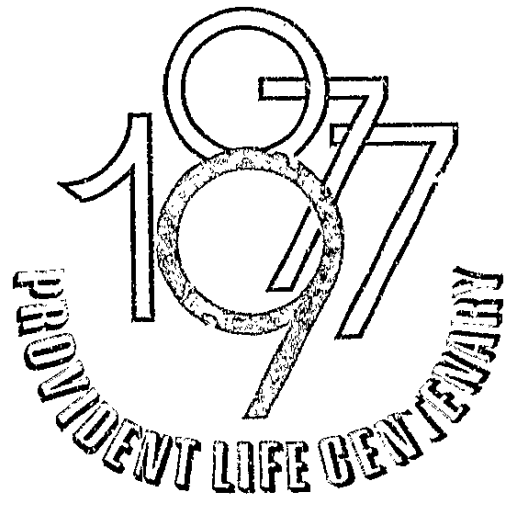


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REPORT AND ACCOUNTS 1977

PROVIDENT LIFE
ASSOCIATION OF LONDON LIMITED

Notice of Meeting	3
Boards of Directors	4
Chairman's Statement	5
Provident Life Association of London Ltd.	8
Directors' Report	9
Long-Term Insurance Business:	
Revenue Account	12
Balance Sheet	13
Shareholders' Fund:	
Profit and Loss Account	14
Balance Sheet	15
Statement of Source and Application of Funds	16
Notes	17
Auditors' Report	18
United Standard Insurance Co. Ltd.	20
Vigilant Assurance Co. Ltd.	20
Consolidated Revenue Accounts	21
Consolidated Profit and Loss Account	22
Consolidated Balance Sheet	23
Statement of Source and Application of Funds	24
Notes	25
Offices and Agency Organisation	26



PROVIDENT LIFE Association of London Limited

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Provident Life Association of London Limited will be held in the Suffolk Room, Abercorn Rooms, Liverpool Street, London EC2P 2AN (Bishopsgate Entrance), on Wednesday, the 24th day of May, 1978, at 12 noon for the following purposes:—

1. To receive and consider the Accounts for the year 1977 and the Reports of the Directors and Auditors thereon.
2. To declare a final Dividend on the "A" and "B" Ordinary Shares.
3. To elect Directors.
4. To appoint Auditors for the ensuing year.

Dated this 28th day of April, 1978.
By Order of the Board,
R. A. F. OSTIME,
Secretary.

266 Bishopsgate,
London EC2M 4QP

Only Holders of "A" Ordinary (Voting) Shares are entitled to attend and vote at the above Meeting.

A Member entitled to attend and vote at the above Meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not be a Member of the Company. A form of proxy is enclosed.

A statement of all transactions of each director, and of his family interests, in each class of the equity share capital of the Company and its subsidiaries, together with copies of all contracts of service of any director of the Company with the Company or with any of its subsidiaries, are available for inspection at the Company's head office during normal business hours until the date of the Meeting and at the place of Meeting for 15 minutes prior to the Meeting.

PROVIDENT LIFE Association of London Limited
Founded 1877

BOARD OF DIRECTORS

CHAIRMAN

Reginald J. W. Crabbe, F.I.A.

DEPUTY CHAIRMAN

John D. Profumo, C.B.E.

Peter Binswanger

Sir John Colville, C.B., C.V.O.

Henry R. James

Major Philip Profumo

David H. Radley, F.I.A. (*Managing Director*)

The Rt. Hon. Lord Trend, P.C., G.C.B., C.V.O.

C. W. Mallord Turner

UNITED STANDARD Insurance Company Limited
Founded 1907

VIGILANT Assurance Company Limited
Founded 1920

BOARD OF DIRECTORS

CHAIRMAN

Reginald J. W. Crabbe, F.I.A.

R. Anthony F. Ostime, F.I.A.

Major Philip Profumo

David H. Radley, F.I.A.

Kenneth St. J. Robinson, D.S.C., A.C.I.I.

PROVIDENT GROUP

STATEMENT BY THE CHAIRMAN

In 1977 we celebrated the Centenary of the Company, and held a series of functions throughout the country to thank our agents and advisors for their support.

We are entering our second century with great confidence. We now have an excellent range of life and pensions policies to offer, a wide network of brokers and agents to whom we are able to give a very good service, and the prospect of an improving economic environment compared with the last five years. Our efforts during the year to increase our with profits policies have been highly successful and we continue to regard these as providing the best method of countering inflation and giving policyholders the opportunity to share in the fortunes of the company.

Long-Term business

The principal objective of our recent new business efforts has been the replacement of a large volume of without profits whole life business by with profits policies, largely endowment assurances. As a result new sums assured at £176 million were below the record 1976 total of £207 million although well ahead of the 1975 total, and new annual premiums of £2.3 million were at the same level as in the previous two years. The success of these efforts to increase our with profits business is illustrated by the fact that 45 per cent. of the new premium income in 1977 was in respect of with profits policies compared with 32 per cent. in 1976, and 25 per cent. in 1975.

At the end of the year the long-term funds stood at £83 million and the Investment Reserve at £4.9 million, compared with the 1976 figures of £77.8 million and £0.8 million. This improvement of £9.3 million is due to a healthy cash flow of £4.6 million, and to an increase of some £4.7 million in the market values of our stock exchange securities.

The cash flow was aided by a further increase in the gross rate of interest earned on the long-term funds which rose to £7.64 per cent. compared with £7.05 in 1976 and £6.49 in 1975. Our yield has been low for many years because of the considerable volume of house-purchase mortgages issued at low rates of interest guaranteed in policies issued more than 10 years ago. As these mortgages decline, and as new cash flow enables us to take advantage of the higher rates now available, we are rapidly attaining a more satisfactory overall yield on our investments. The cash flow was invested during the year as to 40 per cent. in Government securities and 60 per cent. in equities. The proportion of our fund now invested in equities and property, from which we hope to receive higher income and capital appreciation in the future, is now about 25 per cent. of our total investment.

