

Royal London Group Pension Scheme

Annual Report and Financial Statements

for the year ended 31 December 2010

Scheme Registration Number: 100154281

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

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Trustee and advisers

Principal employer	The Royal London Mutual Insurance Society Limited
Corporate Trustee	RLGPS Trustee Limited
Trustee Directors	Richard Balding (Chairman) Alistair Brogden (Member nominated director) Tracey Ashworth-Davies (resigned 1 February 2010) Charlotte Sword (appointed 22 December 2010) Stephen Shone John Tovey (Pensioner member nominated director) The Law Debenture Pension Trust Corporation plc
Secretary to the Trustee	Towers Watson Limited
Scheme actuary	Jonathan Howes of Towers Watson Limited
Administrators	Towers Watson Limited
Independent auditors	PricewaterhouseCoopers LLP
Legal advisers	Hogan Lovells LLP Slaughter and May
Investment consultant	Towers Watson Limited (resigned 17 February 2010) Lane Clark & Peacock LLP (appointed 17 February 2010)
Investment manager	Royal London Asset Management Limited
Investment custodian	HSBC Bank plc
Additional Voluntary Contribution (AVC) providers	Clerical Medical Investment Group Limited Scottish Life (a division of The Royal London Mutual Insurance Society Limited) Scottish Widows plc The Equitable Life Assurance Society
Bankers	HSBC Bank plc National Westminster Bank plc

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Chairman's Statement

2010 saw the UK continue its tentative economic recovery with a return to economic growth, with strong asset returns over the year improving the Scheme's financial position. However, the economic outlook remains uncertain, with the twin risks of high levels of future inflation and limited domestic economic growth posing particular challenges. Despite this, the Scheme is in a strong position relative to most other occupational pension schemes, and the Trustee is working closely with Royal London to ensure that this position is maintained.

Financial position

Initial estimates of the funding position as at 31 December 2010 indicated a surplus in the Scheme of approximately £110m, improving on the deficits experienced in the last two years. The improvement in the Scheme's funding position has in part been driven by strong investment returns as markets continue to recover from the financial crisis of 2009.

The Scheme Actuary is currently carrying out the triennial actuarial valuation of the Scheme as at 31 December 2010, the results of which will be available later in 2011 and included in future reports. The Trustee Board and Royal London will agree on the final assumptions, such as longevity, inflation and future investment returns, to be used in the valuation in the course of the next few months.

During 2010 the Trustee and Royal London agreed a formal framework for removing any deficit that may arise in the Scheme within a specified period of time. Having this framework in place gives greater clarity for the Scheme and the Company, and should ensure that any deficit that might arise in the future is removed over an appropriate time frame. The framework incorporates a degree of flexibility through an option for Royal London to use contingent assets as an alternative to cash contributions.

As the security of benefits within the Scheme is ultimately reliant on the strength of its sponsor, it has been pleasing to note the continuing success of Royal London, in particular its very positive financial results showing record revenues and profitability over 2010.

Investment developments

The Scheme maintained a relatively stable asset allocation over the year, with no major change in investment strategy or allocation benchmarks. The headline holdings were 36% in equities, 34% in fixed interest bonds (predominantly non-gilts), 25% index-linked government bonds, 4% in property and 1% in cash as at the year end. The Scheme's investment manager, RLAM, has consistently performed well for the Scheme over the last few years, returning 11.8% over the year versus a benchmark of 11.2%, and 1% above benchmark over the last 5 years. The outperformance over 2010 was driven primarily by good stock selection, particularly in corporate bonds.

During the year the Trustee has put in place documentation which will allow it to transact in financial instruments, such as options and swaps, which would assist in reducing the impact on the Scheme of any future adverse inflation or interest rate experience. Having this documentation in place prior to making a decision to move into these assets will allow the Scheme to move swiftly to take advantage of favourable market conditions.

Pension increases

In 2010, the Government announced its intention to link public sector pensions and social security benefits to the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). The Government subsequently announced that statutory minimum increases under occupational pension schemes should also be linked to CPI.

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Chairman's statement (continued)

Following a period of uncertainty as to how this would affect individual pension schemes, clarity was obtained following publication of draft legislation by the Government and the Trustee has received initial legal advice confirming the impact on the Scheme. Once this is finalised, we will be communicating with Members to explain any implications.

However, as highlighted in last year's summary report to members, the level of increases over and above those guaranteed on pensions in payment awarded each year is determined by Royal London. The Company may choose to award discretionary increases in excess of the guaranteed minimum levels, and in 2010 Royal London awarded discretionary pension increases in line with RPI. Further details of these pension increases are set out in the Trustee's report on page 5 of these accounts.

Given the funding position of the Scheme over the year, Royal London paid contributions totalling £6.9 million to the Scheme as a contribution to the cost of awarding these discretionary pension increases.

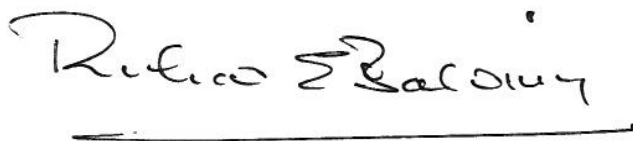
Data

During 2010 and continuing into 2011, the Trustee Board, the administrators and the Company have undertaken an extensive review of the membership data that we hold. A large amount of work has been carried out to improve our data quality and I would like to thank everyone involved. I would like to encourage all members to help us keep our information up to date, and notify us of any changes in circumstances such as change of address.

Trustee Directors and advisers

I would like to formally welcome Charlotte Sword, the Group Head of HR at Royal London, to the Trustee Board. The Company nominated Charlotte to replace Tracey Ashworth-Davies as an employer-nominated Trustee Director, and her position was confirmed towards the end of 2010. I would like to thank Tracey for her valuable contribution over the period of her Trusteeship.

As always, I would like to extend my thanks to all of my fellow Trustee Directors and our advisers for their assistance over the year. During the remainder of 2011 and into 2012 the Trustee Board will focus on finalising the 2010 actuarial valuation and reviewing the Scheme's investment policy, topics on which I hope to be able to report in future communications.



