ANNUAL REPORT
AND
FINANCIAL STATEMENTS

2010

Old Mutual Wealth Management Limited

(Previously known as Skandia UK Holdings Limited)

Registered in England No. 6404270

Old Mutual Wealth Management Limited

Contents

Old Mutual Wealth Management Limited

COMPANY INFORMATION

Directors	A S Birrell P A J Broadley P B Hanratty R M Head M O Satchel
Secretary	D J L Eardley
Bankers	National Westminster Bank Plc PO Box 315 High Street Southampton SO14 2BF
Auditors	KPMG Audit Plc 15 Canada Square London E14 5GL
Registered office	Skandia House Portland Terrace Southampton Hampshire SO14 7EJ Telephone 023 8033 4411 Website www skandia co uk Registered in England No 6404270

Old Mutual Wealth Management Limited

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY, REVIEW OF BUSINESS AND DIVIDENDS

The company is an investment holding company The principal activities of the company's subsidiaries during the year related to the transaction of life assurance, pensions and investment products in the UK and offshore and this wil continue for the foreseeable future

On 29th November 2010, the directors approved the capital reduction of the company's share premium reserve by £173,640,000

The profit for the year, after taxation, amounted to £2,240,000 (2009 £99,944,000) The directors do not recommend the payment of a dividend (2009 £55,000,000)

PRINCIPAL RISK AND UNCERTAINTIES

The management of the business and the execution of the company's strategy through its subsidiaries is subject to a number of risks The key risks affecting the business are competition from key and emerging industry players, retention of key staff, transition change and regulatory risk

KEY PERFORMANCE INDICATORS (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the business

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows

R Baxter	(resigned 22nd July 2010)
A S Birrell	(appointed 22nd July 2010)
P A J Broadley	(appointed 22nd July 2010)
I Goldin	(resigned 22nd July 2010)
A K Gupta	(resigned 22nd July 2010)
P B Hanratty	(appointed 22nd July 2010)
R M Head	
S T Lloyd	(resigned 12th February 2010)
N H Poyntz-Wright	(resigned 30th June 2010)
M O Satchel	(appointed 22nd July 2010)

Certain directors benefited from qualifying third party indemnity provision in place during the financial year and at the date of this report

CHANGE OF NAME

On 8th July 2010, the company changed its name from Skandia UK Holdings Limited to Old Mutual Wealth Management Limited

EMPLOYEES

The company has no employees Management services are provided by a fellow subsidiary undertaking as disclosed in note 17

Old Mutual Wealth Management Limited

DIRECTORS' REPORT (CONTINUED)

SUPPLIER PAYMENT POLICY
The company's principal supplier is a fellow subsidiary undertaking as disclosed in note 17 An average creditor payment period has therefore not been calculated

FINANCIAL INSTRUMENTS
The financial risk management objectives and policies of the group are disclosed in note 3

EVENTS AFTER THE REPORTING DATE
On 25th March 2011, the company completed the purchase of 53 32% of the issued share capital of Skandia Link SA

On 25th March 2011, the company received an additional capital injection of £130,000,000 from Old Mutual plc, its immediate parent company

DISCLOSURE OF INFORMATION TO AUDITORS
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the directors are each aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS
KPMG Audit Plc have expressed their willingness to continue in office as auditors in accordance with section 487 of the Companies Act 2006 and the company's Articles of Association

By order of the Board

D J L Eardley
Secretary

29th June 2011

Old Mutual Wealth Management Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLD MUTUAL WEALTH MANAGEMENT LIMITED

We have audited the financial statements of Old Mutual Wealth Management Limited for the year ended 31 December 2010 set out on pages 6 to 19 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Robert Lewis

Robert Lewis (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
29th June 2011

Old Mutual Wealth Management Limited

INCOME STATEMENT
for the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
REVENUE			
Investment income	4	3,311	100,153
Total revenue		3,311	100,153
EXPENSES			
Administrative expenses	5	(203)	(231)
Total expenses		(203)	(231)
PROFIT BEFORE TAX		3,108	99,922
Tax (charge)/credit	7	(868)	22
PROFIT AFTER TAX		2,240	99,944
Attributable to equity holders		2,240	99,944

All the above amounts in the current and prior year derive from continuing activities

The notes on pages 11 to 19 are an integral part of these financial statements

Old Mutual Wealth Management Limited

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010

	2010 £'000	2009 £'000
PROFIT FOR THE YEAR	2,240	99,944
TOTAL COMPREHENSIVE INCOME FOR THE YEAR - All attributable to equity holders	2,240	99,944

