and buildings	RPI			20340					
Rights under derivative contracts	RPI			803					
Government and public body index linked bonds	RPI			207414					
Sub total assets				619096					
Sub total liabilities									
Sub total net assets				619096					
Total assets				619096					
Total liabilities									
Net total assets				619096					

Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefitsName of insurer **Norwich Union Annuity Limited**

Global business

Overseas business

Financial year ended **31st December 2003**Category of surplus **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of Surplus	
			day	month	year				
	R56	3253948	GL	31	12	2003	£000	OS	11
Type of assets and liabilities	Name of index link			Value of assets or liabilities		Gross derivative value			
	1			2		3			
Corporate index linked bonds	RPI			1662					
Land and buildings	RPI			87					
Rights under derivative contracts	RPI			3					
Government and public body index linked bonds	RPI			882					
Sub total assets				2634					
Sub total liabilities									
Sub total net assets				2634					
Total assets				2634					
Total liabilities									
Net total assets				2634					

Long term insurance business : Matching rectangleName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **1.722%**Type of business **Life Assurance and Annuity Insurance Business**

Non profit

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

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	3253948	GL	31	12	2003	£000	Stg	1.72	L&GA	NP	10
Type of asset notionally allocated		The valuation				The resilience scenario					
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
				On original allocation	Increase or decrease	Total under resilience scenario					
1	2	3	4	5	6						
Land and buildings		11									
Fixed interest securities		Approved securities	12								
		Other	13								
Variable interest and Variable yield securities (excluding items shown at line 16)		Approved securities	14	2148	1.69	2348	(185)	2163	0.73		
		Other	15	4050	2.60	4600	(350)	4250	1.64		
Equity shares and holdings in collective investment schemes		16									
Loans secured by mortgages		17									
All other assets		Producing income	18	222	5.91	252	(19)	233	3.71		
		Not producing income	19								
Total (11 to 19)		29	6420	2.41	7200	(554)	6646	1.42			
Gross valuation interest rate %		31		2.21				1.28			
Net valuation interest rate % (where appropriate)		32		1.72				0.80			
Mathematical reserve or other liability, net of reinsurance		33	6420				6646				

Long term insurance business : Matching rectangleName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **2.207%**Type of business **Life Assurance and Annuity Insurance Business**

Non profit

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

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	3253948	GL	31	12	2003	£000	Stg	2.20	L&GA	NP	10
Type of asset notionally allocated	The valuation				The resilience scenario						
	Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %					
			On original allocation	Increase or decrease	Total under resilience scenario						
1	2	3	4	5	6						
Land and buildings	11										
Fixed interest securities	Approved securities	12									
	Other	13									
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	881	1.69	963	(12)	951	0.73			
	Other	15	1662	2.60	1887	(18)	1869	1.64			
Equity shares and holdings in collective investment schemes	16										
Loans secured by mortgages	17										
All other assets	Producing income	18	91	5.89	103	(1)	102	3.70			
	Not producing income	19									
Total (11 to 19)	29	2634	2.41	2953	(31)	2922	1.42				
Gross valuation interest rate %	31		2.21				1.28				
Net valuation interest rate % (where appropriate)	32										
Mathematical reserve or other liability, net of reinsurance	33	2634					2922				

Long term insurance business : Matching rectangleName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **4.999%**Type of business **Life Assurance and Annuity Insurance Business**

Non profit

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

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	3253948	GL	31	12	2003	£000	Stg	4.99	L&GA	NP	10
Type of asset notionally allocated		The valuation			The resilience scenario						
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
				On original allocation	Increase or decrease	Total under resilience scenario					
		1	2	3	4	5	6				
Land and buildings		11									
Fixed interest securities	Approved securities	12	5796	4.69	6805	(405)	6400	3.72			
	Other	13	21201	5.52	23369	(13)	23356	5.39			
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14									
	Other	15									
Equity shares and holdings in collective investment schemes		16									
Loans secured by mortgages		17									
All other assets	Producing income	18	50841	6.17	54884	(981)	53903	5.17			
	Not producing income	19									
Total (11 to 19)		29	77838	5.88	85058	(1399)	83659	5.12			
Gross valuation interest rate %		31		5.50				4.58			
Net valuation interest rate % (where appropriate)		32		5.00				4.08			
Mathematical reserve or other liability, net of reinsurance		33	77838				83659				

