

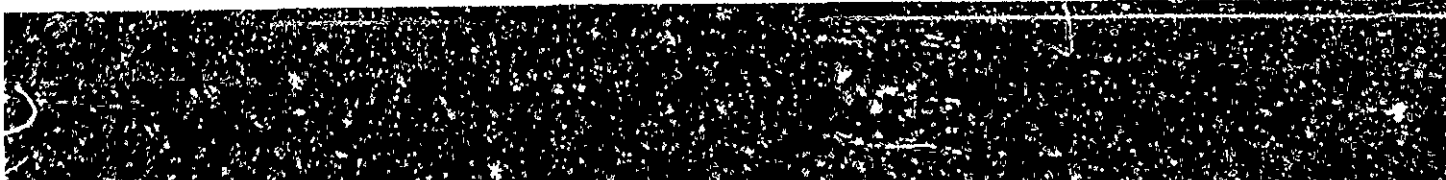
provident life

A "Winterthur" Company

COMPANIES HOUSE
30 MAY 1992
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114th Annual Report & Accounts

91



Contents

Board and Management	2
Statement by the Chairman	3
Directors' report	6
Financial statements and notes	10
Auditors' report	23

President

R J W Crabbe FIA

Board of Directors

D H Radley FIA Chairman

Dr S B Caffisch
J C Finan
W N Hood CBE
R A F Ostone FIA
Dr S C Sarbach
P E Vogel

Management

J C Finan Managing Director

G J Boutle BA DMS MIPM *Personnel Manager and Secretary*
G V Budd FIA General Manager
D Corfield General Manager
R A Halligan MBIM General Manager
R A F Ostone FIA General Manager and Actuary
J Shaddick BA Investment Manager

Registered office

Provident Way Basingstoke Hampshire RG21 2SZ
Telephone (0256) 4 70707

Registered Number

19772 England

Business growth

◆ Although 1991 was a difficult year for the life assurance market our overall achievements in our selected niche markets demonstrated the soundness and success of our key business strategies which have been developed with the active support of "Winterthur" Swiss Insurance Company

During the year new annual premiums increased by 33% on the previous year and single premiums were up 72%. Total premium income received increased by 21%. These figures exclude pensions business arranged through our pension trustee company

Despite this healthy growth, long term measures taken to contain costs are already proving successful and a significant reduction in our expense ratios was achieved in 1991. Conversion of our computer systems to new mainframe equipment continued according to plan and is now almost complete

As a wholly owned subsidiary of "Winterthur" Swiss Insurance Company we continued to build on a reputation for reliability and expertise in our chosen niche strategies which have now been very firmly established

estate agency division

◆ The prolonged recession in the housing market was deeper and more severe than had generally been predicted. The volume of house sales over the country as a whole declined by at least 10% and, on average, house prices fell by some 6%

In spite of this background we achieved a growth of 36% in our new annual premium business in this channel. This was as a result of our concentration on the training and productivity of our estate agents and a major expansion of our network. The most notable feature of 1991 was the addition of two major new chains, one of which was created by way of a management buy out, when the estate agency business of another company was disposed of

We now have a network of over 600 branches and this represents one of the biggest groupings of residential estate agents in the country. Provident Life is improving the overall quality of its agent base whilst maintaining the policy of tying firms rather than taking an equity interest in their business as a whole, a policy which has served us well in these depressed conditions. We have thus succeeded in enhancing our position due to our ability to provide specialised support in this niche market and our firm intention is to continue this policy

Professional Advisers Division

◆ Last year I referred to the introduction of an innovative range of personal pension products offering the client complete flexibility of investment and administrative arrangements which can be set up on either a commission-free or "fee compensation" basis. These products have proved very popular with professional advisers who are attracted by our flexibility and quality of service. As a result our new annual premium business in this Division more than doubled and single premiums increased by 88%. In addition a significant volume of pensions business was arranged on a self-administration basis through our pension trustee company.