Richard E Balding

Chairman of RLGPS Trustee Limited

Date: 13 June 2011

Royal London Group Pension Scheme

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Trustee's report

Introduction

The Trustee Directors of the Royal London Group Pension Scheme (RLGPS) present their annual report together with the investment report, actuarial certificates, compliance statement and financial statements for the year ended 31 December 2010.

The Scheme is established to provide retirement benefits to all eligible employees of The Royal London Mutual Insurance Society Limited ('Royal London Group'). The Scheme is a final salary pension scheme whereby benefits are payable to members in accordance with the Scheme Rules based on their length of service, accrual rate and their pensionable earnings as defined by the Scheme Rules prior to leaving the service of Royal London Group.

On 1 September 2005 the Scheme was closed to new members, with the exception of new employees within the Royal London Group who are admitted to the Scheme for life cover benefits.

Trustee

The Scheme is governed by a definitive Trust Deed and Scheme Rules.

The Scheme is overseen by the Trustee Directors who are required to act in accordance with the Trust Deed and the Scheme Rules and the Memorandum and Articles of Association of the Trustee company, within the framework of pension and trust law. The Trustee Directors are appointed and removed in accordance with the Trust Deed. The member nominated trustee arrangements are determined by the Trustee. There were ten meetings of the Trustees during the year. Voting at Trustee meetings is by simple majority except in the event of an equality of votes when the Chairman has the casting vote.

Statement of Trustee's responsibilities

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, are the responsibility of the Trustee. Pension Scheme Regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- show a true and fair view, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), of the financial transactions of the Scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year, and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustee is also responsible for making available certain other information about the Scheme contained in the Chairman's statement, Trustee report, Investment report and Actuarial report in the form of an Annual Report.

Royal London Group Pension Scheme

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Trustee's report (continued)

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised, a schedule of contributions showing the rates of contributions (other than voluntary contributions) payable towards the Scheme by, or on behalf of, the employer and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Pension increases

Pension increases were awarded as provided in the table below in excess of the Guaranteed Minimum Pension for all pensions in payment. New pensions commencing after the pensions increase date have been increased on a proportional basis.

Base Scheme	Pension increases			Retail Prices Index (RPI)			Inflation reference period considered	Pension increase date
	2011	2010	2009	2011	2010	2009		
Refuge Assurance Superannuation Fund (RASAF)	N/A	4.4%	Nil	N/A	4.4%	(0.4%)	March	01-Jul
Royal London Group Pension Scheme (RLGPS) (members joining after 29 November 2001)	N/A	4.4%	Nil	N/A	4.4%	(0.4%)	March	01-Jul
Royal London Staff Pension Fund (RLSPF)	*5.0%	3.7%	0.1%	5.0%	3.7%	0.1%	January	01-Apr
Scottish Life Directors' Retirement Benefits Scheme (SLDRBS)	4.7%	0.3%	3.0%	4.7%	0.3%	3.0%	November	01-Jan
Scottish Life International Officers' Retirement Benefits Scheme (SLIORBS)	N/A	4.4%	Nil	N/A	4.4%	(0.3%)	March	01-Jul
Scottish Life Officers' Retirement Benefits Scheme (SLORBS)	4.7%	0.3%	3.0%	4.7%	0.3%	3.0%	November	01-Jan
United Friendly Group Pension Scheme (UFGPS)	**5.0%	3.7%	Nil	5.0%	3.7%	0.0%	February	01-Apr

*An increase of 5.1% on benefits accrued after 30 November 2001.

**An increase of 5.5% on benefits accrued after 30 November 2001.

The increases above were applied to both guaranteed and discretionary elements.

Pensions in deferment accrued prior to 6 April 2009 are revalued in accordance with the Pension Schemes Act 1993, at a rate equal to the increase in the Retail Prices Index (Consumer Prices Index post 1 January 2011 except for RLSPF members) or to the increase produced by the application of 5% per annum, whichever is the lower. Pensions in deferment accrued post 5 April 2009 are revalued in accordance with the Pension Schemes Act 2008, at a rate equal to the increase in the Retail Prices Index (Consumer Prices Index post 1 January 2011) or to the increase produced by the application of 2.5% per annum, whichever is the lower.

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Trustee's report (continued)

Transfer values

Cash equivalents paid during the Scheme year with respect to transfers have been calculated and verified in the manner prescribed by the Pension Schemes Act 1993 and include an allowance for discretionary increases on benefits in line with inflation. With effect from 1 December 2007, the Trustee agreed to implement a revised transfer value basis. The transfer value calculation methodology was updated in August 2008 to remove the aspect of equity market value (MVA) adjustment in response to the volatile market conditions. The MVA is used to adjust the transfer value to allow for current market conditions, which due to the high volatility in equities at the time resulted in unrealistically large reductions to members' transfer values.

With effect from 1 January 2004 Royal London Group ceased to allow the Trustee Directors to accept transfers into the Scheme.

Membership

Details of the membership of the Scheme are given below:

	Active members	Deferred members	Pensioner members	Beneficiaries	Total
At 1 January 2010	1,508	13,646	8,088	2,302	25,544
Adjustments to prior year figures	(12)	(36)	15	(3)	(36)
At 1 January 2010 revised	1,496	13,610	8,103	2,299	25,508
New members	-	6	-	126	132
Leavers - deferred benefits	(74)	74	-	-	-
Transfers out	-	(81)	-	-	(81)
Retirements	(3)	(336)	339	-	-
Deaths	(1)	(10)	(224)	(129)	(364)
Commutations	-	(37)	(2)	(13)	(52)
At 31 December 2010	1,418	13,226	8,216	2,283	25,143

In addition to the above, the Scheme had 1,216 (2009: 1,151) members with life assurance cover only as at 31 December 2010.

Adjustments were made to the prior year figures to reflect an accurate position of the membership of the Scheme as at 1 January 2010 and largely arise due to late notifications.