Long term insurance business : Matching rectangleName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **5.499%**Type of business **Life Assurance and Annuity Insurance Business**

Non profit

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

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	3253948	GL	31	12	2003	£000	Stg	5.49	L&GA	NP	10
Type of asset notionally allocated		The valuation				The resilience scenario					
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
				On original allocation	Increase or decrease	Total under resilience scenario					
		1	2	3	4	5	6				
Land and buildings		11									
Fixed interest securities	Approved securities	12	32515	4.69	38176	(1371)	36805	3.72			
	Other	13	118944	5.52	131106	3212	134318	5.39			
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14									
	Other	15									
Equity shares and holdings in collective investment schemes		16									
Loans secured by mortgages		17									
All other assets	Producing income	18	285235	6.17	307918	2071	309989	5.17			
	Not producing income	19									
Total (11 to 19)		29	436694	5.88	477200	3912	481112	5.12			
Gross valuation interest rate %		31		5.50				4.58			
Net valuation interest rate % (where appropriate)		32									
Mathematical reserve or other liability, net of reinsurance		33	436694				481112				

Long term insurance business : Matching rectangleName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **2.207%**Type of business **Pension Insurance Business**

Non profit

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

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	3253948	GL	31	12	2003	£000	Stg	2.20	Pens	NP	10
Type of asset notionally allocated		The valuation			The resilience scenario						
		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
				On original allocation	Increase or decrease	Total under resilience scenario					
		1	2	3	4	5	6				
Land and buildings		11									
Fixed interest securities	Approved securities	12									
	Other	13									
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	204956	1.69	224052	(447)	223605	0.73			
	Other	15	386490	2.60	438971	367	439338	1.64			
Equity shares and holdings in collective investment schemes		16									
Loans secured by mortgages		17									
All other assets	Producing income	18	21231	5.93	24051	20	24071	3.72			
	Not producing income	19									
Total (11 to 19)		29	612677	2.41	687074	(60)	687014	1.42			
Gross valuation interest rate %		31		2.21				1.28			
Net valuation interest rate % (where appropriate)		32									
Mathematical reserve or other liability, net of reinsurance		33	612677				687014				

Long term insurance business : Matching rectangleName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **5.499%**Type of business **Pension Insurance Business**

Non profit

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

	Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets	
			day	month	year							
	R57	3253948	GL	31	12	2003	£000	Stg	5.49	Pens	NP	10
Type of asset notionally allocated	The valuation				The resilience scenario							
	Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %						
			On original allocation	Increase or decrease	Total under resilience scenario							
	1	2	3	4	5	6						
Land and buildings	11											
Fixed interest securities	Approved securities	12	769104	4.69	903002	(38386)	864616	3.72				
	Other	13	2813447	5.52	3101125	54266	3155391	5.39				
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14										
	Other	15										
Equity shares and holdings in collective investment schemes	16											
Loans secured by mortgages	17											
All other assets	Producing income	18	6746810	6.17	7283365	(1090)	7282275	5.17				
	Not producing income	19										
Total (11 to 19)	29	10329361	5.88	11287492	14790	11302282	5.12					
Gross valuation interest rate %	31		5.50				4.58					
Net valuation interest rate % (where appropriate)	32											
Mathematical reserve or other liability, net of reinsurance	33	10329361					11302282					

Long term insurance business : Matching rectangleName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