The process of relationship building is continuing and looking ahead we are expecting to build on this solid foundation through a combination of continued new business momentum from existing supporters and a focussed approach to developing business from new sources. An important development during 1991 has been our opening up of joint venture opportunities which will utilise external distribution capacity and offer the possibility of significant additional business volume. Provident Life's membership of the "Winterthur" Swiss Insurance Group, combined with our innovation in product design and good administrative support, are key elements in our marketing thrust.

Administration

◆ The largest single data processing venture ever undertaken by Provident Life is now very close to conclusion. This has involved a transfer of our mainframe computer facilities from ICL to IBM hardware and the development of completely new administration systems. This major project has essentially run according to schedule which is itself a great achievement. During 1991 the majority of our policies in force were converted to the new systems and this process has now been completed. Within the next few months residual support systems will be converted and our remaining ICL hardware will be decommissioned. I would like to congratulate all the staff concerned, both in the data processing and user departments, on this excellent achievement.

During the course of the year we have conducted an in-depth review of our administrative and sales activities with a view to enhancing the long term efficiency and cost effectiveness of our operations. This major exercise was conducted mainly during the second quarter of the year and the implementation of changes and savings identified which commenced in the middle of 1991 will continue until the end of this year. As a result of our cost saving measures and strong business growth we are now making considerable progress in the reduction of our unit costs per policy.

Board Changes

◆ Mr John Egan joined the Board on 5 February 1992 and was appointed Managing Director on 24 April bringing with him a long experience in the life assurance industry. At the same time Mr Peter Vogel has relinquished his appointment as Managing Director to return to our parent company in Winterthur but I am very pleased to say that he will continue as a member of the Board. I would like to thank Peter Vogel for the considerable contribution he has made to the continued development of the company over the relatively short period of time during which he has been Managing Director.

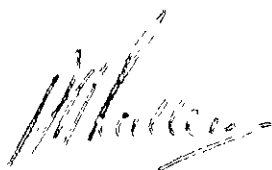
The Right Hon. the Earl Howe resigned from the Board on 31 May 1991 when he took up a post in the Government. He has made a most valuable contribution to our Company during his 3 years as a Director.

Mr Donall Fox retired on 31 March 1992 after more than 12 years as our Secretary and 26 years' service with the Company. I would like to thank him for his valuable contribution to the Company over this period.

After some 40 years with this company and having been Chairman for the last 10 years I am retiring from the Board with effect from 6 May 1992. I wish to thank all my colleagues, past and present, for their assistance in building such a successful organisation. My successor as Chairman will be Dr Silvio Caffisch who has been a member of our Board since 1982 during which time he has been very closely associated with our development.

Staff

◆ As I have indicated the past year has been a challenging one in which, despite problems in the market, we have achieved notable success in the development of our business and at the same time implemented important changes in our administrative systems. This has called for exceptional effort from our staff at all levels. Happily their level of commitment has been outstanding and I thank them for their valuable contribution to our achievements during the year.



D H Radley
Chairman

Report for the year ended 31 December 1991

The Directors present their report for the one hundred and fourteenth year of the Company's business

Principal activity

◆ The principal activity of the Company is the transaction of long term insurance business in the United Kingdom and associated investment activities

Long term insurance

◆ New long term business written during the year (after deduction of reinsurance) was as follows.

	1991	1990
Number of policies	10 846	8 801
	£000	£000
Annual premiums	7 532	5 645
Single premiums	18 479	10 709
Sums assured	298 465	213 904
Annuities per annum	918	484

◆ Premiums for the year (after deduction of reinsurance) were as follows

	1991	1990
	£000	£000
Life Assurance	29 245	28 614
Pensions Business	26 410	17 076
Other	168	192
	55 823	45 882

Bonus declarations

Bonuses were declared at the following rates on with-profits policies in the Participating Fund by way of reversionary bonuses for the year 1991 and by way of a terminal bonus in respect of 1992

Life assurance policies

- ◆ i) Current compound bonus series £4.50% reversionary bonus and a terminal bonus, dependent on policy duration, of at least 40% of attaching bonuses on all policies becoming claims by death or maturity during 1992
- ii) Closed simple bonus series £6.00% reversionary bonus and a final bonus on policies becoming claims by death or maturity in 1992. For normal whole life or endowment assurance policies the final bonus will be 50% of all previous bonus additions
- iii) On unitised with-profits Plus-Mortgage contracts 8% of the average number of units attaching throughout 1991