The annual valuation carried out by the Actuary revealed that the surplus emerging in 1977, including the transfer from Investment Reserve, totalled £2,204,000. The valuation basis used in 1976 has been maintained, except that in order to accommodate new business strains the rates of interest used for valuing without profits assurances were raised by 0.25 per cent. After providing for bonuses to policyholders and transfers to shareholders, the surplus carried forward to 1978 was £913,000.

General Insurance Business

The results of the United Standard Insurance Company Limited were affected by heavy underwriting losses on the Property and Accident account, but the investment performance both as regards income and profits was highly satisfactory. Profits of £200,000 on the sale of investments during the year were transferred from Investment Reserve to the Profit and Loss account and gave the opportunity to increase the provision for future claims under reinsurance treaty business.

The Property and Accident account had underwriting losses of £496,000 compared with £236,000 in 1976. These derived mainly from the reinsurance treaty business which we ceased to write after 1976, and from adverse experience under household contents business where the increase of theft claims is of particular concern. We are increasing the premium rates substantially, as well as continuing to index the value of the property insured.

The Motor account continued to be generally satisfactory, but an increase in claims incurred in the fourth quarter of the year resulted in a small underwriting loss for the year.

The pre-tax profits shown in the Profit and Loss account of the subsidiary after taking into account investment income, profits on the sale of investments during the year and expenses was £17,000 compared with a loss of £167,000 in 1976. The loss after overseas tax was however £21,000 compared with £22,000 in 1976 when there was a large amount of group relief. To cover this and the final writing down of goodwill by £31,000, an additional transfer of £60,000 has been made from Investment Reserve. The balance carried forward by the subsidiary in its Profit and Loss account at the end of the year was £17,000 and after making the transfers referred to above the Investment Reserve stood at £200,000.

Shareholders' Fund

The parent company's profit for the year was £454,000 compared with £423,000 for the previous year. This was made up of £365,000 transferred from the long-term fund against £335,000 in the previous year, and the profit after tax on the shareholders' funds which was virtually unchanged at £89,000. The combined profits of the group after tax were £433,000 compared with £401,000 in the previous year.

After allowing for the recommended dividend, which is at the maximum rate permissible, and making the transfers referred to in the subsidiary company's accounts, the carry-forward in the combined Profit and Loss accounts was £528,000 compared with £440,000 in the previous year.

The shareholders' fund of the parent company then stood at £2,524,000 at the end of the year, an improvement of £360,000 during 1977.

Directors and Staff

It gives me much pleasure to record that Mr. John Profumo accepted the Board's invitation to become Deputy Chairman on the 5th April, 1978. It is particularly fitting that the beginning of our second century should be marked by this appointment of the grandson of our founder.

In conclusion, I congratulate our Managing Director and all members of the head office and sales staff on the results of the year especially in the re-direction of our new business effort. I offer them my best wishes for continued success in the coming year.

R. J. W. CRABBE,
Chairman.

PROVIDENT LIFE Association of London Limited
266 BISHOPSGATE, LONDON EC2M 4QP

MANAGEMENT

Managing Director

Life Assurance Business

Assistant General Manager and Actuary

Deputy Actuary

Deputy Actuary

Assistant Actuary

Life Manager

Assistant Life Manager

Assistant Life Manager

Assistant Life Manager

Agency Organisation

Assistant General Manager

Deputy Agency Manager

Agency Secretary

Assistant Agency Secretary

London Regional Life Manager

Regional Life Manager

Regional Life Manager

Pension Sales Manager

Services

Assistant General Manager and Secretary

Staff Manager

Special Projects Manager

Deputy Investment Manager

Assistant Investment Manager

Data Processing Manager

Assistant Data Processing Manager

Assistant Data Processing Manager

Accounts

Assistant General Manager

Accountant

Collection Department Manager

Assistant Collection Department Manager

D. H. Radley, F.I.A.

B. E. Radley, F.I.A., A.S.A.

F. W. Brooks, F.I.A.

D. M. Lampert, F.I.A.

G. V. Budd, F.I.A.

R. K. Muddle, F.C.I.I.

B. A. Moss, A.C.I.I.

J. D. Ridgway, A.C.I.I.

J. T. Webster, F.C.I.I.

E. E. Holland

H. C. Kearney, T.D.

B. I. Treadway, A.C.I.I.

M. J. Hayter

J. S. Knight, A.C.I.I.

D. Corfield

J. C. Porter

G. H. Dibnah, T.D.

R. A. F. Ostime, F.I.A.

F. W. Lee, A.C.I.I.

M. A. Read, F.I.A.

C. D. Taylor, F.I.A.

J. Shaddick, B.A.

K. A. Thompson, B.Sc. (Econ.)

P. L. Adams, M.B.C.S.

R. A. Halligan

J. D. Fox, F.C.A.

M. Wise, F.C.A.

T. G. Beasley

J. T. Sully

Medical Officers

Auditors

Solicitors

Bankers

Registrars

T. D. Kellock, M.D., F.R.C.P.
D. D. Gibbs, D.M., F.R.C.P.

Deloitte & Co.

Hatchett Jones & Kidgell

Barclays Bank Limited

National Westminster Bank Limited

Barclays Bank (London and International) Limited

PROVIDENT LIFE Association of London Limited

DIRECTORS' REPORT

For the year ended 31st December, 1977

The Directors have pleasure in presenting their Report for the ONE HUNDREDTH YEAR of the Company's business as follows:—

PRINCIPAL ACTIVITIES

The principal activities of the Company and of its wholly-owned subsidiary, the United Standard Insurance Company Limited (incorporating the Vigilant Assurance Company Limited) are respectively the transaction of Long-Term Insurance Business in the United Kingdom and General Insurance Business in the United Kingdom and Overseas.

LONG-TERM INSURANCE

New Long-Term Insurance Business effected during the year (after deduction of reinsurance) was as follows:—

	1977	1976
Number of policies	14,980	16,703
	£	£
Sums Assured	176,932,000	207,222,000
Annuities (per annum)	582,000	819,000
Annual Premiums	2,364,200	2,459,500
Single Premiums	968,400	994,100

Premiums for the year amounted to £11,786,270.

Investment income totalled £5,935,979 and the gross rate earned on the Long-Term Insurance Funds was £7.64 per cent.

Mortgage advances on house property outstanding at the end of the year amounted to £53 million. The average amount of each advance outstanding was £3,436.