Category of assets

Total long term insurance business assets

Company registration number	GL/UK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets
		day	month	year						
R57	3253948	GL	31	12	2003	£000	99			10
Type of asset notionally allocated	The valuation				The resilience scenario					
	Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
			On original allocation	Increase or decrease	Total under resilience scenario					
1	2	3	4	5	6					
Land and buildings	11									
Fixed interest securities	Approved securities	12	807415	4.69	947983	(40163)	907820	3.72		
	Other	13	2953591	5.52	3255600	57465	3313065	5.39		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities	14	207985	1.69	227363	(643)	226720	0.73		
	Other	15	392202	2.60	445459		445459	1.64		
Equity shares and holdings in collective investment schemes	16									
Loans secured by mortgages	17									
All other assets	Producing income	18	7104431	5.99	7670574		7670574	5.02		
	Not producing income	19								
Total (11 to 19)	29	11465624	5.58	12546979	16659	12563638	4.83			
Gross valuation interest rate %	31									
Net valuation interest rate % (where appropriate)	32									
Mathematical reserve or other liability, net of reinsurance	33	11465624					12563638			

Long term insurance business : Valuation result and distribution of surplusName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

Units

Category
of surplusCategory of surplus **Ordinary Long Term**

R58	3253948	GL	31	12	2003	£000	11
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Category of surplus	Description	Period ended			Units	Category of surplus	
		day	month	year			
Valuation result	Fund carried forward	11			11465624		
	Bonus payments made to policyholders in anticipation of a surplus	12					
	Transfers out of fund/ parts of fund	Transfer to non-technical account	13				
		Transfer to other funds/parts of funds	14				
	Net transfer out of funds/parts of funds (13+14)	15					
	Total (11+12+15)	16			11465624		
	Mathematical reserves for accumulating with profit policies	17					
	Mathematical reserves for other non linked contracts	18			10843894		
	Mathematical reserves for property linked contracts	19					
	Mathematical reserves for index linked contracts	20			621730		
	Total (17 to 20)	21			11465624		
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)	29					
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation	31					
	Transfers into fund/part of fund	Transfer from non-technical account	32				
		Transfer from other funds/parts of fund	33				
	Net transfer into fund/part of fund (32+33)	34					
	Surplus arising since the last valuation	35					
	Total (31+34+35)	39					
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus	41					
	Allocated to policyholders by way of	Cash bonuses	42				
		Reversionary bonuses	43				
		Other bonuses	44				
		Premium reductions	45				
	Total allocated to policyholders (41 to 45)	46					
	Net transfer out of fund/part of fund	47					
	Total distributed surplus (46+47)	48					
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated	49					
	Total (48+49)	59					
Percentage of distributed surplus allocated to policyholders of fund/part of fund	61						
Corresponding percentage at three immediately previous valuations	Latest (year of valuation 2002)	62					
	Earlier (year of valuation 2001)	63					
	Earliest (year of valuation 2000)	64					

Long term insurance business : Required minimum marginName of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R60	3253948	GL	31	12	2003	£000
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Class		Classes I, II & IX	Class III business with relevant factor of				Class IV and VI	Classes VII and VIII business with relevant factor of					Unallocated additional mathematical reserves with relevant factor of		Total for all classes		
			4% 1	4% 2	1% 3	Nil 4		Total 5	4% 6	4% 7	1% 8	Nil 9	Total 10	4% 11	1% 12	The financial year 13	The previous year 14
Relevant factor (Instruction 1)																	
Mathematical reserves before deduction of reinsurance	Reserves before distribution of surplus	11	11557906										14817		11572723	11036117	
	Reserves for bonus allocated to policyholders	12															
	Reserves after distribution of surplus	13	11557906										14817		11572723	11036117	
Mathematical reserves after deduction of reinsurance	Reserves before distribution of surplus	14	11465624										14817		11480441	10971851	
	Reserves for bonus allocated to policyholders	15															
	Reserves after distribution of surplus	16	11465624										14817		11480441	10971851	
Ratio of 16 to 13 or 0.85 if greater (see Instruction 2)	17	0.992016										1.000000					
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor	19	458625											593		459218	438874	
Non negative capital at risk before reinsurance (see Instruction 3)	Temporary assurances with required margin of solvency of 0.1%	21															
	Temporary assurances with required margin of solvency of 0.15%	22															
	All other assurances with required margin of solvency of 0.3%	23															
	Total (21 to 23)	29															
Non negative capital at risk after reinsurance (all contracts) (see Instruction 3)	31																
Ratio of line 31 to line 29, or 0.50 if greater	32																
Required margin of solvency - second result (see Instruction 4)	39																
Sum of first and second results (19+39)	49	458625											593		459218	438874	
Required margin of solvency for supplementary Accident & Sickness Insurance & Class V business	51																
Total required margin of solvency for long term insurance business (49+51)	59														459218	438874	
Minimum guarantee fund	61														549	506	
Required minimum margin (greater of lines 59 and 61)	69														459218	438874	