The notes on pages 11 to 19 are an integral part of these financial statements

Old Mutual Wealth Management Limited

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2010

	Share capital £'000	Share premium reserve £'000	Merger reserve £'000	Retained profit £'000	Total equity holders' funds £'000
Balance at 1 January 2009	-	173,640	1,662,267	(32,074)	1,803,833
Profit for the year	-	-	-	99,944	99,944
Dividend	-	-	-	(55,000)	(55,000)
Balance at 1 January 2010	-	173,640	1,662,267	12,870	1,848,777
Capital reduction	-	(173,640)	-	173,640	-
Profit for the year	-	-	-	2,240	2,240
Balance at 31 December 2010	-	-	1,662,267	188,750	1,851,017

The notes on pages 11 to 19 are an integral part of these financial statements

Old Mutual Wealth Management Limited

STATEMENT OF FINANCIAL POSITION
at 31 December 2010

	Notes	2010 £'000	2009 £'000
ASSETS			
NON-CURRENT ASSETS			
Investments	8	1,804,000	1,804,000
CURRENT ASSETS			
Loans and advances	9	136,657	76,166
Trade and other receivables	10	-	112
		136,657	76,278
Total assets		1,940,657	1,880,278
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	-	-
Share premium reserve	12	-	173,640
Merger reserve		1,662,267	1,662,267
Retained profit		188,750	12,870
Total equity attributable to equity holders		1,851,017	1,848,777
CURRENT LIABILITIES			
Trade and other payables	13	1,320	554
Interest bearing liabilities	14	88,320	30,947
Total liabilities		89,640	31,501
Total equity and liabilities		1,940,657	1,880,278

The notes on pages 11 to 19 are an integral part of these financial statements

Approved at a meeting of the Board of directors on 29th June 2011 and signed on its behalf by

M O Satchel
Director

R M Head
Director

Company number 6404270

Old Mutual Wealth Management Limited

STATEMENT OF CASH FLOWS
for the year ended 31 December 2010

	2010 £'000	2009 £'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax for the year	3,108	99,922
Adjustments for		
Decrease/(increase) in trade and other receivables	112	(22)
Increase/(decrease) in trade and other payables	766	(898)
Tax (paid)/received	(868)	22
Net cash from operating activities	3,118	99,024
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends paid	-	(55,000)
Net cash used in investing activities	-	(55,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in loan from fellow group undertaking	57,373	30,947
Increase in loan to immediate parent company	(60,491)	(74,971)
Net cash from financing activities	(3,118)	(44,024)
Net increase/(decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

During 2009, the company had no bank account and dividends received/paid were credited/charged to intercompany accounts

The notes on pages 11 to 19 are an integral part of these financial statements

Old Mutual Wealth Management Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

1. GENERAL INFORMATION

General information
Old Mutual Wealth Management Limited ('the company') is a limited company incorporated in England & Wales The address of its registered office is disclosed in the company information section on page 1 The principal activities of the company are disclosed in the directors' report

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared and approved by the directors in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the EU The financial statements have been prepared on the historical cost basis except for common control transactions, and have been prepared in sterling and are rounded into thousands These are separate financial statements as the company has elected under IAS 27 paragraph 10 not to prepare consolidated financial statements

Future amendments not early adopted in the 2010 annual financial statements
At the date of authorisation of these financial statements the following standards, amendments to standards, and interpretations, which are relevant to the company, have been issued by the International Accounting Standards Board, although the EU has not yet endorsed all of them

IAS 24 Related Party Disclosures (Amendment)
The amended standard is effective for annual periods beginning on or after 1 January 2011 It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application The revised standard introduced a partial exemption of disclosure requirements for government-related entities The company does not expect any impact on its financial position or performance Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard

IFRS 9 'Financial Instruments' (effective 1 January 2013)
This is a new standard on financial instruments that will eventually replace IAS 39 The published standard introduces changes to the current IAS 39 rules for classification and measurement of financial assets, amortised cost and fair value Financial assets at fair value will be recorded at fair value through the income statement with a limited opportunity to record changes in fair value of certain equity instruments through other comprehensive income Financial liabilities are excluded from the scope of the standard The company is currently assessing the full impacts of the standard on its financial statements The standard has not yet been endorsed by the European Union

IFRS7 Disclosures – Transfers of Financial Assets (Amendments to IFRS 7)
This was issued in October 2010 The amendments to IFRS 7 Financial Instruments Disclosures require enhancements to the existing disclosures where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale These amendments are effective for annual periods beginning on or after 1 July 2011 Early application of the amendments is permitted The company is currently assessing the full impacts of these disclosure requirements on its financial statements The standard has not yet been endorsed by the European Union