Bonus declarations—Reversionary bonuses upon with profits policies in the participating fund were declared for the year 1977 at the following rates:—

Life Assurance Policies:—

(i) Compound Bonus series—£4.25 for each £100 of policy and existing bonuses.

(ii) Simple Bonus series—£4.65 for each £100 of policy and a final bonus on policies becoming claims by maturity or death in 1978. For normal whole life or endowment assurance policies the final bonus will be 15 per cent. of all previous bonus additions.

Policies in the Pensions Business Fund:—

£3.50 for each £100 of policy and existing bonuses on pure endowments and term assurances.

£4.25 for each £100 of basic pension on deferred annuities by annual premium and a final retirement bonus of 15 per cent. of pension already provided.

£3.25 for each £100 of basic pension on deferred annuities by recurrent single premiums and a final retirement bonus of 15 per cent. of pension already provided.

PROVIDENT LIFE Association of London Limited

The annual valuation of the liabilities of the Long-Term Insurance Business as at 31st December, 1977 has been made by the Actuary. Life Assurances were valued by the net premium method using the A. 1949-52 mortality table adjusted in certain cases for female lives and interest rates of 2½ per cent. per annum for with-profits assurances, 3½ per cent. for simple bonus additions thereon, 2½ per cent. for compound bonus additions thereon, 4½ per cent. for whole life assurances without-profits and 3½ per cent. for other without-profits assurances, with additional reserves for some older policies. For life assurances the premiums were modified in order partially to reduce new business strain. Annuities were valued on the a(55) mortality table using interest of 5½ per cent. for immediate annuities effected in 1969 or later, and 4½ per cent. for immediate annuities effected in 1968 or earlier. Annual premium annuities were valued at 5 per cent. for without-profits policies, 3½ per cent. for with-profits annuities and 4½ per cent. for bonus additions thereon. Pure endowment assurances in the Pensions Business Fund were valued by the net premium method at 5 per cent. for with profits and 7 per cent. for without profits. Special single premium annuities (Growth Bonds and High Income Bonds) were valued using interest of 7 per cent. to 9½ per cent. the interest requirements of the reserves being covered by high yielding investments. Credit was taken for the Long-Term Insurance Funds at the value shown in the balance sheet.

The valuation showed that the surplus at the end of 1977 was £3,179,375. Deducting the amount brought forward from 1976, of £974,779, the surplus emerging in 1977, including the transfer of £500,000 from Investment Reserve, was £2,204,596 (1976—£1,932,834).

Acting on the advice of the Actuary, the Directors have dealt with the surplus as follows:—

	1977 £	1976 £
Allocated to policyholders	1,900,351	1,536,836
Transferred to Profit and Loss Account:		
Life Assurance Fund—		
Shareholders' share of divisible profits	190,416	159,721
Non-divisible profits	175,000	150,000
Capital Redemption Fund	—	25,000
	<u>2,265,767</u>	<u>1,871,557</u>
Transferred to Investment Reserve	913,608	150,000
Carried forward	<u>£3,179,375</u>	<u>£2,996,336</u>

The amount carried forward to 1978 of £913,608, the Life Assurance Contingency Fund of £1,000,000 and the Investment Reserve afford valuable additional protection to policyholders.

GENERAL INSURANCE

The General Insurance business is transacted by the United Standard Insurance Company Limited and the Vigilant Assurance Company Limited, the results of which are set out on pages 21 to 25.

Total premiums for the year amounted to £4,306,701 of which 97 per cent. was transacted in the United Kingdom and the balance in Western Europe.

DIVIDENDS

The Directors have recommended the payment on 9th June, 1978 of a final dividend of 4.468p per "A" and "B" Ordinary Share which, together with the interim dividend of 3.7p per share paid on 3rd January, 1978 makes a total for 1977 of 8.168p per share. This compares with the total of 7.375p per share for 1976 (interim 3.3p, final 4.013p and additional final paid on 3rd January, 1978 of 0.062p).

After meeting the cost of the recommended dividend in the Profit and Loss account of the Company the total balances carried forward in the Profit and Loss accounts of the Group are £528,828 (1976—£440,275) of which £510,842 (1976—£430,172) is in the Holding Company.

PROVIDENT LIFE Association of London Limited

OTHER MATTERS

The average number of persons employed during the year by the Provident Group under contracts of service in each week, was 717 and the aggregate remuneration for the year was £2,625,540.

Charitable donations amounting to £1,248 were made by the Group during the year.

The Board of Directors of the Provident Life Association of London Limited is as set out on page 4.

The Directors due to retire by rotation are Mr. R. J. W. Crabbe, Major P. Profumo and Dr. P. Binswanger. All are eligible and offer themselves for re-election.

The table below shows in respect of the year 1977 the interests of the Directors in the shares of the Company and the interests of persons other than Directors in a substantial part of the Ordinary "A" (Voting) 25p shares as at 1st April, 1978.

Directors	At 1st January, 1977			At 31st December, 1977		
	Ordinary Shares		Preference Shares	Ordinary Shares		Preference Shares
	A (Voting)	B (Non-Voting)		A (Voting)	B (Non-Voting)	
Beneficial:						
P. Binswanger	—	1,000	—	—	1,000	—
Sir John Colville	—	1,875	95	1,125	1,875	95
R. J. W. Crabbe	1,125	—	—	1,000	—	—
H. R. James	1,000	—	—	750	—	—
C. W. Mallord Turner	750	—	—	142,609	118,934	629
J. D. Profumo	142,609	118,934	629	197,870	8,060	628
Major P. Profumo	197,870	18,060	628	750	750	—
D. H. Radley	750	750	—	—	—	—
The Rt. Hon. Lord Trend	—	—	—	—	—	—
Non-Beneficial:						
R. J. W. Crabbe	490,008	193,999	60	469,731	186,679	46
H. R. James	490,008	182,899	60	469,731	175,679	46
C. W. Mallord Turner	400	500	100	400	500	100
J. D. Profumo	593,584	182,899	60	573,307	175,679	46
Major P. Profumo	73,576	—	—	73,576	—	—
D. H. Radley	—	—	10	—	—	10
Persons other than Directors				657,500	(25.78%)	
Winterthur Swiss Insurance Company				2,750	(0.11%)	
The Rt. Hon. Lord Balfour of Inchrye (beneficial)				469,731	(18.42%)	
(non-beneficial)				180,662	(7.08%)	
Lady Balfour of Inchrye (beneficial)				217,968	(8.55%)	
J. D. Fox (non-beneficial)						

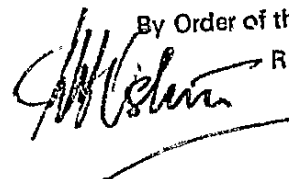
Trustee holdings are indicated as non-beneficial, consequently certain shares are recorded more than once.