Supplementary notes

Name of insurer **Norwich Union Annuity Limited**

Financial year ended **31st December 2003**

Code

0902 Section 148 Waivers

Reinsurance 77740

The Financial Services Authority, on the application of the firm, made a direction in December 2002 under section 148 of the Act. The effect of the direction is to modify the provisions of *IPRU (INS) rule 3.4* so that it does not apply to certain internal reinsurance treaties.

Deferred Tax 109538

The Financial Services Authority, on the application of the firm, made a direction in December 2002 under section 148 of the Act. The direction allows the firm to limit its provision for deferred tax, on any capital gains made on their shares, to the amount that would be due if those shares were immediately realised at their 'Valuation of Assets Rules' value.

Rate of interest 201755

The Financial Services Authority, on application of the firm, made a direction in December 2003 under section 148 of the Act. The effect of the direction is to modify rule *IPRU (INS) 5.11* so that the firm must calculate the rate of interest to be used in calculating the present value of future payments by or to the firm on the basis of the aggregate yield. The direction only applies to certain fixed interest securities and assets linked to an index of retail prices. For the purposes of the direction, 'aggregate yield' means the rate of interest which equates the discounted value of the aggregate cash flows on the asset portfolio with the total market value of the asset portfolio.

1001 Reconciliation of net assets

	2003	2002
	£'000	£'000
Other than long term business assets (Form 13 L99)	168,729	117,581
Other than long term business liabilities (Form 15 L59)	(26,978)	(16,985)
Excess surplus assets not declared to shareholders	711,428	498,052
Net Assets attributable to Shareholders per the Statutory Accounts	853,179	598,648

1002 Form 10 line 65

On 1 January 2003, NUA changed its accounting policy on an MSSB basis for the valuation of fixed income securities, from amortised cost to market value.

Line 65 represents the net of tax effect of the change in accounting policy on the investments attributable to shareholders' funds.

1304 Amounts set off

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

1310 Amounts set off

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

1305 Counterparty limits

1311 Counterparty limits

The investment guidelines operated by the Company specify exposure to counterparties by asset type as follows:-

Deposits

The maximum permitted exposure to counterparties is set out in the lending limit list approved by the Group Risk Committee. Each fund cannot hold more than 2% of funds under management (but subject to minimum of £20m and a maximum of £100m) with individual 'Tier 1' counterparties, 1.5% of funds under management (but subject to a minimum of £15m and a maximum of £75m) with individual 'Tier 2' counterparties and 0.5% of funds under management (but subject to a minimum of £10m and a maximum of £50m) with individual 'Tier 3' counterparties. Tier 1 represents AAA rated institutions, Tier 2 represents institutions rated AA- or better whilst Tier 3 represents institutions rated A- or better.

Supplementary notes

Name of insurer **Norwich Union Annuity Limited**

Financial year ended **31st December 2003**

Code

Fixed Income Securities

Exposure to non-government bonds is limited to holdings, which are deemed to be of a suitable investment grade determined by senior investment management. The maximum extent to which, in accordance with investment guidelines operated by the company, it was permitted to be exposed to any one counterparty and connected companies rated AA- or higher during the financial year was 5% and 3% for any one counterparty and connected companies rated BBB- to A+. The maximum extent to which fully secured mortgage debt was permitted to be exposed to any one counterparty and connected companies was 5%. Over the financial year there were no breaches of the above limits.

Derivatives

Exposure to OTC derivatives is only undertaken with the approval of senior management. Exposure to one type of contract is limited to 5% and overall exposure is limited to 10% of the relevant fund.