Policies in the pensions business fund

- ◆ i) On individual pure endowment and term assurances and the Selective Pension Plan £4.50% reversionary bonus and on maturity a terminal bonus, dependent on policy duration, of at least 40% of attaching bonuses
- ii) On all other pure endowment assurances £5.10% reversionary bonus
- iii) On unitised with-profits policies 8.5% of the average number of initial units and 12% of the average number of ordinary units attaching throughout 1991 for Pensionplus, 12.25% of the average number of units attaching throughout 1991 for Gold Pensions, and 12.5% of the average number of units throughout 1991 for Plusfunds

Annual valuation

◆ The annual valuation of the liabilities of the long term insurance business as at 31 December 1991 has been made by the Actuary. Life assurances were valued by the net premium method using the A 1967-70 mortality table adjusted in most cases for female lives and interest rates of 3.25% per annum for with-profits assurances, 4.25% for simple bonus additions thereon, 3.25% for compound bonus additions thereon and 5% for without-profits assurances, with additional reserves for some older policies. For Life assurances the premiums were modified in order to reduce new business strain. Immediate annuities were valued on the a(90) mortality table and 7.5% or 9% interest in the Pensions Business Fund and the General Annuity Fund. Pure endowment assurances in the Pensions Business Fund were valued by the net premium method at 5.5% for with-profits policies and 7.5% for without-profits policies, the premiums being modified in order to reduce the new business strain.

For linked assets the reserves were equal to the value of the underlying investment units plus additional reserves where appropriate. Credit was taken for the Long Term Insurance Funds at the value shown in the balance sheet.

◆ The valuation showed a surplus at the end of the year as follows

	1991 £000	1990 £000
Balance of surplus brought forward from previous year	1 065	1 852
Transferred from investment reserve	9 176	1 348
Capital appreciation/(depreciation) on unallocated linked assets	100	(459)
(Deficit)/Surplus arising in year	(794)	8 465
Transferred from profit and loss account	2 000	—
Surplus at the end of the year	11 547	11 206

◆ Acting on the advice of the Actuary, the Directors have allocated the surplus as follows

	1991 £000	1990 £000
To policyholders	9 401	10 141
Balance of surplus carried forward unappropriated	2 146	1 065
	11 547	11 206

Dividend

◆ An interim dividend was paid on 20 December 1991 of 3.8 p per ordinary share (1990 3.8p). The Directors do not recommend the payment of a final dividend (1990 4.0p). The total payment for the year amounted to £1 003 200 (1990 £2 059 200).

Directors

◆ The Board of Directors of the Company is as set out on page 2. Mr B E Radley resigned on 5 February 1991 and Mr P E Vogel was appointed on 6 February 1991. Dr H B Studer resigned on 2 May 1991 and Dr S C Sarbach was appointed to the Board on that date. The Right Hon. the Earl Howe resigned on 31 May 1991 and Mr J C Finan was appointed on 6 February 1992.

According to the Register of Directors' Share Interests none of the Directors had any interest in the shares of group companies at 31 December 1991.

Employees

◆ The average number of persons employed during the year under contracts of service in each week was 452 (1990 - 450) and the aggregate remuneration for the year was £9 539 000 (1990 - £8 836 000). It is the Company's policy to give full and fair consideration to applications for employment by disabled persons having regard to their particular aptitudes and abilities, to continue, as appropriate, the employment of staff who have become disabled and to provide equal opportunities for the training and career development of disabled employees. Throughout 1991 the Company continued its policy of employee involvement by providing information on matters of concern to them as employees, by meeting their trade union representatives and by encouraging employees to be aware of the financial and economic factors affecting the Company's performance.

Elective resolutions

◆ On 5 May 1991 the Company elected

- i) to dispense with the holding of Annual General Meetings
- ii) to dispense with the laying of report and accounts before the Company in general meeting, and
- iii) to dispense with the obligation to appoint auditors annually.