Since the year end Major P. Profumo has disposed of his beneficial holding of 8,060 "B" Ordinary Shares. There have been no other changes in Directors' interests between 31st December, 1977 and 1st April, 1978.

Deloitte & Co., who are changing their name to Deloitte Haskins & Sells on 1st May, 1978 have indicated their willingness to be re-appointed as auditors for the ensuing year.

There have been no disclosable contracts or arrangements subsisting during the financial year 1977.

By Order of the Board,



R. A. F. OSTIME,
Secretary.

266 Bishopsgate, London EC2M 4QP
18th April, 1978.

PROVIDENT LIFE Association of London Limited

LONG-TERM INSURANCE BUSINESS

Revenue Account for the year ended 31st December, 1977

	Note	£	1977 £	1976 £
Funds at the beginning of the year:			76,819,372	74,268,747
Long-Term Insurance Funds			1,000,000	1,000,000
Life Assurance Contingency Fund			<u>77,819,372</u>	<u>75,268,747</u>
Premiums			11,786,270	10,868,913
Investment income			<u>5,935,979</u>	<u>5,222,661</u>
			<u>95,541,621</u>	<u>91,360,321</u>
Claims incurred:				1,312,323
By Death		1,500,632		3,453,463
By Maturity		2,640,016		1,924,321
Surrenders		1,936,130		1,316,928
Annuities		1,281,112		844,936
Commission		864,466		3,915,541
Expenses of Management		4,124,984		268,716
Taxation	3	353,583		<u>13,056,228</u>
		<u>12,720,923</u>		150,000
Transferred to Investment Reserve				
Transferred to Profit and Loss Account:				
Life Assurance Fund—				159,721
Shareholders' share of divisible profits		190,416		150,000
Non-divisible profits		175,000		25,000
Capital Redemption Fund				
			<u>13,086,339</u>	<u>13,540,949</u>
			<u>82,455,282</u>	<u>77,819,372</u>
Transferred from Investment Reserve	7		600,000	
Funds at end of year			<u><u>£83,055,282</u></u>	<u><u>£77,819,372</u></u>

The notes and signatures on pages 17 and 18 are an integral part of these Accounts

PROVIDENT LIFE Association of London Limited

LONG-TERM INSURANCE BUSINESS

Balance Sheet on 31st December, 1977

	Note	£	1977 £	1976 £
Funds:				
Long-Term Insurance Funds			82,055,282	76,819,372
Life Assurance Contingency Fund			<u>1,000,000</u>	<u>1,000,000</u>
			83,055,282	77,819,372
Current Liabilities:				
Outstanding claims and annuities		286,604		317,752
Depositors		211,021		235,027
Due to Shareholders' Fund		300,600		347,828
Creditors		<u>920,470</u>		<u>788,911</u>
			1,718,695	1,689,518
			<u>£84,773,977</u>	<u>£79,508,890</u>
Investments:				
British Government Securities	1b		11,172,894	6,786,195
Other Fixed Interest Securities			1,298,855	883,090
Ordinary Stocks and Shares			<u>10,539,905</u>	<u>5,683,406</u>
Market Value			23,011,654	13,352,691
Mortgages on house property and other loans within the United Kingdom			54,219,216	54,365,776
Freehold and leasehold property, including Company's offices	1b(iii)		<u>10,492,622</u>	<u>10,492,822</u>
			87,723,692	78,211,289
			4,944,043	884,767
Less: Investment Reserve	1c		<u>82,779,649</u>	<u>77,326,522</u>
Current Assets:				
Debtors and Prepayments		118,062		229,754
Taxation		311,206		196,444
Outstanding premiums		383,269		455,409
Investment income accrued and outstanding		851,754		846,982
Deposits		140,000		230,000
Balances at Bankers		<u>190,037</u>		<u>223,779</u>
			1,994,328	2,182,368
			<u>£84,773,977</u>	<u>£79,508,890</u>

The notes and signatures on pages 17 and 18 are an integral part of these Accounts.

PROVIDENT LIFE Association of London Limited

SHAREHOLDERS' FUND

Profit and Loss Account for the year ended 31st December, 1977

	Note	£	1977	£	1976
Investment income				142,711	135,485
Miscellaneous profits				16,522	14,067
				<u>159,233</u>	<u>149,552</u>
Expenses		15,642			14,009
Taxation	3	54,487		70,129	46,728
				<u>89,104</u>	<u>60,737</u>
Transferred from Long-Term Business Revenue Account:					
Life Assurance Fund					159,721
Shareholders' share of divisible profits		190,416			150,000
Non-divisible profits		175,000			25,000
Capital Redemption Fund		---			---
				<u>365,416</u>	<u>334,721</u>
Profit after taxation				454,520	423,536
Balance from previous year's account				430,172	339,221
				<u>884,692</u>	<u>762,757</u>
Dividends:					
Preference dividend		3,500			3,500
Ordinary dividend (see Directors' Report):					---
Additional final (1976)		2,790			148,500
Interim, paid 3rd January, 1978		166,500			180,585
Proposed final		201,060			---
				<u>373,850</u>	<u>332,585</u>
Balance carried forward				<u>£510,842</u>	<u>£430,172</u>

The notes and signatures on pages 17 and 18 are an integral part of these Accounts.