1308 Aggregate values of assets

The aggregate values of types of assets specified in instruction 5 to Form 13 are:-

	2003
	£m
Unlisted investments on lines 41 and 46	242
Listed investments on lines 41, 46 and 48 which are not readily realisable	-
Units in collective investment schemes falling within rule 4.9(1)(c)	-
Reversionary interests or remainders in property other than land or buildings	-

1309 Hybrid securities

The aggregate value of hybrid securities is £464,411k.

1312 Counterparty exposure

No counterparty exposures exceeded 5% of the long-term insurance business amount at the financial year-end.

1401 Adverse changes

No provision is required in respect of adverse changes. All derivative contracts are strictly covered and all other obligations to deliver assets or make a payment were felt to be prudently provided for in the accounts.

1501 Adverse changes

No provision is required in respect of adverse changes. All derivative contracts are strictly covered and all other obligations to deliver assets or make a payment were felt to be prudently provided for in the accounts.

1402 Contingent liabilities

A provision of £13.6m has been made within deferred taxation at line 21 for capital gains tax arising on the deemed disposal of OEIC and unit trust holding previously held by the company. The balance of deferred tax arising from potential capital gains tax on unrealised gains is nil.

There are no contingent liabilities applicable to long term insurance business.

There are no charges over any assets of the Company.

There are no guarantees, indemnities or any other contractual commitments in respect of related companies.

There are no other fundamental uncertainties.

Supplementary notes

Name of insurer **Norwich Union Annuity Limited**

Financial year ended **31st December 2003**

Code

1502 Contingent liabilities

There is no potential capital gains tax liability attributable to shareholders' funds.

There are no contingent liabilities applicable to shareholders' funds.

There are no charges over any assets of the Company.

There are no guarantees, indemnities or any other contractual commitments in respect of related companies.

There are no other fundamental uncertainties.

1601 Rates of exchange

The Company conducts all its business in the UK and Offshore Islands and has no direct overseas investments. All transactions and balances are therefore in sterling.

4005 Rates of exchange

The Company conducts all its business in the UK and Offshore Islands and has no direct overseas investments. All transactions and balances are therefore in sterling.

1700 Derivatives

Form 17 has been provided for category 1 assets. No Form 17 has been provided for category 10 assets as derivatives in the long term insurance business fund are held to back index linked liabilities and are included in Form 13 line 58.

1701 Variation margin

The aggregate amount of any excess variation margin which has been received by the Company is £nil. The variation margin is allocated as follows:

	£'000
Form 13 line 54	3056
Form 15 line 49	2494

No amounts included on Forms 15 or 13 reflect the liability to repay any excess.

4008 Management services

Management services have been provided throughout the financial year to the Company by Norwich Union Life Services Limited.

Investment management services have been provided by Morley Fund Management Limited.

4009 Related party transactions

Related party transactions, which exceed 5% of the long-term insurance business amount, are as follows:

Name of connected party	Norwich Union Life & Pensions Limited	Norwich Union Mortgage Holdings Limited
Nature of relationship with connected party	Subsidiary undertaking	Parent undertaking
Transactions during the period (£m)	Premiums £685m Claims £394m	Net new loan £710m Interest received £472m
Amounts unpaid or outstanding at the end of the period (£m)	Nil	£6,633m
Amounts written off in the period (£m)	Nil	Nil
Nature of transactions	Reinsurance Accepted	Loans granted

Supplementary notesName of insurer **Norwich Union Annuity Limited**Financial year ended **31st December 2003**

Code

4801 Accrued interest

The amounts of accrued interest from Form 13 line 84 included on Form 48 are as follows:-

	£'000
Form 48 line 12	16,704
Form 48 line 13	64,811
Form 48 line 14	29
	<hr/>
	81,544

4802 Expected interest

Expected interest from three debentures currently in default is included in column 2 of Form 48. The total expected interest is £1,843k. The yield on these assets is not required to support the valuation basis rates of interest in Forms 51 and 57.