Beneficiaries are those people receiving a benefit from the Scheme who are not themselves Scheme members i.e. those in receipt of a spouse's or dependant's pension.

Royal London Group Pension Scheme

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Trustee's report (continued)

Review of financial development of the Scheme

The financial statements have been prepared and audited in compliance with the regulations made under sections 41(1) and 41(6) of the Pensions Act 1995 (as updated by the Pensions Act 2004).

The net assets of the Scheme increased by £141 million over the year giving a Scheme value of £1,870 million at 31 December 2010 (2009: £1,729 million).

Risk

Any pension scheme is exposed to various risks. The Trustee Directors have undertaken to consider and regularly review the following key risks and associated controls, which are maintained in a risk register:

- The risk of deterioration in the ability of the Scheme's sponsor (Royal London) to provide continuing financial support to the Scheme. This risk is controlled through regular monitoring of Royal London Group's financial position, including rating agency reports.
- The risk of a deterioration in the Scheme's funding level. This risk is controlled through an investment and contribution strategy, which is specific to the Scheme's liabilities and funding level.
- The risk that the investment returns from the assets will be below that expected by the Trustee Directors. This risk of underperformance is controlled by close monitoring of the investment performance.
- Risks surrounding the security and safe custody of Scheme assets. This is controlled by ring-fencing the assets, ensuring there is clear asset distinction by the custodian, and by reviewing the custodian's internal controls.
- The risk of the Scheme being incorrectly operated or operated outside of regulatory parameters. This risk is controlled by appointing experienced Trustee Directors, and the use of Independent Trustees and Third party advisors where appropriate.

Actuarial position

A full actuarial valuation of the Scheme, as at 31 December 2010, is currently being performed. The results of this valuation are to be available shortly, but initial estimates indicate there is likely to be a surplus of around £110m. This excludes any allowance for advance funding of non-guaranteed, discretionary pension increases.

The last triennial actuarial valuation of the Scheme was carried out as at 31 December 2007. The actuarial valuation report was signed off by the Scheme actuary, Jonathan Howes, on 23 October 2008. The results, measured on an ongoing basis, indicated that the Scheme's assets were 103% of the amount needed to cover the liabilities accrued to the valuation date, which equated to a surplus of £48 million. The results of the full actuarial valuation as at 31 December 2004 showed a funding level of 107%.

The Scheme actuary's certification of the Scheme's technical provisions and the latest schedule of contributions agreed following the 2007 valuation are on pages 15 to 19.

The most recent results as at 31 December 2009 showed that the Scheme's assets were 90% (2008: 92%) of the amount required to cover the liabilities accrued to the valuation date, which equated to a deficit of £202 million (2008: £136 million). The decrease in the funding level of the Scheme during 2009 was due to an increase in the value placed on the Scheme's liabilities as a result of reduced expectations of future investment returns.

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Trustee's report (continued)

However, the effect of this on the Scheme's funding level was largely offset by a recovery in asset values during the year.

The 31 December 2009 liabilities referred to on page 7 include advance funding for pension increases of £178 million (2008: £108 million) on certain pension elements earned before 6 April 1997, that are not guaranteed and are subject to the discretion of Royal London each year. Excluding this allowance for advance funding of discretionary pension increases, the deficit at 31 December 2009 was £24 million (2008: £28 million).

Myners' Report

The Myners' report is a voluntary code of best practice for pension schemes covering principles required for effective governance. The Scheme was found to be substantially compliant when it was reviewed against the Myners' report, and the Trustee has continued to monitor compliance to ensure that these high standards are maintained.

Myners' principles and Scheme compliance

Effective decision-making

Training for each of the Trustee Directors is arranged as required. Day to day investment management is carried out by the investment manager with Lane Clark and Peacock LLP and Towers Watson Limited providing support to the Trustee as necessary.

Clear objectives

The investment objective has been set by reference to the Scheme's liabilities. Risk of underperformance was considered as part of the process.

Responsible ownership

Having reviewed the investment manager's policy, the Trustee delegates responsibility for the exercise of voting rights to its investment manager. Any specific areas of concern are raised with the manager.

Risk and liabilities

The Trustee has developed appropriate investment benchmarks for its investment strategies in conjunction with its investment manager and consultants.

Performance assessment

Royal London Asset Management's (RLAM) performance is subject to regular review.

Transparency and reporting

A Statement of Investment Principles (SIP) is maintained and reviewed regularly, and is available to members on request. The Trustee reports to members on the performance of the Scheme's investments in its annual summary reports.

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Trustee's report (continued)

Continuation of the Scheme

Although it has not expressed any intention to do so, the Principal Employer has the right under the Scheme Rules to discontinue its contributions at any time and to terminate the Scheme subject to the provisions set forth in the Trust Deed and Scheme Rules and the Pensions Act 1995 (as updated by the Pensions Act 2004). Whether all Scheme members receive, or continue to receive, their benefits should the Scheme terminate at some future time will depend on the sufficiency, at that time, of the Scheme's net assets to provide for the accumulated benefit obligations and may also depend on the financial condition of the Principal Employer. In the event of discontinuance, the current priority order for the payment of benefits from the Scheme, after expenses and debts to third parties, would be:

- Annuities secured before 6 April 1997
- PPF benefits
- AVCs (other than those included above)
- Other benefits

The liabilities would be assessed based on the negotiated cost of securing the benefits with an insurance company. The priority order may be revised if there are any changes in statute.

Scheme members are protected by legislation which prevents solvent employers from failing to meet their pension obligations in the event of the discontinuance of the Scheme. The introduction of the PPF to provide support for the pension schemes of insolvent employers adds a further element of protection.