PROVIDENT LIFE Association of London Limited

SHAREHOLDERS' FUND

Balance Sheet on 31st December, 1977

	Note	£	1977	£	1976
					£
Capital and Reserves				1,225,000	1,225,000
Share Capital	2	588,904			508,695
Reserve Fund		510,842			430,172
Profit and Loss Account			1,099,746		738,867
			2,324,746		1,963,867
			200,000		200,000
			<u>£2,524,746</u>		<u>£2,163,867</u>
Contingency Fund					
Represented by:					
Investments:	1b			207,770	165,893
British Government Securities				12,845	10,049
Other Fixed Interest Securities				671,436	550,011
Preference Stocks and Shares				531,520	334,482
Ordinary Stocks and Shares				1,423,571	1,060,435
Market Value				1,000,000	1,000,000
Investment in Subsidiary at cost less amount written off				2,423,571	2,060,435
Current Assets:					
Debtors		12,300			10,300
Due from Long-Term Insurance Business Funds		300,600			347,828
Due from Subsidiary Companies		1,007			—
Investment income accrued and outstanding		19,804			22,951
Balances at Bankers		184,036			146,210
				517,747	527,289
				<u>2,941,318</u>	<u>2,587,724</u>
Total Assets					
Current Liabilities:					
Creditors		32,916			14,270
Taxation		11,556			5,201
Due to Subsidiary Companies		—			73,551
Dividends payable or proposed		372,100			330,835
				416,572	423,857
				<u>£2,524,746</u>	<u>£2,163,867</u>

The notes and signatures on pages 17 and 18 are an integral part of these Accounts.

PROVIDENT LIFE Association of London Limited

Statement of Source and Application of Funds (Excluding Long-Term Insurance Business)

	1977 £	1976 £
Source of Funds		
Profit before taxation	509,007	470,264
Net movement on Reserve Fund	280,209	25,706
Adjustments for:—		
Decrease in Creditors (excluding taxation)	(54,905)	36,335
Decrease in Debtors	47,368	(64,043)
Total Generated from Operations	<u>£781,679</u>	<u>£468,256</u>
Application of Funds		
Dividends paid	332,585	302,705
Tax paid	48,132	50,921
	<u>380,717</u>	<u>353,626</u>
Changes in Investments and Net Liquid Funds		
Increase in:—		
Investments	363,136	72,189
Balances at Bankers	37,826	42,441
	400,962	114,630
	<u>£781,679</u>	<u>£468,256</u>

PROVIDENT LIFE Association of London Limited

Notes on the Accounts

(1) Accounting Policies

(a) Group Accounts

The Group Accounts of the Company comprise:—

- (i) Long-Term Insurance Business (Pages 12–13).
- (ii) Shareholders' Fund (Pages 14–15).
- (iii) Consolidated Accounts of the United Standard Insurance Company Limited in respect of General Business (Pages 21–25).

(b) Investments

(i) Quoted Stock Exchange securities have been valued at middle market value at 31st December, 1977. The market value of unquoted securities has been estimated by the Directors.

(ii) Mortgages and other loans are included at the amounts advanced.

(iii) An independent valuation of the majority of the Company's properties was made on the 31st December, 1976 and incorporated in the books. The remaining properties are included at a valuation made on 31st December, 1975. The balance sheet values have been reduced by the estimated costs of selling these properties.

(c) Investment Reserve in the Long-Term Fund

The Investment Reserve includes the net unrealised appreciation of the value of investments, as defined in (b) above, over cost at the year end and the profits and losses realised on the sale of investments (adjusted where appropriate for taxation thereon). If the appreciation had been realised at 31st December, 1977 it is estimated that the liability to Corporation Tax would have been nil (1976—nil).

(d) Expenditure Charged to Investment Reserve

Expenditure on office furniture and computer equipment is charged to Investment Reserve. The expenditure on computer equipment is amortised over its estimated useful life. The cost of replacement motor cars is charged to Revenue Account.

(e) Investment Income

Investment income comprises dividends due and receivable in the year (including related tax credits), and in the case of rents, interest from mortgages and fixed interest and preference securities, the income accruing on a day-to-day basis. Interest paid to depositors of £17,476 (1976—£18,687) has been deducted.

(2) Share Capital

The authorised, issued and fully paid-up share capital of the Company is made up as follows:—

20,000 3.5% (formerly 5% gross) Cumulative Preference Shares of £5 each	£100,000
2,550,000 "A" Ordinary Shares of 25p each (Voting)	637,500
1,950,000 "B" Ordinary Shares of 25p each (Non-Voting)	487,500
	<u>£1,225,000</u>

(3) Taxation

The charge to taxation includes Income Tax at the basic rate and Corporation Tax at 52 per cent. for the year, subject to the statutory reliefs which reduce the effective rate of such tax to 37.5 per cent. upon amounts reserved for policyholders. The total charged for taxation in the Revenue Account and Profit and Loss Account is made up as follows:—

	1977	1976
Income Tax	£153,608	£184,292
Corporation Tax	127,706	151,152
Prior year adjustments	121,696	—
	<u>£408,070</u>	<u>£335,444</u>

PROVIDENT LIFE Association of London Limited

(4) Directors' Remuneration

Directors' remuneration for the year as required to be stated under the Companies Act, 1948 s. 196, amounted to £42,255 (as to fees £19,100 and other emoluments £23,155) and Directors' pensions to £8,190 (1976—fees, £19,100, other emoluments, £22,495, pensions, £7,456).

The emoluments of the Chairman were £5,542 (1976—£5,542) and of the highest paid Director were £19,370 (1976—£19,370). The particulars of the other Directors' emoluments were:—

	Number of Directors	
	1977	1976
Up to £2,500	7	7

(5) Employees' Remuneration

The number of employees in the Group in receipt of emoluments in excess of £10,000 was as follows:—

	1977	1976
Exceeding £10,000 up to £12,500	8	11
Exceeding £12,500 up to £15,000	6	4
Exceeding £15,000 up to £17,500	1	—

(6) Auditors' Remuneration

The Auditors' remuneration for the year amounted to £18,500 (1976—£18,500).

(7) Investment Reserve


The sum of £600,000 transferred to the Long-Term Fund is made up of £725,000 less £125,000 in respect of the expenditure and amortisation referred to in note (1) (d).