5101 Overstated policy counts

The total number of contracts reported in Forms 51 and 54 exceeds the actual number of contracts issued by 7,615.

Of these contracts, 6,419 have been counted in both forms 51 and 54 as they have both index-linked and non-linked benefits. A further 1196 have been counted under two contract types, having two forms of benefits.

Returns under the Accounts and Statements Rules

Statement on derivatives required by IPRU (INS) 9.29

Name of Company **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

The following summarises investment policy for the use of derivatives:

- Derivatives will only be used in accordance with FSA Guidelines for the purpose of efficient portfolio management or reduction in investment risk.
- Derivatives must not be used for speculative purposes.
- Derivatives must be fully covered by the assets of the fund and must not be used to increase the risk of the fund beyond that achieved by directly investing in the underlying securities.
- Counterparty risk – for exchange traded contracts, the exchange must be classed as 'regulated' by an investment committee. Over the counter contracts, transactions must only be transacted with approved counterparties. Counterparty limits are consistent, and monitored in line with the fund's aggregate exposure guidelines.
- Controls and Monitoring – derivative strategies must be authorised by the Deputy Actuary and delegated authorities exist for each member of staff trading derivative contracts within the approved strategies.
- Derivatives transactions are priced, settled and profit and losses reconciled in an area independent of the fund managers involved.

There are no specific guidelines for the use of contracts that were not reasonably likely to be exercised at the start of the contract. The speculative use of derivative contracts is prohibited.

The maximum loss in the event of failure by any one counterparty to fulfil its obligations at the end of the financial year would have been less than £1m. This would not have been materially greater at any one time during the year or under other foreseeable market conditions.

All derivative contracts held at any time during the financial year fell within rule 4.12 (2) or (where appropriate) the definition of a permitted derivative contract.

Returns under the Accounts and Statements Rules

Statement on controllers required by IPRU (INS) 9.30

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

100% of the issued share capital of the Company is held by Norwich Union Life & Pensions Limited.

100% of the issued share capital of Norwich Union Life & Pensions Limited is held by Norwich Union Life Holdings Limited.

100% of the issued share capital of Norwich Union Life Holdings Limited is held by Norwich Union Holdings Limited.

100% of the issued share capital of Norwich Union Holdings Limited is held by Norwich Union plc.

100% of the issued share capital of Norwich Union plc is held by General Accident plc.

100% of the issued ordinary share capital of General Accident plc is held by the Ultimate Parent Undertaking, Aviva plc.

There have been no changes to the above position during the year.

All shares are voting shares.

Statement of information on appointed actuary required by IPRU (INS) 9.36Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

In accordance with rule 9.36 of the Interim Prudential Sourcebook for Insurers, M N Urmston, the appointed actuary of the Company, was requested to furnish and has provided the following information:

- (a) (1) An interest in 2,637 ordinary shares at 31 December 2003 in Aviva plc, and an interest in 11,522 ordinary shares at 31 December 2002.
- (2) 91,891 ordinary shares are held in the Aviva Long Term Incentive Plan, these shares will vest upon the satisfaction of certain performance criteria. In addition 69,572 ordinary shares are held in the Aviva Deferred Bonus Plan.
- (3) Options were held at 31 December 2003 to subscribe for 103,182 ordinary shares in Aviva plc under UK Employees Savings Related and Executive Share Option Schemes.

	No. of shares
Options held at 31 December 2002	116,639
Options granted during the year	2,732
Options exercised or lapsed during the year	(16,189)

- (b) Four with profits low cost endowment policies with CGNU Life Assurance Limited, with aggregate sums assured of £53,173 and annual premiums of £1,586. One non-profit term assurance policy with CGNU Life Assurance Limited with sum assured of £75,000 and annual premiums of £332. In addition the actuary held general insurance policies with subsidiaries of Aviva plc for which total premiums of £2,304 were paid in the year to 31 December 2003.
- (c) The aggregate amount of remuneration, bonuses and the value of other benefits (excluding pension rights) under the actuary's contract of employment with Aviva Employment Services Limited for 2003 was £288,049. Under the contract he was Appointed Actuary and Director of:

CGNU Life Assurance Limited
 Commercial Union Life Assurance Company Limited
 Norwich Union Linked Life Assurance Limited
 Norwich Union Life (RBS) Limited
 Norwich Union Life & Pensions Limited
 Norwich Union Annuity Limited

appointed actuary of:-
 The Northern Assurance Company Ltd

And a director of:-
 Fidelity Life Assurance Limited
 GA Life Property Ireland Limited
 National Westminster Life Assurance Limited
 Norwich Union Commercial Finance Limited
 Norwich Union Commercial Mortgages Limited
 Norwich Union Equity Release Limited
 Norwich Union Healthcare Limited
 Norwich Union Life Holdings Limited
 Norwich Union Life (RBS) JV Limited
 Norwich Union Life Services Limited
 Norwich Union Mortgage Finance Limited
 Norwich Union Mortgages (Life) Limited
 Norwich Union Mortgage Holdings Limited
 Norwich Union Personal Finance Limited
 NULH2 Limited
 Provident Mutual Life Assurance Limited
 RBS Life Investments Limited
 Royal Scottish Assurance plc
 TPFi Limited
 TPFL Limited
 The General Practice Finance Corporation Limited
 The General Practice Finance Corporation Property Management Limited

- (d) Pensions and life assurance benefits as provided to all employees under the terms and conditions of the Aviva Companies' UK Pensions Schemes. Sickness and accident benefits as provided to all employees under the terms and conditions of these schemes.

Certificate by the directors required by IPRU (INS) 9.34(a) and IPRU (INS) Appendix 9.6

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

We certify:

- 1 (a)** in relation to the part of the return comprising Forms 9, 9A, 10, 13 to 17, 40 to 42, (including the supplementary notes) and the statements required by rules 9.29 and 9.30 that:

 - (i) the return has been prepared in accordance with the Accounts and Statements Rules;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by Norwich Union Annuity Limited (the Company); and
 - (iii) appropriate systems and controls have been established and maintained by the Company over its transactions and records;
- (b)** that reasonable enquiries have been made by the Company for the purpose of identifying material connected-party transactions;
- (c)** that in respect of the Company's business which is not excluded by rule 7.6, the assets held throughout the financial year enabled the Company to comply with rules 7.1 to 7.5 (matching and localisation);
- (d)** in relation to the statement required by rule 9.36:

 - (i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and
 - (ii) that the information given has been ascertained in conformity with that rule.
- 2** that the margin of solvency for long term insurance business required by rule 2.1 has been maintained throughout the financial year.
- 3 (a)** that the requirements of rules 3.1 to 3.4 have been fully complied with and in particular that, subject to the provisions of rules 3.2(2) to (4) and rule 3.3, assets attributable to long term insurance business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term insurance business funds have not been applied otherwise than for the purpose of the long term insurance business;
- (b)** that any amount payable from or receivable by the long term insurance business funds in respect of services rendered by or to any other business carried on by the Company or by a person who, for the purposes of rule 3.4, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to those funds, and any exchange of assets representing such funds for other assets of the Company has been made at fair market value;
- (c)** that all guarantees given by the Company of the performance by a related company which would fall to be met by any long term insurance business fund have been disclosed in the return, and that the funds on which each such guarantee would fall has been identified therein;
- (d)** that the investment policy and practice of the Company in respect of the internal linked funds maintained was, during the financial year, consistent with any representations made to policyholders or potential policyholders of the Company;
- (e)** that the returns in respect of long term insurance business are not distorted by agreements with any other company carrying on insurance business with which the Company has financial, commercial or administrative links, or by any arrangements which could affect the apportionment of expenses and income; and
- (f)** that the Company has fully complied with the requirements of rule 3.5.

