

REPORT AND ACCOUNTS 1978

PROVIDENT LIFE
ASSOCIATION OF LONDON LIMITED

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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 23rd day of May, 1979, at 12 noon for the following purposes:—

1. To receive and consider the Accounts for the year 1978 and the Reports of the Directors and Auditors thereon.
2. To declare a final Dividend on the Ordinary Shares.
3. To elect Directors.
4. To appoint Auditors for the ensuing year.
5. As special business to consider and, if thought fit, to pass the following resolution:
That the ordinary remuneration of each Director of the Company shall be not more than £3,000 per annum.

Dated this 27th day of April, 1979.
By Order of the Board,
R. A. F. OSTIME,
Secretary.

266 Bishopsgate,
London EC2M 4QP

Only Holders of Ordinary 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 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

The most significant feature of the results for 1978 was the successful new business effort which increased the new annual premiums by 41 per cent. for life business, and by 53 per cent. for pensions business. We have also achieved a further increase in the proportion of with profits new business from 45 per cent. in 1977 to 63 per cent. in 1978. This is a satisfactory proportion which we shall seek to maintain.

The Insurance Industry benefited during the year from more stable economic conditions and recorded a healthy increase in new business. This was helped by the introduction of the new State Graduated Pension Scheme and from the very active house purchase market.

Long-Term business

New sums assured were £208 million compared with £176 million in 1977 and new annual premiums were £3.3 million compared with £2.3 million in 1977. The spread of new business was very satisfactory about two-thirds being life business and one-third being group and individual pensions business. Sales in the year were also particularly good in respect of with profit endowment policies to cover Building Society advances and without profit endowment policies in connection with topping up business where the policy covers both the Building Society advance and our mortgage.

At the end of the year the long-term funds stood at £88.8 million and the Investment Reserve at £5.6 million, compared with the 1977 figures of £83.0 million and £4.9 million. The cash flow available was invested in approximately equal proportions in Government securities and equity type investments. In addition a further £2 million was invested in topping-up mortgages associated with a large volume of endowment policies, this being financed out of the repayments of older mortgages with lower rates of interest, so that the total investment in house mortgages was unchanged at £53 million.

As a result of these operations we achieved another satisfactory increase in the gross rate of interest earned on the long-term funds, which rose to £7.98 per cent. compared with £7.64 per cent. in 1977.

The expenses and commission during the year were £5.66 million compared with £5.00 million in the previous year, an increase of 13 per cent. The larger part of these are in respect of new business which rose well over 40 per cent. The extension of computer systems is continuing and their effectiveness in containing unit costs is now being experienced. In particular they have dealt with all the preliminary work necessitated by the introduction of tax relief by deduction from life assurance premiums which commenced on 6th April, 1979.

The annual valuation carried out by the actuary revealed that the surplus emerging in 1978, including the transfer from investment reserve, totalled £2.99 million. The valuation basis used in 1977 has been maintained except that, in order to accommodate new business strains, the rates of interest were raised by 0.25 per cent. in valuing with profits life assurances, and by 0.50 per cent. in valuing endowment assurances without profits. After providing for bonuses to policyholders and transfers to shareholders, the surplus carried forward to 1979 was £0.97 million.

General Insurance Business

The United Standard Insurance Company Limited achieved a total profit after tax of £71,000. The Property and Accident account once again showed a substantial underwriting loss, but the amount was far less than in the previous year as the steps taken to deal with the situation began to take effect.

The Property and Accident account underwriting losses were £268,000 compared with £496,000 in 1977. These derived mainly from retailers business and from closed accounts especially reinsurance business. The retailers rates of premium were substantially increased at the end of the year, and the closed accounts, all of which ceased to be written in 1976 or previously, are not expected to affect future results significantly. The rates charged for house contents policies were increased in May 1978 and this has resulted in a satisfactory performance during the year in a sector that has in recent years been very unsatisfactory.

The motor account premium income increased to £1.8 million from £1.6 million in the previous year and the results continue to be satisfactory.

The investments of the subsidiary are largely in short government securities, and the fall in market value by the end of the year was absorbed by the investment reserve, which, after the transfer from the Revenue account, stood at £70,000.

In July 1978 a further £200,000 share capital was subscribed by the parent company increasing the issued share capital of the United Standard Insurance Company Limited to £1,200,000.