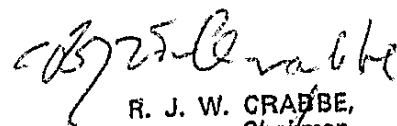
(8) Staff Pension Fund


The Company's liabilities under the Staff Pension Fund are funded from the Long-Term Insurance Fund by normal contributions based on pensionable earnings (14 per cent. for males and 16 per cent. for females) with an additional special contribution of £105,000 per annum payable for 28 years.

(9) Close Company

The "close company" provisions do not apply to the Company.


D. H. RADLEY,
Managing Director.


R. J. W. CRABBE,
Chairman.


C. W. M. TURNER,
Director.

266, Bishopsgate,
London EC2M 4QP
18th April, 1978.

PROVIDENT LIFE Association of London Limited

Auditors' Report

In our opinion the accounts of the Company (pages 12 to 18) and the group accounts comprising the accounts of the Company and the consolidated accounts of the United Standard Insurance Company Limited and its subsidiary (pages 21 to 25) comply with the provisions of the Companies Acts, 1948 and 1967, applicable to insurance companies.

London,
18th April, 1978.

Deloitte & Co.

DELOITTE & CO.,

Chartered Accountants.

129
12 19 78

UNITED STANDARD Insurance Company Limited

and its wholly owned subsidiary

VIGILANT Assurance Company Limited

ELY GRANGE, FRANT, TUNBRIDGE WELLS, KENT TN3 9BZ

MANAGEMENT

General Manager

K. St. J. Robinson, D.S.C., A.C.I.I.

General Insurance Business

Manager

D. Hinchcliffe

Motor

Underwriting Manager
Claims Manager

R. W. Easterbrook
F. C. Pullen, A.C.I.I.

Manager

B. W. A. Tyler, F.C.I.I.

*Fire and Accident
Development*

Underwriting Manager
Development Manager

C. E. Wilkins, A.C.I.I.
R. E. Jenner

Secretarial

Secretary and Staff Manager

L. F. Harvey

Accounts

Accountant

J. W. Timmis, A.C.A.

Auditors

Deloitte & Co.

Bankers

The Royal Bank of Scotland Limited
Barclays Bank Limited

UNITED STANDARD Insurance Company Limited

Consolidated Revenue Accounts for the year ended 31st December, 1977

	1977		1976	
	£	£	£	£
Property and Accident		2,634,590	2,324,349	
Premiums (£912,676 fully earned)		599,586	460,258	
Provision for unearned premiums at beginning of year		<u>2,234,176</u>	<u>2,784,607</u>	
		667,701	599,586	
<i>Less: Provision for unearned premiums at end of year</i>		<u>2,566,475</u>	<u>2,185,021</u>	
Premiums earned	1,816,251		1,355,021	
Claims incurred	649,473		589,275	
Commission	574,754		533,219	
Expenses of Management			(55,970)	
Exchange surplus transferred to Consolidated Profit and Loss Account	<u>22,932</u>			
		3,063,410	2,421,545	
Transfer to Consolidated Profit and Loss Account		(Loss) <u>£496,935</u>	(Loss) <u>£236,524</u>	
Motor		1,601,418	1,527,149	
Premiums		568,600	472,549	
Provision for unearned premiums at beginning of year		<u>2,170,018</u>	<u>1,999,698</u>	
		604,731	568,600	
<i>Less: Provision for unearned premiums at end of year</i>		<u>1,565,287</u>	<u>1,431,098</u>	
Premiums earned	954,509		773,229	
Claims incurred	307,057		298,370	
Commission	330,307		339,705	
Expenses of Management				
		1,591,873	1,411,304	
Transfer to Consolidated Profit and Loss Account		(Loss) <u>£26,586</u>	(Profit) <u>£19,794</u>	
Marine		329,840	335,216	
Fund at beginning of year		70,693	77,912	
Premiums		<u>400,533</u>	<u>413,128</u>	
	184,726		190,676	
Claims paid	16,198		14,544	
Expenses of Management			(41,814)	
Exchange surplus transferred to Consolidated Profit and Loss Account	<u>14,555</u>		<u>329,340</u>	
Fund at end of year	<u>179,147</u>		<u>493,246</u>	
		394,626	493,246	
Transfer to Consolidated Profit and Loss Account		(Profit) <u>£5,907</u>	(Loss) <u>£80,118</u>	

The notes on page 25 are an integral part of these Accounts.

UNITED STANDARD Insurance Company Limited

Consolidated Profit and Loss Account for the year ended 31st December, 1977

	Note	1977 £	1976 £
Investment income		336,240	254,268
Profit on sales of investments during the year (transferred from Investment Reserve)		200,000	—
Underwriting Results:			(236,524)
Property and Accident		(496,935)	19,784
Motor		(26,586)	(50,113)
Marine		5,907	(290,848)
		(517,614)	(42,580)
		18,626	90,433
		23,400	(133,013)
Expenses of Management		(4,774)	34,051
		22,027	(167,064)
Exchange surplus (1976-deficit)		17,253	144,776
Profit before taxation		38,016	(22,288)
Taxation (1976-recoverable)	3	(20,763)	
Loss after taxation		31,354	25,000
Goodwill written off		(52,117)	(47,288)
		60,000	50,000
Transferred from Investment Reserve		7,883	2,712
Balance from previous year's Account		10,103	7,391
		<u>£17,986</u>	<u>£10,103</u>
Balance carried forward			