The above amendments will predominantly require changes in disclosure and presentation, and are not expected to result in changes to the company's recognition and measurement accounting policies

Critical accounting estimates and judgements
Critical accounting estimates are those which involve the most complex or subjective judgements or assessments The areas of the company's business that typically require such estimates are the determination of the value of investments in subsidiaries and impairment charges Each of these are discussed in more detail in the relevant accounting policies and notes to the financial statements

Old Mutual Wealth Management Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in subsidiaries
Investments in subsidiary undertakings are initially stated at cost Where the cost of acquisition does not result in a payment for the full amount (for example, in relation to transactions to acquire entities under the control of the same ultimate parent as Old Mutual Wealth Management Limited), cost is deemed to be the fair value at the transaction date

Subsequently, investments in subsidiary undertakings are stated at cost less impairment An investment in a subsidiary is deemed to be impaired when its carrying amount is greater than its estimated recoverable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements All impairments are recognised in the income statement as they occur

Loans and advances
Loans to group companies are initially recorded at cost including transaction costs and are recognised on the date the funds are transferred Subsequently, loans are stated at amortised cost using the effective interest rate method less any deduction for possible impairment Each loan is valued on an individual basis

Trade and other receivables
Trade and other receivables do not carry any interest and are carried at their amortised cost using the effective interest rate method less appropriate allowances for estimated irrecoverable amounts

Other interest bearing liabilities
Other interest bearing liabilities are recognised initially at the proceeds received, net of transaction costs incurred Subsequent to initial recognition, they are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis

Trade and other payables
Trade and other payables are not interest bearing and are stated at their amortised cost using the effective interest rate method Amortised cost is not materially different to cost and approximates to fair value

Revenue recognition
Revenue comprises the fair value for services, net of value-added tax Revenue is recognised as follows

(i) Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that financial asset's carrying amount

(ii) Dividend income
Dividend income from investments is recognised when the shareholders' rights to receive payments have been established

Expense recognition
All expenses are recognised in the income statement as a cost when incurred

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation
The taxation charge is based on the taxable result for the year The taxable result for the year is determined in accordance with the rules established by the taxation authorities for calculating the amount of corporation tax payable

Deferred taxes are calculated according to the statement of financial position method, based on temporary differences between reported and tax values of assets and liabilities Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax liabilities are not discounted

Deferred tax assets are recognised for all temporary timing differences to the extent that it is probable that taxable profit will be available against which the deductible temporary timing difference can be utilised

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

3. FINANCIAL INSTRUMENTS RISK

Risk Management Framework
The company has adopted the enterprise risk management framework of the Old Mutual Wealth Management Limited sub-group

The enterprise risk management framework for the company is articulated by reference to three key areas
- Culture, leadership and setting the right tone,
- Risk identification and the management cycle, and
- The demonstration of our effective risk management by outcomes evidenced through reports and analysis

Culture, leadership and tone comprises the following components
- Appropriate board and committee structures with defined terms of reference,
- Defined delegated authority limits and decision matrices,
- Strategic and operational plans, and
- The suite of policies which set out the limits of exposure in respect of each risk area

The risk identification and management cycle is the process by which the company identifies and evaluates risk, plans and implements strategic initiatives, controls exposures and monitors outcomes

Demonstration of the effectiveness of risk management is evidenced through
- Analysis of progress against plans using key performance indicators and key risk indicators, and
- Regular reports on risks and issues

The Old Mutual Wealth Management Limited sub-group has established risk policies for the key risks associated with the business These cover the UK Financial Services Authority ("FSA") defined risk categories of group, credit, insurance, liquidity, operational and market risk The policies are reviewed annually as part of the Risk Appetite review Each component risk is assigned a risk owner at director level who is responsible for the ongoing monitoring, risk mitigation and execution of appropriate action plans

In addition, the company is exposed to the risk of impairment of the carrying value of its subsidiary undertakings, which in turn is dependant on the business performance of those entities and the risks they individually bear

Credit, market and liquidity risk are considered below

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

3. FINANCIAL INSTRUMENTS RISK (CONTINUED)

Credit risk
The company is exposed to limited third party credit risk as it trades exclusively with fellow group entities

The risk of default on intercompany loans or repayments of other amounts due from companies within the group is controlled by the monthly monitoring of debt balances New loans are subject to approval by the board

Market risk
Market risk is defined as the risk that a change in the value of or income from any asset is not matched by an equal change in the value of the related liability Market risk arises from fluctuations in equity prices, property prices, interest rates and foreign exchange rates, where assets and liabilities are not precisely matched