Shareholders' Fund

The parent company's profit after tax was £510,000 compared with £454,000 for the previous year. This includes £433,000 transferred from the long-term fund against £365,000 in 1977. The tax charge in the Shareholders' Fund included, for the first time, some £17,000 of Advance Corporation Tax which may be taken into credit at some future date.

The combined profits of the group after tax were £582,000 compared with £433,000 in the previous year. After allowing for recommended dividends costing £426,000, against £371,000 in 1977 and making the transfer referred to in the subsidiary company's accounts, the carry-forward in the combined Profit and Loss accounts was £614,000.

On the 29th December, 1978, meetings of both the A and B shareholders approved proposals for the enfranchisement of the B Ordinary shares, so that all the Ordinary shares now have the same voting rights. This involved a capitalisation issue of 255,000 new Ordinary shares issued to A shareholders on the basis of one new share for every ten held. I am sure that this will be of benefit to all shareholders by creating a larger single market and bringing us into conformity with modern practice.

Staff

My congratulations are due to the Management and all members of the head office and sales staff on the excellent results of the year, which mark a further step forward in our development plans. I conclude with best wishes for continuance of this success which has been achieved as a result of the co-operation of all concerned.

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
 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
 Regional Life Manager

Pension Sales Manager

Services

Assistant General Manager and Secretary

Staff Manager
 Special Projects Manager
 Deputy Investment Manager
 Data Processing Manager
 Deputy 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. L. 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.

D. Cooper, 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

B. T. J. Eades

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.

J. Shaddick, B.A.

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

R. A. Halligan

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

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

M. Wise, F.C.A.

T. G. Beasley

J. T. Sully

Medical Officer

Auditors

Solicitors

Bankers

Registrars

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

Deloitte Haskins & Sells

Hatchett Jones & Kidgell

Barclays Bank Limited

National Westminster Bank Limited

Barclays Bank (London and International) Limited

PROVIDENT LIFE Association of London Limited

MEMORANDUM

for the year ended 31st December, 1978

The Directors have pleasure in presenting their Report for the One Hundred and First 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 and General Insurance Business in the United Kingdom.

LONG-TERM INSURANCE

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

	1978	1977
Number of policies	17,456	14,980
	£	£
Sums Assured	208,399,000	176,932,000
Annuities (per annum)	1,281,200	582,000
Annual Premiums	3,367,700	2,364,200
Single Premiums	610,500	968,400

Premiums for the year amounted to £12,986,000 (1977—£11,786,270).

Investment income totalled £6,609,355 (1977—£5,935,979) and the gross rate earned on the Long-Term Insurance Funds was 17.98 per cent. (1977—17.64 per cent.).

Mortgage advances on house property outstanding at the end of the year amounted to £53.1 million. The average amount of each advance outstanding was £3,487.

Bonus declarations—Reversionary bonuses upon with profits policies in the participating fund were declared for the year 1978 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 1979. 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.

The annual valuation of the liabilities of the Long-Term Insurance Business as at 31st December, 1978 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, and 4½ per cent. for 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

PROVIDENT LIFE Association of London Limited

or earlier. Annual premium annuities were valued at 5 per cent. for without-profits policies, 3½ per cent. for with-profits policies 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 at 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 1978 was £3,910,916. Deducting the amount brought forward from 1977, of £913,608, the surplus emerging in 1978, including the transfer of £500,000 from Investment Reserve, was £2,997,308 (1977—£2,204,596).

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

	1978 £	1977 £
Allocated to policyholders	2,500,167	1,900,351
Transferred to Profit and Loss Account:		
Life Assurance Fund—		
Shareholders' share of divisible profits	233,537	190,416
Non-divisible profits	200,000	175,000
	<u>2,933,704</u>	<u>2,265,767</u>
Carried forward	977,212	913,608
	<u>£3,910,916</u>	<u>£3,179,375</u>

The amount carried forward to 1979 of £977,212, 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 £4,311,439 (1977—£4,306,701).