UNITED STANDARD Insurance Company Limited

Consolidated Balance Sheet on 31st December, 1977

	Note	£	1977	£	1976	£
Capital and Reserves:				1,000,000		1,000,000
Share Capital	2	2,577				2,577
Reserve Fund		17,986				10,103
Profit and Loss Account				20,563		12,000
				<u>1,020,563</u>		<u>1,012,680</u>
Insurance Funds:						
Property and Accident (unearned premiums)		667,701				599,586
Motor (unearned premiums)		604,731				568,600
Marine		179,147				329,840
				1,451,579		1,498,026
Current Liabilities:						
Outstanding claims		2,167,237				1,680,579
Due to Companies and Brokers		186,777				350,667
Due to Holding Company		1,007				44,725
Creditors		47,966				2,084,961
				2,402,987		2,084,961
				<u>£4,875,129</u>		<u>£4,595,607</u>
						31,354
Goodwill	1a					
Investments:	1b					
British Government Securities		2,350,945				1,783,401
Other Fixed Interest Securities		306,356				152,723
Preference Stocks and Shares		18,525				13,658
Ordinary Stocks and Shares		49,900				54,210
						2,003,992
Market Value		2,725,726				183,363
Mortgages on house property within the United Kingdom		143,512				504,000
Company's freehold offices and land	1b(iii)	585,983				2,691,355
						105,340
						2,586,009
Less: Investment Reserve	1c	3,455,221				2,617,363
		199,562				
				3,255,659		
				<u>3,255,659</u>		
Current Assets:						
Debtors, including Income Tax recoverable £82,487		104,056				106,049
(1976 £98,314)		976,310				1,025,721
Due from Companies and Brokers						73,551
Due from Holding Company		83,984				50,477
Investment income accrued and outstanding		319,748				265,874
Deposits		135,372				396,632
Balances at Bankers						1,978,304
				1,619,470		
				<u>£4,875,129</u>		<u>£4,595,667</u>

The notes on page 25 are an integral part of these Accounts.

UNITED STANDARD Insurance Company Limited

Consolidated Statement of Source and Application of Funds

	1977 £	1976 £
Source of Funds		
Profit before taxation	17,253	(187,864)
Net movement on Investment Reserve (before transfer to Profit and Loss Account £60,000 (1976—£50,000))	154,216	(3,790)
Tax recovered (including tax attributable to investment income)	118,142	(61,495)
Adjustments for:—	(46,447)	230,003
Decrease in Insurance Funds	477,658	306,255
Increase in Outstanding Claims	(158,325)	22,627
Decrease in Creditors	(6,017)	(138,372)
Increase in Agents' Balances and Debtors (excluding taxation)	<u>£552,420</u>	<u>£248,164</u>
Total Generated from Operations		
Application of Funds		
Changes in Investments and Net Liquid Funds		
Increase (Decrease) in:—		
Investments	763,866	13,214
Deposits	53,874	31,242
Balances at Bankers	(261,260)	203,708
	<u>£556,480</u>	<u>£248,164</u>

UNITED STANDARD Insurance Company Limited

Notes on the Accounts

(1) Accounting Policies

(a) Goodwill

This represented the excess cost of shares purchased in the subsidiary company (less amounts written off) over the book value of net assets acquired.

(b) Investments

(i) Quoted Stock Exchange securities have been valued at middle market value at 31st December, 1977.

(ii) Mortgages are included at the amounts advanced.

(iii) An independent valuation of the Company's freehold offices and land was made on the 31st December, 1977 and after allowing for estimated selling costs incorporated in the books.

(c) Investment Reserve

The Investment Reserve includes the net unrealised appreciation of the value of investments, as defined in (b) above, over cost at the year end and the profits and losses realised on the sale of investments (adjusted where appropriate for taxation thereon). No provision has been made for the liability to Corporation Tax which would have arisen if such unrealised appreciation had been realised at 31st December, 1977. This liability is estimated not to exceed £85,000 (1976—£10,000)

(d) Expenditure Charged to Investment Reserve

Expenditure on additional motor cars and office equipment was charged to Investment Reserve. The cost of replacements was charged to Revenue Account. Expenses relating to property, now regarded as an investment, have been charged to Investment Reserve.

(e) Exchange Rates

Assets and liabilities in foreign currencies have been converted at the rates ruling on 31st December, 1977. The revenue transactions have been converted at average rates prevailing during the year.

(f) Unearned Premiums

Property and Accident and Motor

The total provisions carried forward have been calculated on the 24ths basis with due allowance for commission. This is regarded as providing unearned premiums calculated on the 24ths basis with due allowance for commission and for other expenses incurred in connection with acquisition (including renewal) of business, and an additional provision for equalisation of claims.

(g) Treaty Reinsurance

The Company ceased accepting treaty reinsurance business in 1976. Due to the accounts of ceding companies showing only premiums and claims processed to the date thereof additional claims provisions have been made in respect of this and earlier underwriting years of origin estimated with due regard to the experience of the Company.

(h) Marine

The fund is considered to be sufficient to provide for all outstanding claims including those still to be reported.

(i) Outstanding Claims

Outstanding claims include due provisions in respect of claims incurred but not notified to the Company at 31st December, 1977.

(j) Investment Income

Investment income comprises dividends due and receivable in the year (including related tax credits) and in the case of fixed interest and preference securities the income accruing on a day-to-day basis.

(2) Share Capital

The share capital of the Company is:

Authorised	— 1,500,000 shares of £1 each	£1,500,000.
Issued and fully paid	— 1,000,000 shares of £1 each	£1,000,000.

(3) Taxation

The tax charge in the accounts comprises:—

	1977	1976
(a) Overseas Tax	25,000	10,004
Current year	13,016	—
Prior year adjustments	—	(6,780)
(b) U.K. Tax	—	(8,000)
Prior year adjustments	—	—
Corporation tax—Group Relief	£38,016	£(144,776)

Corporation tax losses carried forward amount to approximately £675,000 (1976—£375,000).

(4) Subsidiary Company

The Vigilant Assurance Company Limited is a wholly owned subsidiary of the Company.

(5) Auditors' Remuneration

The Auditors' remuneration for the year amounted to £6,250 (1976—£6,250).

K. St J. ROBINSON,
General Manager

R. J. W. CRABBE,
Chairman
D. H. RADLEY,
Director

14th April, 1978.

PROVIDENT GROUP

PROVIDENT LIFE ASSOCIATION OF LONDON LTD.

Life Assurance Business

266 Bishopsgate, London EC2M 4QP
Telephone: 01-247 3200
Telegrams: Provlife London E.C.2

Accounts and remittances to:
Hurstleigh, Coronation Road, South Ascot, Berks SL5 9HQ

UNITED STANDARD INSURANCE COMPANY LTD. VIGILANT ASSURANCE COMPANY LTD.