The Old Mutual Wealth Management Limited sub-group has established a market risk policy which sets out the market risk management governance framework, permitted and prohibited market risk exposures, maximum limits on market risk exposures, management information and stress testing requirements

i) Interest rate risk
The company is exposed to limited interest rate risk except in respect of a loan to a fellow subsidiary undertaking and a loan from the immediate parent company

ii) Currency exposure
The company is not exposed to currency risk

Liquidity risk
The company is exposed to some liquidity risk as its loan to its parent company is available on demand and it has a loan repayable on demand from a subsidiary

Sensitivity Tests
Sensitivity analysis has been performed by applying the following parameters to the statement of financial position and income statement as at 31 December 2010

Interest rate risk
The impact of an increase and decrease in market interest rate of 1% (e g if the current interest rate is 5% the test allows for the effects of an immediate change to 4% and 6%) is assessed

A decrease in interest rate by 1% would have decreased profit and shareholders equity by £348,000 after tax, an equal change in the opposite direction would have increased profit by £348,000 after tax

4. INVESTMENT INCOME

	2010 £'000	2009 £'000
Interest receivable from group undertakings	3,311	153
Dividend receivable from group undertakings	-	100,000
	3,311	100,153

5. ADMINISTRATIVE EXPENSES

	2010 £'000	2009 £'000
Management fees payable to fellow subsidiary undertaking (see note 17)	203	231
Of which		
Auditor's remuneration audit services paid to KPMG Audit Plc	5	7

Auditor's remuneration for audit services consists of fees in respect of statutory audits and group reporting

6. REMUNERATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity and as such, only directors are considered to meet this definition

	2010 £'000	2009 £'000
Aggregate directors' emoluments:		
Aggregate emoluments excluding pension contributions	1,927	1,795
Company pension contribution to money purchase schemes	112	138
Aggregate compensation in respect of loss of office	636	-

3 directors had money paid to money purchase schemes (2009 1)

6 directors were eligible for shares (including the highest paid director) under a long term incentive scheme (2009 4)

6 directors exercised rights to share options under a long term incentive scheme (2009 nil)

	2010 £'000	2009 £'000
Emoluments of the highest paid director:		
Aggregate emoluments excluding pension contributions	1,285	836
Company pension contribution to money purchase schemes	-	-

The highest paid director did exercise share options either during the year or prior year

The above disclosure includes the remuneration of the directors in relation to their services to this company and subsidiary undertakings The remuneration for each director is apportioned on the basis of time spent across the companies of which they are a director Comparative numbers were previously based on the total remuneration for each director across all companies of which they are a director, but have been restated on the above apportionment basis

Old Mutual Wealth Management Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

7. TAX EXPENSE	2010 £'000	2009 £'000
Tax (charge)/credit for the year	(868)	22

The total (charge)/credit for the year can be reconciled to the accounting profit as follows

	2010 £'000	2009 £'000
Profit before tax	3,108	99,922
Tax charge based on applicable tax rate, 28% (2009 28%)	(870)	(27,978)
Effect of		
- Non-taxable dividend receivable from UK subsidiary	-	28,000
- Prior year adjustment	2	-
	(868)	22

8. INVESTMENTS

	£'000
Investments in subsidiary undertakings at 31 December 2009 and 2010	1,804,000

Investments in subsidiaries are stated at fair value All shares are ordinary shares

The principal subsidiary undertakings, all wholly owned and registered in England and Wales except as noted, are

Company	Area of business
Skandia Life Assurance Company Limited Royal Skandia Life Assurance Limited (incorporated in the Isle of Man) Skandia Life Ireland Limited (incorporated in the Republic of Ireland) Skandia MultiFUNDS Assurance Limited	Life, pension and investment product provider
Skandia Life Business Services Limited	Group management and administrative services
Skandia MultiFUNDS Limited	Investment product provider
Skandia Investment Management Limited	Investment management company

On 25 March 2011, the company completed the purchase of 53 32% of the issued share capital of Skandia Link SA

Old Mutual Wealth Management Limited

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

8. INVESTMENTS (CONTINUED)

Impairment testing
Determining whether an investment in a subsidiary is impaired requires an estimation of the recoverable amount, and this has been calculated with reference to the value-in-use of the cash-generating units of the subsidiary The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from cash-generating units and a suitable discount rate in order to calculate present value

At 31 December 2010, an impairment test was carried out on the cost of investments and this indicated that no impairment in investments was required

Key assumptions applied to the value-in-use calculations
Long-term business
The shareholders' recoverable amount within the long-term business is determined using Market Consistent Embedded Value ('MCEV') methodology plus a value-in-use calculation for the value of new business (VNB) VNB represents the value of future profits from expected new business MCEV represents the shareholders' interest in the long-term business and is calculated in accordance with established industry practice