SHARE CAPITAL

At an Extraordinary General Meeting of the Company held on 29th December, 1978 a Special Resolution was passed (which was sanctioned by the "B" Ordinary Shareholders at their own separate meeting) abolishing the distinction between "A" and "B" Ordinary Shares and creating a single class of Ordinary Shares ranking *pari passu* in all respects and approving a capitalisation issue of 255,000 new Ordinary Shares credited as fully paid to "A" Ordinary Shareholders of one new Ordinary Share for every ten "A" Ordinary Shares held on 8th December, 1978. The sum of £63,750 was transferred from unappropriated profits in respect of this capitalisation issue. The new Ordinary Shares rank *pari passu* in all respects with the existing Ordinary Shares in the Company, save that they did not rank for the interim dividend in respect of the year ending 31st December, 1978 which was paid on 2nd January, 1979.

DIVIDENDS

The Directors have recommended the payment on 1st June, 1979 of a final dividend of 5.02p per Ordinary Share. The interim dividend paid on 2nd January, 1979 on the "A" and "B" Ordinary Shares on the register at 8th December, 1978 was 4.1p per share.

The total of the interim and final dividends for 1978 at 9.12p per share represents an increase of 11.6 per cent. over the corresponding total for 1977 of 8.168p per share (interim 3.7p, final 4.468p). In the case of former "A" Ordinary Shares the effective increase was 17.8 per cent. after allowing for the capitalisation issue.

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 for the Group are £614,337 (1977—£528,828) of which £594,675 (1977—£510,842) is in the Holding Company.

PROVIDENT LIFE Association of London Limited

BOARD

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. John D. Profumo, Sir John Colville and Mr. H. R. James. All are eligible and offer themselves for re-election.

INTERESTS OF DIRECTORS AND OTHERS

The table below shows in respect of the year 1978 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 Shares as at 1st April, 1979.

Directors	At 1st January, 1978			At 31st December, 1978	
	Ordinary Shares		Preference Shares	Ordinary Shares	Preference Shares
	A (Voting)	B (Non-Voting)			
Beneficial:					
P. Binswanger	—	—	—	1,000	—
Sir John Colville	—	1,000	—	3,112	95
R. J. W. Crabbe	1,125	1,875	95	1,100	—
H. R. James	1,000	—	—	625	—
C. W. Mallord Turner	750	—	—	275,793	629
J. D. Profumo	142,609	118,934	629	217,657	628
Major P. Profumo	197,870	8,060	628	1,575	—
D. H. Radley	750	750	—	—	—
The Rt. Hon. Lord Trend	—	—	—	—	—
Non-Beneficial:					
R. J. W. Crabbe	469,731	186,679	46	703,381	46
H. R. James	469,731	175,579	46	692,281	46
C. W. Mallord Turner	400	500	100	940	100
J. D. Profumo	573,307	175,579	46	806,214	46
Major P. Profumo	73,576	—	—	80,933	—
D. H. Radley	—	—	10	—	10
Persons other than Directors					
Winterthur Swiss Insurance Company				1,210,750	(25.46%)
The Rt. Hon. Lord Balfour of Inchrye (beneficial)				6,275	(0.13%)
(non-beneficial)				692,281	(14.56%)
Lady Balfour of Inchrye (beneficial)				268,875	(5.65%)
J. D. Fox (non-beneficial)				353,008	(7.42%)

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

There have been no changes in Directors' interests between 31st December, 1978 and 1st April, 1979. There have been no disclosable contracts or arrangements subsisting during 1978 in which a Director was materially interested.

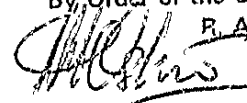
OTHER MATTERS

The average number of persons employed during the year by the Provident Group under contracts of service in each week was 670 (1977—717) and the aggregate remuneration for the year was £3,021,117 (1977—£2,625,540).

Charitable donations amounting to £1,358 (1977—£1,248) were made by the Group during the year.

A resolution will be put to the members of the Company at the Annual General Meeting proposing the re-appointment of Deloitte Haskins & Sells as auditors for the ensuing year.