Summary of Contributions payable in the year

During the year, the contributions payable to the Scheme were as follows:

	Employee	Employer	Employee	Employer
	2010	2010	2009	2009
	£000	£000	£000	£000
Contributions required by the Schedule of Contributions				
Normal contributions	151	10,503	112	11,554
Salary sacrifice contributions made by the employer on behalf of the employees	-	1,784	-	1,276
	151	12,287	112	12,830
Other contributions payable				
Augmentation	-	6,900	-	-
Additional Voluntary Contributions (AVC)	97	-	101	-
	248	19,187	213	12,830

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Trustee's report (continued)

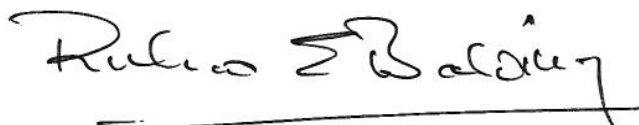
A deed of amendment to the consolidating deed dated 2 September 2008 was signed by the Principal Employer and the Trustee on 6 April 2009 to give effect to multiple changes to employee contribution rates with effect from 1 April 2009. Employee contributions have generally increased to reflect different member categories pre 1 April 2009 and the choice of future accrual rates. Employer contributions have increased from nil in the schedule of contributions certified on 23 October 2008 to 25.9% from 1 January 2009 (to 24.9% from 1 April 2009) of pensionable earnings less specified employee contributions.

In addition, the company has agreed further changes to benefits accrued post 1 April 2011 with its current employees. The company and the trustees are in the process of agreeing revised employer contributions to reflect these changes as part of the 31 December 2010 actuarial valuation process.

Further information

Further details of investment performance are included in the investment report. Further disclosures required by legislation are included in the compliance statement.

Signed for and on behalf of RLGPS Trustee Limited by:



Trustee Director



for The Law Debenture Pension
Trust Corporation plc.

Trustee Director

Date: 13 June 2011

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Investment report

This investment report forms part of the Trustee's report.

Investment managers

Ultimate responsibility for deciding investment policy lies with the Trustee. The Trustee has appointed RLAM to manage the Scheme's investments on a day-to-day basis. The manager has full discretion to invest world-wide subject to the restrictions and investment policies laid down by the Trustee.

The investment manager is appropriately authorised under the Financial Services and Markets Act 2000.

Investment principles

The Trustee maintains a Statement of Investment Principles (SIP) as required by section 35 of the Pensions Act 1995 (as updated by the Pensions Act 2004). A copy of the statement is available on request from the contact address set out in the final section of this annual report and financial statements: "Further information".

Asset class	Actual holding %	Range permitted by benchmark %
UK equities	15.7	12 - 18
Overseas equities	20.3	15 - 21
<i>comprising:</i>		
<i>US equities</i>	7.4	3.8 - 9.8
<i>European equities</i>	7.1	3.7 - 9.7
<i>Japanese equities</i>	3.2	1.3 - 3.3
<i>Asia Pacific equities</i>	2.6	1.2 - 3.2
Fixed interest gilts	0.4	0 - 6
Sterling non-government bonds	32.3	26 - 42
Overseas bonds	0.6	0 - 3
Index-linked gilts	25.2	22 - 38
Property	4.4	1 - 7
Cash	1.1	0 - 5
	100.0	
Overall restriction		
Equities and property	40.4	32 - 42
Bonds and cash	59.6	58 - 68
	100.0	

The above table represents the funds held with the Investment Manager as at 31 December 2010. The table does not include AVC investments and other investment receivables. Asset allocations are monitored against the SIP at bid price with assets held in pooled investment vehicles monitored on a look through basis. The underlying cash element within the pooled investment vehicles is reallocated to cash in line with the SIP.

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Investment report (continued)

The Scheme benchmark is allowed to drift between quarter ends and rebalanced to the long-term strategic benchmark at the start of each quarter.

The permitted benchmark ranges in the table on page 11 are those in force at 31 December 2010, before rebalancing at the year-end. These ranges differ from the Scheme's long-term strategic benchmark ranges as they are allowed to drift over the quarter with the relative performance of the underlying indices. The drifted benchmarks were rebalanced to the strategic benchmarks on 1 January 2011.

Employer related investments

Details of employer related transactions and investments are given in note 14 to the financial statements.

Custodial arrangements

The Scheme's direct investment assets are held in the names of the nominees by the Scheme's investment custodian, HSBC Bank plc. The custodian operates a system of internal controls to ensure the security of the Scheme's assets. The custody of assets in pooled investment vehicles is the responsibility of the manager of those arrangements.

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Investment report (continued)

Review of investment performance

Details of the Scheme's investments are given in note 9 to the financial statements. An analysis of the Scheme's investments at 31 December 2010 is provided below, with pooled investment vehicles having been reallocated to their underlying asset class. The cash element within the pooled investment vehicles is, however, not reallocated to cash deposits.

	2010 %	2009 %
Fixed interest securities		
UK public sector quoted	0.42	0.81
UK other quoted	31.95	32.88
Overseas public sector	0.57	0.81
	<u>32.94</u>	<u>34.50</u>
Equities		
UK quoted equities	15.58	13.69
Overseas quoted equities	20.05	19.91
	<u>35.63</u>	<u>33.60</u>
Index-linked securities		
UK quoted	24.90	24.98
	<u>24.90</u>	<u>24.98</u>
Property	4.38	4.20
Cash deposits	1.13	1.63
Other investments	0.84	0.93
AVC investments	0.18	0.16
	<u>6.53</u>	<u>6.92</u>
Total	<u><u>100.00</u></u>	<u><u>100.00</u></u>

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Investment report (continued)

The Trustee considers that the spread of investments both geographically and by investment category enables the Scheme to benefit from potentially higher rates of investment growth in different markets whilst also decreasing the effect that price fluctuations within a particular market may have on the Scheme. The proportion of the Scheme's assets invested in a particular market is determined by reference to the relative rate of return and the relative level of risk associated with that market.

The Trustee considers that all the Scheme's investments are readily marketable. However, if there was a material disposal of units in the Royal London Property Fund, the Fund's Prospectus does provide for deferred redemption (on a normal basis, redemption requests must be received three months in advance, but this may be deferred for 1 further month), as the underlying assets would have to be sold in the marketplace.