The cash flows included in the value-in-use calculations are actuarially determined with reference to the MCEV methodology and utilises the inputs from the latest business plans approved by management Projections beyond the three-year business plan period have been extrapolated using a conservative inflation based growth assumption The cash flows are discounted using an economic profit rate which is consistent with the approach adopted by our ultimate parent company The key assumptions that affect the value-in-use calculations are detailed below

Asset management business
As for the long-term business, the cash flows are based on the latest three-year business plans approved by management, extrapolations beyond that period use conservative inflation-based growth rates The cash flows are discounted using an economic profit rate which is consistent with the approach adopted by our ultimate parent company The key assumptions that affect the value-in-use calculations are detailed below

Assumptions

	2010	2009
Period on which management approved forecasts are based	5 -20 years	5 -20 years
Growth rate applied beyond approved business plan period	3 7%	1 9%
Discount rate applied to Long-term business	15 8%	14 16%
Discount rate applied to Asset Management business	15 8%	11 2%

Results of the impairment tests performed
Based upon the results of the comparison of value-in-use with the carrying value, management believe that no impairment is required In addition, management believe that any reasonable change in the assumptions would not cause the recoverable amounts to fall below the carrying amounts Accordingly, no impairment charge has been recognised

Old Mutual Wealth Management Limited

9. LOANS AND ADVANCES

	2010 £'000	2009 £'000
Loans and advances, less than one year		
Loan to parent undertaking	136,657	76,166

The carrying amount of loans approximates to their fair value which is measured as the principal amounts receivable under the loan agreements

All loans are repayable on demand and earn interest at LIBOR plus 1% There have been no non-performing loans, loans subject to renegotiations or material impairments on loans and advances recognised in the financial year

10. TRADE AND OTHER RECEIVABLES

	2010 £'000	2009 £'000
Amounts due from group undertakings	-	24
Current tax receivable	-	88
	-	112

Amounts due from group undertakings are unsecured, interest free and are settled on demand All other receivables are short term and interest free

The directors consider that the carrying amount of trade and other receivables approximate their fair value

11. SHARE CAPITAL

	2010 £'000	2009 £'000
Authorised:		
250,000,000 (2009 1,000) ordinary shares of £1 each	250,000	1
Allotted, called up and fully paid.		
100 (2009 100) ordinary shares of £1 each	-	-

12. SHARE PREMIUM

	2010 £'000	2009 £'000
At 1 January	173,640	173,640
Capital reduction	(173,640)	-
At 31 December	-	173,640

On 17 November 2010, the company passed a special resolution cancelling its share premium and transferring the credit to distributable reserves

13. TRADE AND OTHER PAYABLES

	2010 £'000	2009 £'000
Amounts due to fellow subsidiary undertakings	540	554
Current tax liability	780	-
	1,320	554

All amounts are short term and interest free The directors consider that the carrying amount of trade and other payables approximates their fair value

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2010

14 INTEREST BEARING LIABILITIES

	2010 £'000	2009 £'000
Loan from subsidiary undertaking	88,320	30,947

The carrying amount of loans approximates to their fair value which is measured as the principal amounts receivable under the loan agreements

All loans are repayable on demand and earn interest at LIBOR plus 1% There have been no non-performing loans, loans subject to renegotiations or material impairments on loans and advances recognised in the financial year

15. CAPITAL COMMITMENTS

There are no material capital commitments as at 31 December 2010 beyond the commitment to purchase 53 32% of the share capital of Skandia Link SA as described in the directors report (2009 £nil)

16 CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2010 (2009 £nil)

17. RELATED PARTY TRANSACTIONS

The following transactions were entered into with related parties during the year

	2010 £'000	2009 £'000
Fellow subsidiary - management services	203	231

Management services in the current year are provided by Skandia Life Business Services Limited, a subsidiary undertaking Skandia Life Business Services Limited charges a management fee for costs incurred and services provided This management fee is charged at a mark up

Details of interest income from group undertakings are provided in note 4

Amounts due from or to group undertakings at the statement of financial position date are included in note 10 and 13 respectively

Details of intergroup loans are given in notes 9 and 14 and the interest thereon in note 4

Details of transactions with key management personnel are provided in note 6

18. ULTIMATE HOLDING COMPANY

The company's financial statements are consolidated within the financial statements of Old Mutual plc, the immediate and ultimate parent company and controlling party, registered in England & Wales The financial statements are available from

The Company Secretary
Old Mutual plc
5th Floor
Old Mutual Place
2 Lambeth Hill
London
EC4V 4GG