General Insurance Business

Ely Grange, Frant,
Tunbridge Wells,
Kent TN3 9BZ

Telephone: Tunbridge Wells (0892) 39111

LIFE AGENCY ORGANISATION

London and Home Counties
Regional Office—266 Bishopsgate, London EC2M 4QP Tel. 01-247 3200

London Regional Life Manager

Senior City Inspector

City Inspectors

J. S. Knight, A.C.I.I.

T. G. French

I. M. Woodroffe, B.A.

D. R. Madeley

Pensions Inspectors

R. R. Moody

J. Wilson

F. G. Stanton

District Organisation

North East London

North West London

West London

Berks and Bucks

East Herts

Luton and West Herts

South West Essex

East Essex

Cambridge and South Suffolk

H. B. Randall (Life District Manager)

J. A. Carter (Life District Manager)

A. R. A. Day (Life District Manager)

K. G. Athill (Life District Manager)

R. Holman (District Inspector)

K. Isaacs (District Inspector)

R. J. Jiggins (Life District Manager)

J. Roberts (Life District Manager)

R. V. Harvey (District Inspector)

01-504 3202 (Woodford Green)

01-864 7199 (Harrow)

Uxbridge 34378

Maidenhead 36514

Hertford 53278

Luton 54857

Romford 27519

Rayleigh 775166

Chelmsford 440222

Southern Counties

Regional Office—12 Palmerston Road, Southampton SO9 4XR. Tel. 0703 32716/7

City/Pensions Inspector

District Organisation

West Hampshire

South Surrey and West Sussex

East Hampshire

L. W. Deane (Life District Manager)

W. Morris (Life District Manager)

N. J. Lister (District Inspector)

Southampton 32716

Brighton 722288

Blackmoor 351

South East

Regional Office—Ely Grange, Frant, Tunbridge Wells, Kent TN3 9BZ. Tel. Frant 592

Assistant Regional Life Manager

District Organisation

South West London

South East London

North West Kent

East Kent

West Kent and East Sussex

B. T. J. Eades

K. W. Mardon (Life District Manager)

G. A. Gardner (Senior Inspector)

R. Field (District Inspector)

D. L. Hambrook (District Inspector)

B. J. Allen (Senior Inspector)

Pensions Inspector R. P. F. Hart

Walton-on-Thames 27115

01-777 5453

Medway 35934

Canterbury 66369

Crowborough 5786

Midlands

Regional Office—34 Harborne Road, Edgbaston, Birmingham B15 3AA Tel. 021-455 8901

Regional Life Manager D. Corfield
City/Pensions Inspectors J. Cosgrove
A. B. Tebbutt

District Organisation

North East and

South West Birmingham

South Staffordshire

Warwickshire

Leicestershire

Derbyshire and Nottinghamshire

Northampton

T. J. Wheeler (*District Inspector*)
J. W. Cherrington (*Senior Inspector*)
E. C. Tanner (*District Inspector*)
F. A. Collenette (*District Inspector*)
B. A. T. Heslop (*District Inspector*)
P. G. Wilton (*Senior Inspector*)

Bromsgrove 76330
Burntwood 72144
Warwick 48112
Coalville 36545
Derby 513387
Wellingborough 676685

North East

Regional Office—Permanent House, The Headrow, Leeds Tel. 0532 452900

Regional City Inspector J. E. Carroll, M.B.E.
City Inspector A. Wilkin, F.C.I.I.

North and North Wales

Regional Office—39 Northenden Road, Sale, Cheshire Tel. 061-969 8321

Regional Life Manager J. C. Porter
City Inspector H. Finn

District Organisation

N. W. Cheshire and N. Wales

North West Lancs.

South West Manchester

Liverpool and South Lancs.

N. W. Manchester

P. K. Szymanski (*District Inspector*)
P. A. Murray (*District Inspector*)
J. A. Skinkis (*District Inspector*)
F. J. Valentine (*Senior Inspector*)
P. J. Boon (*Senior Inspector*)

Buckley 3273
Southport 38669
061-973 4071 (Sale)
051-427 6592 (Liverpool)
Bolton 26202

West and South Wales

Regional Office—34 Whiteladies Road, Clifton, Bristol BS8 2LG Tel. 0272 38988

Assistant Regional Life Manager J. F. Thorne
City Inspector C. A. Bevan B.Sc.(Econ)

District Organisation

Bristol

North Cotswolds

South Cotswolds

South Wales

South Devon and Cornwall

R. M. Smith (*District Inspector*)
K. C. Page (*Senior Inspector*)
A. M. Gibbs (*Senior Inspector*)
T. H. Jones (*Life District Manager*)
W. E. Russell (*Life District Manager*)

Pensions Inspector F. J. D. Evans

Thornbury 414596
Cheltenham 36331
Swindon 30302
Tonypanyd 433679
Plymouth 69633

GENERAL INSURANCE AGENCY ORGANISATION

Head Office—Ely Grange, Frant, Tunbridge Wells, Kent TN3 9BZ Tel. 0892 39111

Senior Agency Inspector

W. D. Judge

Agency Inspector

R. A. Baldock

Surveyor

P. J. Fell

London and Home Counties

Branch Office—12 The Shrubberies, George Lane, South Woodford, London E18 1BD Tel. 01-989 9522

Senior Agency Inspector

D. F. Barber

South and South West

Branch Office—34 Whiteladies Road, Clifton, Bristol BS8 2LG Tel. 0272 38988

Regional Agency Superintendent

G. W. Loach

Agency Inspector

C. Clarke

Branch Office—Hurstleigh, Coronation Road, South Ascot, Berks SL5 9HQ Tel. 0990 21767

Senior Agency Inspector

R. W. Bradshaw

Agency Inspector

R. A. Booker

Midlands and North West

Regional Office—34 Harborne Road, Edgbaston, Birmingham B15 3AA Tel. 021-455 8901

Senior Agency Superintendent

K. H. Blundell, A.C.I.I.

Senior Agency Inspector

J. A. Langstaff

Agency Inspector

M. L. Malin

Branch Office—39 Northenden Road, Sale, Cheshire Tel. 061-969 8321

Senior Agency Inspector

F. W. Mullock, A.C.I.I.

Agency Inspector

M. J. Robinson

North East

Branch Office—Permanent House, The Headrow, Leeds Tel. 0532 30992

Regional Agency Superintendent

K. C. Hall