The table below shows the performance of the Scheme over various periods relative to the appropriate benchmarks.

Percentage returns	Year ended	3 Years ended
	31 December 2010	31 December 2010
	% pa	% pa
Royal London Group Pension Scheme	11.8	5.0
<i>Benchmark</i>	<i>11.2</i>	<i>3.7</i>

RLAM calculates the performance measurement of the RLGPS and the benchmark following the termination of the contract with Mellon Analytical Solution Europe Ltd during the year. In 2010 the RLGPS fund return was 0.6% (2009: 1.5%) ahead of its benchmark return.

The following benchmarks have been in place since 1 November 2010, replacing the benchmark that existed since 1 November 2009. In exceptional market conditions such as those experienced in 2008 and 2009, the Trustee may suspend or amend the way in which the portfolio is rebalanced.

Sector	Comparison Benchmark
UK Index-Linked Gilts	FTSE ILG Over 5 Years
UK Index-Linked Gilts	FTSE ILG All Stocks
UK Fixed Interest Gilts	FTSE Over 15 year Gilts
UK Non-Gilt Bonds	iBoxx Sterling Non-Gilts All Stocks
UK Non-Gilt Bonds	iBoxx Sterling Non-Gilts Over 15 years
UK Equities	FTSE 100
UK Equities	FTSE A All Share excluding FTSE 100
US Equities	FTSE-W USA
European Equities	FTSE-W Europe ex UK
Japanese Equities	FTSE-W Japan
Pacific Ex Japan Equities	FTSE-W Asia Pacific ex Japan
UK Property	IPD/HSBC UK Balanced PUT
Overseas Bonds	No benchmark
UK Cash Balances	LIBID 7 Day

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Certification of the calculation of technical provisions

Actuarial certification for the purposes of Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme **Royal London Group Pension Scheme**

Effective date of valuation **31 December 2007**

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 December 2007 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 23 October 2008.

Jonathan Howes	1 Wellington Place
Scheme actuary	Wellington Street
Fellow of the Institute of Actuaries	Leeds
Watson Wyatt Limited	LS1 4AP

23 October 2008

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Schedule of Contributions

The rates of contributions payable to the Scheme during the period of this schedule are as follows:

Employer contributions

- i) The employer will pay contributions for each member of the Royal London Pension Contribution Arrangement who has opted to sacrifice a portion of salary in place of that member's contribution, at the appropriate level specified under 'Employee contributions' below.
- ii) The employer will pay contributions in respect of the current active Scheme membership at the level of 24.9% of Pensionable Earnings, or such higher amount as may, from time to time, be agreed between the Trustee and the Company, less contributions specified under 'Employee contributions' below.

Employee contributions

Each employee will pay contributions at a level dependent on their accrual rate, and whether they were a contributory or non-contributory member of the Scheme prior to 1 April 2009. Members who opt for the 1/80th accrual rate shall not pay any contributions.

- a. Members who did not contribute to the Scheme and had an accrual rate of 1/60th prior to 1 April 2009, shall pay the following contributions, expressed as a percentage of Pensionable Earnings, to the Scheme, effective 1 April of each year as below:

Accrual Rate	2010	2009
	%	%
1/60 th	5.00	2.50
1/70 th	2.50	1.25

- b. Members who contributed 5.0% of Pensionable Earnings to the Scheme and had an accrual rate of 1/60th prior to 1 April 2009, shall pay the following contributions, expressed as a percentage of Pensionable Earnings, to the Scheme, effective 1 April of each year as below:

Accrual Rate	2010	2009
	%	%
1/60 th	6.75	6.00
1/70 th	3.375	3.00

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Schedule of Contributions (continued)

- c. Members who contributed 4.0% of Pensionable Earnings to the Scheme and had an accrual rate of 1/45th prior to 1 April 2009, shall pay the following contributions, expressed as a percentage of Pensionable Earnings, to the Scheme, effective 1 April of each year as below:

Accrual Rate	2010	2009
	%	%
1/45 th	9.00	6.50
1/60 th	5.00	2.50
1/70 th	2.50	1.25

- d. Members who contributed 9.0% of Pensionable Earnings to the Scheme and had an accrual rate of 1/45th prior to 1 April 2009, shall pay the following contributions, expressed as a percentage of Pensionable Earnings, to the Scheme, effective 1 April of each year as below:

Accrual Rate	2010	2009
	%	%
1/45 th	10.75	10.00
1/60 th	6.75	6.00
1/70 th	3.375	3.00

- e. Executive Members who contributed 5.0% of Pensionable Earnings to the Scheme and had an accrual rate of 1/45th prior to 1 April 2009, shall pay the following contributions, expressed as a percentage of Pensionable Earnings, to the Scheme, effective 1 April of each year as below:

Accrual Rate	2010	2009
	%	%
1/45 th	6.25	5.00

- f. Executive Members who contributed 5.0% of Pensionable Earnings to the Scheme and had an accrual rate of 1/30th prior to 1 April 2009, shall pay the following contributions, expressed as a percentage of Pensionable Earnings, to the Scheme, effective 1 April of each year as below:

Accrual Rate	2010	2009
	%	%
1/30 th	6.75	6.00

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Schedule of Contributions (continued)

In addition, members may have the opportunity to pay Additional Voluntary Contributions (AVCs) to earn additional pension benefits.

The employee contributions detailed above will be paid by the employer on the employee's behalf for those employees who have opted under the Royal London Pension Contribution Arrangement to sacrifice a portion of salary in place of that member's contribution.

All contributions (from both members and employer) are payable monthly and are due to be paid to the Scheme by the 19th day of the month following that to which the contributions relate.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Actuary's certification of the schedule of contributions

Actuarial certificate given for the purposes of section 58 of the Pensions Act 1995 (Certificate of Schedule of Contributions)

Name of scheme: Royal London Group Pension Scheme

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2007 to continue to be met for the period for which the schedule is to be in force.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 23 October 2008.