Returns under the Accounts and Statements Rules

Certificate by the directors required by IPRU (INS) 9.34(a) and IPRU (INS) Appendix 9.6

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

4 (a) that the systems and controls established and maintained by the Company in respect of its business complied at the end of the financial year with the following published guidance:

- (i) Guidance Note P.1 – ‘Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives’;
- (ii) ‘The prevention of Money Laundering - Guidance Notes for the UK Financial Sector’ (revised December 2001) issued by the Joint Money Laundering Steering Group;

and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future; and

(b) the return has been prepared in accordance with the following published guidance:

- (i) Guidance Note 4.1 - ‘Guidance for insurers and auditors on the Valuation of Assets Rules’;
- (ii) Guidance Note 4.2 - ‘Use of derivative contracts in insurance funds’; and
- (iii) Guidance Note 9.1 - ‘Preparation of Returns’.

..... **G N WITHERS**
Chief Executive

..... **J A NEWMAN**
Director

..... **M N URMSTON**
Director

22 March 2004

Certificate by the appointed actuary required by IPRU (INS) 9.34(b) and IPRU (INS) Appendix 9.6

Name of insurer **Norwich Union Annuity Limited**

Global business

Financial year ended **31st December 2003**

I certify:

- (a)
- (i) that in my opinion proper records have been kept by Norwich Union Annuity Limited (the Company) adequate for the purpose of the valuation of the liabilities of its long term insurance business;
 - (ii) that the sum of the mathematical reserves as shown on Form 14, together with an amount of £14,817,000 (being part of the excess of the value of the admissible assets representing the long term business funds over the amount of those funds shown in Form 14), constitute proper provision as at 31st December 2003 for the long term insurance business liabilities (other than 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 investigation as at that date into the financial condition of the long term insurance business;
 - (iii) that for the purpose of sub-paragraph (ii) above, the liabilities have been assessed in accordance with the Determination of Liabilities Rules in the context of assets valued in accordance with the Valuation of Assets Rules, as shown in Form 13;
 - (iv) that the current versions of Guidance Notes, issued by the Institute of Actuaries and the Faculty of Actuaries, numbered GN1 (effective date 01.09.03), GN2, GN7, GN8, GN22 and GN25 have been complied with; and
 - (v) that in my opinion premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves.
- (b) that the amount of the required minimum margin applicable to the Company's long term insurance business immediately following the end of the financial year (including any amounts resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £459,218,000.

M N Urmston

Appointed Actuary

22 March 2004

Returns under the Accounts and Statements Rules

Report of the auditors to the directors pursuant to rule 9.35 of the Accounts and Statements Rules

Name of insurer **Norwich Union Annuity Limited**

Global Business

Financial year ended **31st December 2003**

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in Chapter 9 to the Interim Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000 (the "Act").

- Forms 9, 9A, 10, 13 to 17 and 40 to 42 (including the supplementary notes) ("the Forms");
- the statement required by rule 9.29 on page 64 ("the statement"); and
- the certificate signed in accordance with rule 9.34(a) on pages 67 and 68 ("the certificate").

In the case of the certificate, our examination did not extend to:

- a) paragraph 1 in relation to the statements required by rules 9.30 and 9.36 concerning controllers and Information on the appointed actuary;
- b) paragraph 3(d) concerning the investment policy and practice of internal linked funds required by paragraph 4(d) of Appendix 9.6; and
- c) paragraph 4(a) in so far as it relates to controls with respect to Money Laundering.

This report is made solely to the company's directors, in accordance with rule 9.35 of the Accounts and Statements Rules. Our examination has been undertaken so that we might state to the company's directors those matters we are required by the Rules to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our examination, for this report, or for the opinions we have formed.

Respective responsibilities of the company and its auditors

The company is responsible for the preparation of an annual return (including the Forms, statement and certificate) under the provisions of the Rules. Under rule 9.11 the Forms and statement are required to be prepared in the manner set out in the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and statement meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statement therein, and to report our opinions to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Bases of opinions

We conducted our work in accordance with Practice Note 20 "The audit of insurers in the United Kingdom" 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 and statement. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year on which we reported on 22 March 2004. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statement.

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 and statement are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

In giving our opinion we have relied on the certificate of the actuary on page 69 with respect to the mathematical reserves and the required minimum margin.

Opinions

In our opinion:

- (a) the Forms and statement 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
- (b) according to the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Rules; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.