Accordingly KPMG Peat Marwick continue as auditors of the Company.

Other matters

◆ Charitable donations amounting to £5 310 (1990 £5 500) were made by the Company during the year. The Company maintains indemnity insurance for certain of its officers.



By Order of the Board

G J Boutle Secretary

6 May 1992 Provident Way Basingstoke RG21 2SZ

Revenue Account

for the year ended 31 December 1991

	Note	1991 £000	1990 £000
Premiums	1	55 823	46 882
Investment income		24 662	26 028
Change in value of linked investments (after adjustment for tax)		1 247	(9 898)
Transferred from investment reserve	2	9 176	1 348
Transferred from Shareholders' fund		2 000	-
		92 908	62 360
Claims incurred			
Death	3	4 313	3 812
Maturity		11 656	13 872
Surrenders		13 670	13 437
Annuities		2 101	1 805
Commission		3 861	3 592
Expenses		17 350	16 758
Taxation	7	651	(2 237)
		53 602	51 039
Increase in funds during the year		39 306	11 321
Funds at the beginning of the year		292 348	281 027
Funds at the end of the year		331 654	292 348

◆ The notes on pages 14 to 22 are an integral part of these accounts.

Balance Sheet
at 31 December 1991

	<i>Note</i>	1991 £000	1990 £000
Funds			
Long term insurance funds		331 654	292 348
Investment reserve		19 892	19 067
		351 546	311 415
Investments			
British government securities		90 279	67 042
Other fixed interest securities		27 417	19 051
Preference shares		7 950	3 410
Ordinary shares		139 066	115 192
Deposits		15 412	36 181
Mortgages and other loans		36 512	30 325
Freehold property		28 079	29 366
		344 715	300 567
Other assets			
Current assets	11	13 883	20 136
		358 598	320 703
Other liabilities			
Current liabilities	12	7 052	9 288
		351 546	311 415

◆ *The notes on pages 14 to 22 are an integral part of these accounts*

Profit and Loss Account
for the year ended 31 December 1991

	<i>Note</i>	1991	1990
		£000	£000
Investment income		2 765	2 953
Expenses		15	12
Profit before taxation		2 750	2 941
Transfer to Long Term Fund		2 000	—
Transfer to Investment Reserve		—	105
Profit after transfers		750	2 836
Taxation	7	872	962
(Loss) profit after taxation		(122)	1 874
Retained profits brought forward		2 481	2 666
		2 359	4 540
Dividend		1 003	2 059
Retained profits carried forward		1 356	2 481

◆ *The notes on pages 14 to 22 are an integral part of these accounts.*

Balance Sheet

at 31 December 1991

	Note	1991	1990
		£000	£000
Capital and Reserves			
Share capital	13	26 400	26 400
Retained profits and reserves		2 312	2 481
		28 712	28 881
Long Term Insurance Funds			
Per separate balance sheet		351 546	311 415
		380 258	340 296
Investments			
British Government securities		17 499	17 879
Other fixed interest securities		1 161	498
Preference shares		335	305
Ordinary shares		56	1 211
Deposits		628	252
Freehold property		4 410	5 000
Mortgages		2 838	2 838
		26 927	27 783
Other assets			
Loan to holding company		1 830	1 830
Current assets	11	639	1 205
		29 396	30 818
Other liabilities			
Current liabilities	12	684	1 937
		28 712	28 881
Long Term Insurance Net Assets			
Per separate balance sheet		351 546	311 415
		380 258	340 296

D H Radley
P E Vogel
R A F Ostone

Approved by the Board on 6 May 1992

D H Radley Chairman

P E Vogel Director

R A F Ostone Director

◆ The notes on pages 14 to 22 are an integral part of these accounts.

Disclosure requirements

◆ The accounts have been prepared in accordance with the provisions of Section 255 of, and Schedule 9 to the Companies Act 1985 applicable to insurance companies. The accounts have been prepared in accordance with applicable accounting standards and with the Statement of Recommended Practice, "Accounting for Insurance Business" issued by the Association of British Insurers in May 1990.