Jonathan Howes

Scheme actuary

Fellow of the Institute of Actuaries

Watson Wyatt Limited

17 July 2009

1 Wellington Place

Wellington Street

Leeds

LS1 4AP

Note: -

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities if the Scheme were wound up.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Independent Auditors' report to the Trustee of the Royal London Group Pension Scheme

We have audited the accounts of the Royal London Group Pension Scheme for the year ended 31 December 2010 which comprise the fund account, the net assets statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice).

Respective responsibilities of the Trustee and Auditors

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for the preparation of the accounts and being satisfied that they show a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the accounts

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

Opinion on the accounts

In our opinion the accounts:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 2010, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.



PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

13 June 2011

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Independent Auditors' Statement about Contributions to the Trustee of the Royal London Group Pension Scheme

We have examined the summary of contributions to the Royal London Group Pension Scheme for the scheme year ended 31 December 2010 which is set out on page 10.

Respective responsibilities of Trustee and Auditors

As explained more fully in the statement of Trustee's responsibilities, the scheme's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions and for monitoring whether contributions are made to the scheme by the employer in accordance with relevant requirements.

It is our responsibility to provide a statement about contributions and to report our opinion to you.

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of work on the statement about contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme under the schedule of contributions and the timing of those payments.

Statement about contributions to the Scheme

In our opinion, the contributions required by the schedule of contributions for the scheme year ended 31 December 2010 as reported in the summary of contributions have in all material respects been paid in accordance with the schedule of contributions certified by the scheme actuary on 17 July 2009.



PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

13 June 2011

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Statement of Trustee's responsibilities

The accounts, which are prepared in accordance with UK Generally Accepted Accounting Practice, are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to scheme members, beneficiaries and certain other parties, audited accounts for each scheme year which :

- show a true and fair view of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

The Trustee has supervised the preparation of the accounts and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustee is also responsible for making available certain other information about the scheme in the form of an annual report.

The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the scheme and for monitoring whether contributions are made to the scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

Basis of preparation of the accounts

The accounts have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised May 2007).

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Fund account

	<i>Notes</i>	2010	2009
		£'000	£'000
Contributions and other income			
Contributions	3	19,435	13,043
Other income	4	39	128
		19,474	13,171
Benefits and other payments			
Benefits	5	69,424	68,467
Payments to and on account of leavers	6	4,979	3,529
Administrative expenses	7	2,536	2,393
		76,939	74,389
Net withdrawals from dealings with members		57,465	61,218
Returns on investments			
Investment income	8	62,377	63,238
Change in market value of investments	9	138,272	148,962
Investment management expenses	10	(1,913)	(1,723)
Investment management fee rebates	11	468	459
Irrecoverable tax		(439)	(652)
Net returns on investments		198,765	210,284
Net increase in the fund for the year		141,300	149,066
Net assets of the Scheme at 1 January		1,728,673	1,579,607
Net assets of the Scheme at 31 December		1,869,973	1,728,673

The notes to the financial statements on pages 25-36 form part of these financial statements.

Royal London Group Pension Scheme
 Annual report and financial statements
 for the year ended 31 December 2010

Net assets statement

	<i>Notes</i>	2010	2009
		£'000	£'000
Investment assets	9	1,869,693	1,728,273
Current assets	12	2,157	2,219
Current liabilities	13	(1,877)	(1,819)
Net assets of the scheme at 31 December		1,869,973	1,728,673

The financial statements summarise the transactions and net assets of the Scheme. Liabilities to pay pensions and other benefits which are expected to become payable after the end of the Scheme year are not dealt with in the financial statements. The actuarial position of the Scheme, which does take account of such liabilities, is dealt with in the Trustee's report on page 7 and in the Actuarial certification of technical provisions on page 15 of the Annual report, and these financial statements should be read in conjunction with them.

The notes to the financial statements on pages 25-36 form part of these financial statements.

Signed for and on behalf of RLGPS Trustee Limited by:



Trustee Director

Lillian for The Law Debenture Pension
 Trust Corporation plc.

Trustee Director

Date: 13 June 2011

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to Obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 and with the guidelines set out in the Statement of Recommended Practice: Financial Reports of Pension Schemes (revised May 2007).

2. Accounting policies

The following principal accounting policies have been adopted in the preparation of the financial statements:

Investment valuation

Securities traded through the London Stock Exchange Trading Service (SETS) are valued based on the latest available SETS trading price. Accrued interest is excluded from the market value of fixed interest securities but is included in investment income receivable. Unquoted securities are valued by the investment manager at the year-end. Units in pooled investment vehicles are included at the closing bid price as advised by the investment manager.

Transaction costs are included in the cost of purchases and deducted from sales proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions and stamp duty.

Investment income

Income from equities is accounted for when stock is quoted ex-dividend. Interest on cash deposits and fixed interest securities is accounted for by reference to the period to which it relates. Investment income includes any reclaimable tax credits. Realised and unrealised capital gains and losses on investments are dealt with in the fund account in the year in which they arise.

Income generated by pooled investment vehicles, except income from those disclosed in note 8, is not distributed but is retained within pooled funds and is reflected in the market value of the units.

Contributions

Normal contributions are accounted for on an accruals basis at rates agreed by the Trustee as recommended by the actuary.

Other employer contributions such as deficit funding and augmentations are accounted for in accordance with the Schedule of Contributions or agreement under which they are being paid or in the absence of an agreement, on a receipts basis.

Additional Voluntary Contributions (AVC) from the members are accounted for in the month deducted from payroll.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

2. Accounting policies (continued)

Transfers to other schemes

Transfer values represent the capital sums payable to the new pension schemes of members who have left the Scheme.

They take account of transfers where the trustees of the receiving scheme have agreed to accept the liabilities in respect of the transferring members before the year-end and where the amount of the transfer can be determined with reasonable certainty.

Benefits

Members can choose whether to take benefits as a pension, a pension and a lump sum and, in certain circumstances, a lump sum. Pensions and lump sums are accounted for on an accruals basis from the later of retirement date and the date the option is exercised.

Expenses

Administrative expenses and investment management expenses are accounted for by reference to the period to which they relate.

Foreign currency conversion

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Surpluses and deficits arising on conversion are dealt with as part of realised and unrealised investment gains and losses.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

3. Contributions

	2010	2009
	£000	£000
Members		
Normal	151	112
Additional voluntary contributions	97	101
	<u>248</u>	<u>213</u>
Employer		
Salary sacrifice contributions made by the employer on behalf of the employees	1,784	1,276
Normal	10,503	11,554
Augmentation	6,900	-
	<u>19,187</u>	<u>12,830</u>
	<u>19,435</u>	<u>13,043</u>

The employer made a single augmentation contribution of £6.9 million in June 2010 to fund the net deficit for the granting of discretionary pension increases and other benefit augmentations of £10.3 million awarded as at 1 April 2010. Prior to awarding the increases, the Scheme had a funding position of £3.4 million in surplus as at 31 March 2010.

4. Other income

	2010	2009
	£000	£000
Bank interest	-	1
VAT refund	38	127
Sundry income	1	-
	<u>39</u>	<u>128</u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

5. Benefits

	2010	2009
	£000	£000
Pensions	62,253	61,018
Commutations and retirement lump sums	6,849	7,264
Lump sum death benefits	300	185
Purchase of annuities	22	-
	<u>69,424</u>	<u>68,467</u>

6. Payments to and on account of leavers

	2010	2009
	£000	£000
Individual transfers to other schemes	4,990	3,529
Payments for members reinstated in state scheme	(11)	-
	<u>4,979</u>	<u>3,529</u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

7. Administrative expenses

	2010	2009
	£000	£000
Administration fees	1,139	1,110
Actuarial fees	556	522
Levies paid to the Pensions Regulator	392	360
Trusteeship fees	50	78
Audit fees	42	44
Legal fees	166	118
Consultancy	102	90
Sundry expenses	89	71
	<u>2,536</u>	<u>2,393</u>
	<u><u>2,536</u></u>	<u><u>2,393</u></u>

Trusteeship fees include fees paid directly to the Trustee Directors as disclosed in note 14 (Related party transactions and employer related investments) to the financial statements.

8. Investment income

	2010	2009
	£000	£000
Income from fixed interest securities	37,845	36,051
Dividends from equities	16,875	20,406
Income from index-linked securities	7,287	6,622
Income from pooled investment vehicles - property	273	-
Interest on cash deposits	97	116
Other investment income	-	43
	<u>62,377</u>	<u>63,238</u>
	<u><u>62,377</u></u>	<u><u>63,238</u></u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

9. Investment assets

		Value at 1 Jan 2010	Purchases at cost	Sale proceeds	Change in market value	Value at 31 Dec 2010
	Notes	£000	£000	£000	£000	£000
Fixed interest securities	9 (ii)	576,083	485,153	(522,714)	59,261	597,783
Index-linked securities	9 (iii)	431,686	1,249,801	(1,218,480)	2,406	465,413
Equities	9 (iv)	579,559	250,623	(229,528)	65,055	665,709
Pooled investment vehicles	9 (v)	93,573	290	(4,800)	11,177	100,240
AVC investments	9 (viii)	3,109	123	(226)	366	3,372
		<u>1,684,010</u>	<u>1,985,990</u>	<u>(1,975,748)</u>	<u>138,265</u>	<u>1,832,517</u>
Cash deposits	9 (vi)	28,266			7	21,397
Other investments	9 (vii)	15,997			-	15,779
		<u>1,728,273</u>			<u>138,272</u>	<u>1,869,693</u>

The change in market value of investments during the year comprises increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

(i) Transaction costs

	2010	2009
	£000	£000
Purchases incremental costs	903	681
Sales incremental costs	570	575
	<u>1,473</u>	<u>1,256</u>

Transaction costs relating to purchases of investments are added to the cost of investments and those relating to sales of investments are netted against proceeds of investments. In addition to these transaction costs, indirect costs are incurred through the bid-offer spread on investments within the pooled investment vehicles.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

9. Investment assets (continued)

(ii) Fixed interest securities

	2010	2009
	£000	£000
UK public sector quoted	1,371	7,999
UK other quoted	596,412	565,968
Overseas quoted	-	2,116
	<u>597,783</u>	<u>576,083</u>

(iii) Index-linked securities

	2010	2009
	£000	£000
UK public sector quoted	450,141	429,262
UK other quoted	15,272	2,424
	<u>465,413</u>	<u>431,686</u>

(iv) Equities

	2010	2009
	£000	£000
UK quoted	292,176	236,577
Overseas quoted	373,533	342,982
	<u>665,709</u>	<u>579,559</u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

9. Investment assets (continued)

(v) Pooled investment vehicles

	2010	2009
	£000	£000
Unit trust - property	81,815	72,513
Unit trust - other	1,289	1,059
	<u>83,104</u>	<u>73,572</u>
Managed funds - other	17,136	20,001
	<u>100,240</u>	<u>93,573</u>

The property unit trust was converted to a Property Authorised Investment Fund (PAIF) from an Exempt Property Unit Trust (EPUT) during the year with the investment objective and policy remaining the same. All unit trust and managed funds held during the year are managed by companies registered in the United Kingdom.

(vi) Cash deposits

	2010	2009
	£000	£000
Sterling	19,037	23,711
Foreign currency	2,360	4,555
	<u>21,397</u>	<u>28,266</u>

(vii) Other investments

	2010	2009
	£000	£000
Investment income receivable	15,779	15,997

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

9. Investment assets (continued)

(viii) AVC investments

The Trustee holds assets invested separately from the main fund in the form of insurance policies, which secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held on their behalf and the movements in the year. The aggregate amounts of AVC investments are shown below:

	2010	2009
	£000	£000
Clerical Medical Investment Group Limited	1,391	1,244
Scottish Life (a marketing division of The Royal London Group)	875	764
Scottish Widows plc	745	766
The Equitable Life Assurance Society	361	335
	<u>3,372</u>	<u>3,109</u>
	<u><u>3,372</u></u>	<u><u>3,109</u></u>

10. Investment management expenses

	2010	2009
	£000	£000
Administration and management	1,692	1,498
Custodian charges	213	208
Interest payable	3	10
Bank charges	5	7
	<u>1,913</u>	<u>1,723</u>
	<u><u>1,913</u></u>	<u><u>1,723</u></u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

11. Investment management fee rebates

	2010	2009
	£000	£000
Investment management fee rebates	468	459
	<u> </u>	<u> </u>

The fee rebates represent amounts received by the Scheme as reimbursement of the management charges reflected in the unit prices of Royal London unitised funds.