Segmental reporting

◆ The transaction of long term insurance business in the United Kingdom and its associated investment business is regarded by the Directors as the only business segment.

Investments

◆ i) Listed securities have been valued at middle market value less accrued interest at 31 December 1991. The market value of unlisted securities has been estimated by the Directors.
 ii) Mortgages and other loans are included at the amounts advanced.
 iii) Properties are shown at open market value less estimated selling costs. All valuations have been carried out within the last three years by external valuers who are all chartered surveyors. Where properties were not valued by them at 31 December 1991, the Directors consider the value at which they are included in the accounts to be fair. No depreciation is charged on freehold properties, all of which are held as investments.

Investment reserve

◆ The following items are dealt with through the investment reserve:

- i) The net unrealised appreciation of the value of investments, as defined above, over cost at the year end and the profits and losses realised on the sale of investments (adjusted where appropriate for taxation thereon)
- ii) The cost of dealing in investments
- iii) Expenditure on computer equipment, office furniture, additional motor cars, and certain other items

Amounts are transferred from the Long Term Insurance Fund on the following basis:

- Computer equipment - over its estimated useful life
- Office furniture - in the year of purchase
- Additional motor cars - in the year of purchase
- Other costs - in the year incurred

The balance of expenditure remaining unamortised is retained as a deduction within the investment reserve. Expenditure on replacement motor cars is charged directly to expenses in the revenue account.

Premiums	◆ Premiums are recognised for accounting purposes as they fall due
Investment income	◆ Investment income includes the following items i) Dividends received during the year, including related tax credits, together with accruals computed by reference to ex-dividend dates ii) Interest from mortgages, deposits, fixed interest and preference securities, accrued on a day-to-day basis iii) Interest paid on deposits etc., accrued on a day-to-day basis
Claims	◆ Claims are recognised for accounting purposes on the following basis i) Deaths - as notified to the Company ii) Maturities - as they fall due for payment
Foreign currency translation	◆ Assets and liabilities in foreign currencies held at the year end are translated at rates prevailing at that time. Transactions during the year are translated at the appropriate rate ruling at the time of the transaction. Exchange differences relating to investments are dealt with in the investment reserve
Investment in subsidiary	◆ The Shareholders' Fund holds 100% of the issued ordinary share capital of Provident Life (Pension Trustees) Limited, a company registered in England. This investment has been shown in the balance sheet as part of sundry debtors, under the equity method of accounting. Group accounts have not been produced because, in the opinion of the Directors, the amounts involved are not material
Deferred taxation	◆ Deferred taxation is provided for on all material timing differences unless the liability is unlikely to become payable in the foreseeable future

1 Premiums

i) Analysis of gross premiums	1991	1990
	£000	£000
Gross premiums receivable	57 304	47 226
Reassurance ceded	1 481	1 344
Net premiums receivable	55 823	45 882

All premium income arises from the transaction of insurance business within the United Kingdom

ii) Analysis by class of business	1991	1990
	£000	£000
Life: non linked	11 972	12 824
Life: linked	17 273	15 790
Annuity: non linked	34	56
Pensions: non linked	6 015	4 988
Pensions: linked	20 395	12 088
Permanent health: non linked	134	136
	55 823	45 882

iii) Analysis of annualised new business premiums	1991	1991	1990	1990
	Annual	Single	Annual	Single
	Premiums	Premiums	Premiums	Premiums
	£000	£000	£000	£000
Life: non linked	257	-	271	-
Life: linked	5 314	535	4 077	1 216
Annuity: non linked	-	34	-	56
Pensions: non linked	193	4 351	148	2 849
Pensions: linked	1 734	13 559	1 128	6 688
Permanent health: non linked	34	-	21	-
	7 532	18 479	5 645	10 709

2 Transfer from Investment Reserve

Long term insurance

◆ The sum of £9 176 000 (1990 £1 348 000) transferred to the Long Term Insurance Fund is made up as follows

	1991	1990
	£000	£000
Gross transfer	9 961	2 928
Expenses written off	785	1 680
	9 176	1 348

The expenses written off relate to the amortisation of expenditure incurred on computer equipment, office furniture, additional motor cars and certain other costs.

3 Claims

	1991	1990
	£000	£000
Gross death claims payable	5 159	5 040
Reassurance recoveries	846	1 228
Net death claims payable	4 313	3 812

4 Staff Pension Fund

◆ The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the revenue account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary, who is an employee of the Company, on the basis of annual valuations using the attained age method, the most recent having been carried out at 31 December 1990. This actuarial valuation showed that the market value of the scheme's assets were £37 504 595 and that the actuarial value of those assets represented 135% of the benefits that had accrued to members, after allowing for expected future increases in earnings. This surplus will be spread over the weighted average remaining service lives of current employees.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 9%, that general salary increases would average 7% per annum and that present and future pensions would increase at the rate of 6% per annum. Taking into account benefit and other changes during 1991, the pension charge for the period was £1 016 416 (1990 £1 515 806) based on a contribution rate for the year of 12% (1990 19%) of earnings.

5 Directors

Directors' remuneration for the year was

Total (including pension contributions)	1991	1990
	£	£
Fees	38 884	34 000
Other emoluments	209 179	273 235
Pensions paid to former Directors or their widows	17 364	15 845
	265 427	323 080

Individual (excluding pension contributions)	1991	1990
	£	£
Chairman	18 000	17 000
Highest paid Director	98 625	125 496
Compensation to a former Director	38 346	-

Directors by scale	No. Directors	
	1991	1990
Up to £5 000	2	-
£5 001 - £10 000	3	4
£15 001 - £20 000	1	1
£20 001 - £25 000	1	-
£65 001 - £70 000	1	-
£90 001 - £95 000	-	1
£95 001 - £100 000	1	-
£125 001 - £130 000	-	1

6 Auditors' Remuneration

◆ The remuneration of the Auditors for the year excluding irrecoverable VAT amounted to £50 450 (1990 £43 900)

7 Taxation

◆ The charge for taxation, which includes irrecoverable tax credits in respect of investment income at the basic rate of income tax and corporation tax at 33.25% based on the results for the year is made up as follows:

	Long Term Revenue Account		Profit and Loss Account	
	1991 £000	1990 £000	1991 £000	1990 £000
Current year				
Tax credits	651	11	22	43
Corporation tax	—	(987)	850	1 004
	651	(976)	872	1 047
Adjustments to prior years	—	(1 261)	—	(25)
	651	(2 237)	872	987

8 Loans to Directors and Officers

◆ i) Directors - Details of such loans are shown below Mortgage advances are loans made under the staff house purchase scheme and are secured on the main residence of the borrower and life assurance policies All due interest has been paid

	Loan at 1.1.91 £	Maximum loan during 1991 £	Loan at 31.12.91 £	Average rate of interest %
Mr B E Radley Mortgage advance (Retired 5 February 1991)	50 000	50 000	32 000	7.2
Mr R A F Ostone Mortgage advance	27 000	27 000	27 000	6.7

◆ vi) Officers' Staff loans for the purpose of house purchase are as follows. Aggregate amount outstanding £449 105. Number of officers 2

9 Investments

◆ i) If the assets had been realised at the values referred to in Accounting Policies it is estimated that the additional liability to corporation tax would be £nil (1990 £nil)

ii) Uncalled capital on investments held by the company at the year end amounted to £5 504 000 (1990 £1 355 400) in the Long Term Fund

iii) The cost of dealing in investments amounted to £1 137 621 (1990 £579 871)