12. Current assets

	2010	2009
	£000	£000
Cash balances	898	931
Prepayments	100	92
Contributions due	1,009	1,052
Other debtors	150	144
	<u> </u>	<u> </u>
	2,157	2,219
	<u> </u>	<u> </u>

The contributions due related to normal employer and employee contributions, which were paid by the employer by 7 January 2011.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

13. Current liabilities

	2010	2009
	£000	£000
Unpaid benefits	192	130
Amounts due to employer	459	466
Accrued expenses	427	462
Other creditors	799	761
	<u>1,877</u>	<u>1,819</u>
	<u> </u>	<u> </u>

14. Related party transactions and employer related investments

Royal London Asset Management Limited (RLAM) is a subsidiary company within the Royal London Group of companies. RLAM manages the investments of the Scheme on an arm's length basis and is remunerated in accordance with the terms of a normal commercial contract. Investment management expenses totalling £1,692,125 (2009: £1,497,892) are in respect of this remuneration for the year ended 31 December 2010, of which £581,162 (2009: £540,425) was payable at the year end.

The Scheme received investment management fee rebates of £467,884 (2009: £459,161) from RLAM, of which £180,611 (2009: £59,550) was receivable at the year end.

The sponsoring employer, Royal London, provides certain administration and accountancy services. During the year the Scheme was charged £96,586 (2009: £119,970) in respect of these services, of which £13,628 (2009: £39,990 payable) was receivable at the year end.

As disclosed in note 7 (Administrative expenses) to the financial statements the Trustee Directors below were paid directors fees related to the respective years as indicated.

	2010	2009
	£000	£000
Richard Balding	24	24
John Tovey	10	10
	<u>—</u>	<u>—</u>
	<u>34</u>	<u>34</u>
	<u> </u>	<u> </u>

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Notes to the financial statements (continued)

14 Related party transactions and employer related investments (continued)

The Law Debenture Pension Trust Corporation plc was paid £25,924 (2009: £23,697) in respect of Trustee services provided during the year.

Scottish Life is a division of the Royal London. As at 31 December 2010, Scottish Life held AVC funds in the member's names with a market value of £875,166 (2009: £764,327).

The Scheme holds units in various Royal London Pooled Pension Company Limited (RLPPC) funds. RLPPC is a subsidiary of Royal London. At 31 December 2010, the market value of the holding in RLPPC units totalled £17,135,561 (2009: £20,000,653).

All of the above transactions were made in accordance with the Scheme Rules.

15. Contingent liabilities and contractual commitments

In the opinion of the Trustee, the Scheme had no contingent liabilities or contractual commitments except the liability to pay future benefits to Scheme members and their dependants as at 31 December 2010 (31 December 2009 £nil).

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Compliance statement

The purpose of this compliance statement is to disclose some additional information required by law.

Tax and contracting-out status

In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Scheme became a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004 with effect from 5 April 2006.

Former RASF members

Members of the Scheme were not contracted-out of the State Second Pension Scheme (or earlier similar schemes) until 29 October 2001, when a contracting-out certificate was obtained.

Former UFGPS members:

The majority of the members of the Scheme were contracted-out of the State Second Pension Scheme (or earlier similar schemes).

Former RLSPF members:

Members were contracted-out of the State Second Pension Scheme (or earlier similar schemes).

Former SLORBS members:

Members were contracted-out of the State Second Pension Scheme (or earlier similar schemes).

Scheme advisors

There are written agreements in place between either the previous Trustees or the Trustee and each of the Scheme advisers listed on page 1 of this report.

Royal London Group Pension Scheme

Annual report and financial statements

for the year ended 31 December 2010

Further information

The Registrar, TPAS, the Pensions Ombudsman and The Pensions Regulator

In accordance with the Occupational Pensions Schemes (Disclosure of Information) Regulations 1996, members are advised that:

- information regarding the Scheme has been given to the Registrar of Occupational Pension Schemes;
- the Pensions Advisory Service (TPAS, formerly known as OPAS) of 11 Belgrave Road, London, SW1V 1RB is able to assist members and beneficiaries with difficulties which may arise;
- the Pensions Ombudsman of 11 Belgrave Road, London, SW1V 1RB may investigate and determine any complaint or dispute of fact or law which they have failed to resolve with the Trustee or the Scheme administrator, in relation to an occupational pension scheme.

In addition to the above, The Pensions Regulator regulates company pension schemes and enforces the law as it relates to them. It has wide ranging powers which include the power to:

- suspend, disqualify and remove a trustee, or a director of a trustee company, for consistently not carrying out their duties;
- wind up schemes where necessary;
- apply for injunctions to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary.

The Auditor and Actuary have a statutory duty to make an immediate written report to The Pensions Regulator if they believe that legal duties concerned with the running of the Scheme are not being carried out.

Internal disputes resolution procedure

A disputes resolution procedure has been agreed by the Trustee to try to resolve any queries raised by beneficiaries or potential beneficiaries of the Scheme and details of this can be obtained by writing to the contact below.

Contact for further information

Any queries or complaints about the Scheme, including requests from individuals for information about their benefits, or for a copy of Scheme documentation, should be sent to:

The Trustee of the Royal London Group Pension Scheme

c/o Towers Watson Limited

1 Wellington Place

Wellington Street

Leeds

LS1 4AP