10 Capital Commitments

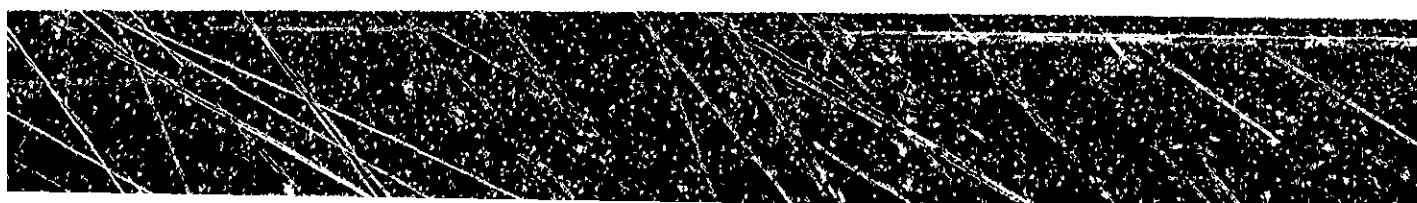
◆ Contracted but not yet provided for £nil (1990 £795 175)

Authorised but not yet contracted for £393 000 (1990 nil)

11 Current Assets

Long Term Fund	1991 £000	1990 £000
Sundry debtors	2 453	5 388
Taxation	5 322	7 237
Outstanding premiums	515	478
Investment income accrued and outstanding	3 822	3 472
Balances at bankers	1 669	3 054
Shareholders' Fund	-	507
Fellow subsidiaries	102	-
	13 883	20 136

Shareholders' Fund	1991 £000	1990 £000
Sundry debtors	385	480
Balances at bankers	41	668
Long Term Fund	40	-
Fellow subsidiaries	173	57
	639	1 205



12 Current Liabilities

Long Term Fund	1991 £000	1990 £000
Outstanding claims and annuities:		
Net	1 366	714
Reinsurance	671	865
Gross	2 037	1 569
Sundry creditors	4 586	7 603
Ultimate holding company	389	116
Shareholders' Fund	40	-
	7 052	9 288

Shareholders' Fund	1991 £000	1990 £000
Sundry creditors	4	7
Taxation	680	367
Long Term Fund	-	507
Dividend payable	-	1 056
	684	1 937

13 Share Capital

◆ The authorised, allotted and fully paid-up share capital of the Company is made up as follows

	1991 £	1990 £
1 400 000 ordinary shares of £1 each	1 400 000	1 400 000
25 000 000 ordinary shares of £1 each, non-voting	25 000 000	25 000 000
	26 400 000	26 400 000

14 Ultimate Holding Company

◆ The company's ultimate holding company is 'Winterthur' Swiss Insurance Company a company incorporated in Switzerland. The immediate holding company is Winterthur (UK) Holdings Ltd which is registered in England.

15 Statement of Source and Application of Funds

◆ Statement of source and application of funds for the year ended 31 December 1991 (excluding long term insurance)

Source of funds	1991 £000	1990 £000
Movements on reserves		
Profit before taxation	2 750	2 041
Transfer to Long Term Fund	(2 000)	-
Movement on investment reserve	1 546	(1 581)
	2 296	1 360
Tax repaid	-	397
Decrease in debtors	-	131
	2 296	1 888
Application of funds		
	1991 £000	1990 £000
Mortgage advances	-	2 838
Dividends paid	2 059	2 059
Tax paid	559	-
Purchase of property	-	5 761
Increase in debtors	61	-
Decrease in creditors	510	1 052
	3 189	11 710
Changes in Stock Exchange investments and net liquid funds:		
(Decrease) in investments and deposits	(266)	(10 296)
(Decrease)/Increase in balances at bankers	(627)	474
	(893)	(9 822)
	2 296	1 888

◇ Report of the Auditors to the members of Provident Life Assurance
Limited

We have audited the financial statements set out on pages 10 to 22 in
accordance with Auditing Standards

In our opinion the financial statements have been properly prepared in
accordance with the provisions of the Companies Act 1985 applicable to
insurance companies

KPMG Peat Marwick

KPMG Peat Marwick

Chartered Accountants

Registered Auditor

London

6 May 1992

◆ Provident Life was founded in 1877 and became a member of the "Winterthur" Swiss Insurance Group in 1981. Winterthur has branches and subsidiaries in 18 countries in Europe, America and the Far East. It operates in 27 countries worldwide with assets in excess of £17 billion and a premium income well in excess of £5 billion.

Thus Provident Life benefits from the expertise and financial backing of one of Europe's leading insurance groups.

Subsidiaries, branches and representative offices