By Order of the Board,

 R. A. F. OSTIME,
Secretary.

266 Bishopsgate, London EC2M 4QP
10th April, 1979.

PROVIDENT LIFE Association of London Limited

LONG-TERM INSURANCE BUSINESS

Revenue Account for the year ended 31st December, 1978

	Note	1978 £	1977 £
Funds at the beginning of the year:			
Long-Term Insurance Funds		82,055,282	76,919,372
Life Assurance Contingency Fund		1,000,000	1,000,000
		<u>83,055,282</u>	<u>77,919,372</u>
Premiums		12,986,000	11,786,270
Investment income		6,609,355	5,985,979
		<u>102,650,637</u>	<u>95,541,621</u>
Claims incurred:			
Death		1,557,003	1,500,632
Maturity		3,143,610	2,640,016
Surrenders		1,973,290	1,926,130
Annuities		1,240,380	1,281,112
Commission		1,013,539	884,466
Expenses of Management		4,649,097	4,124,984
Taxation	3	298,184	353,583
		<u>13,875,103</u>	<u>12,720,923</u>
Transferred to Profit and Loss Account:			
Life Assurance Fund—			
Shareholders' share of divisible profits		233,537	190,416
Non-divisible profits		200,000	175,000
		<u>433,537</u>	<u>365,416</u>
Transferred from Investment Reserve	7	500,000	600,000
		<u>14,308,640</u>	<u>13,086,339</u>
		<u>88,341,997</u>	<u>82,455,282</u>
Funds at end of year		<u><u>£88,841,997</u></u>	<u><u>£83,055,282</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 as at 31st December, 1978

	Note	1978 £	1977 £
Funds:			
Long-Term Insurance Funds		87,841,997	82,055,202
Life Assurance Contingency Fund		1,000,000	1,000,000
		<u>88,841,997</u>	<u>83,055,202</u>
Current Liabilities:			
Outstanding claims and annuities		309,943	286,004
Depositors		193,419	211,021
Due to Shareholders' Fund		232,413	300,600
Creditors		979,849	920,470
		<u>1,715,624</u>	<u>1,718,695</u>
		<u>£90,557,621</u>	<u>£84,773,977</u>
Investments:			
British Government Securities	1b	11,898,781	11,172,894
Other Fixed Interest Securities		900,075	1,298,655
Ordinary Shares		13,159,197	10,530,905
		<u>25,958,053</u>	<u>23,011,654</u>
Market Value			
Mortgages on house property and other loans within the United Kingdom		54,191,215	54,219,216
Freehold and leasehold property, including Company's offices	1b(iii)	13,331,445	10,492,822
		<u>93,480,713</u>	<u>87,723,692</u>
Less: Investment Reserve	1c	5,627,177	4,944,043
		<u>87,853,536</u>	<u>82,779,649</u>
Current Assets:			
Debtors and Prepayments		131,789	118,062
Taxation		357,281	311,200
Outstanding premiums		478,415	383,289
Investment income accrued and outstanding		895,652	851,754
Deposits		560,000	140,000
Balances at Bankers		280,948	190,037
		<u>2,704,085</u>	<u>1,994,328</u>
		<u>£90,557,621</u>	<u>£84,773,977</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, 1978

	Note	£	1978	1977
Investment income			£ 146,681	149,017
Miscellaneous profits			20,594	16,522
			<u>167,075</u>	<u>165,539</u>
Expenses		17,465		15,642
Taxation	3	<u>72,613</u>		<u>54,487</u>
			90,078	70,129
			<u>76,997</u>	<u>69,104</u>
Transferred from Long-Term Business Revenue Account:				
Life Assurance Fund				
Shareholders' share of divisible profits		233,537		190,416
Non-divisible profits		<u>200,000</u>		<u>175,000</u>
			433,537	365,416
Profit after taxation			<u>510,534</u>	<u>454,520</u>
Balance from previous year's account			510,842	430,172
			<u>1,021,376</u>	<u>884,692</u>
Dividends:				
Preference dividend		3,500		3,500
Ordinary dividend (see Directors' Report):				
<i>Additional final</i>		—		2,790
Interim, paid 2nd January, 1979		184,500		166,500
Proposed final		<u>238,701</u>		<u>201,060</u>
			426,701	373,850
Balance carried forward			<u>£594,675</u>	<u>£510,842</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 as at 31st December, 1978

	Note	£	1978	£	1977
Capital and Reserves					
Share Capital	2			1,288,750	1,288,750
Reserve Fund		507,974			507,974
Profit and Loss Account		<u>594,675</u>			594,675
				<u>1,102,249</u>	1,102,249
				<u>2,391,399</u>	2,391,399
Contingency Fund				200,000	200,000
				<u>£2,591,399</u>	£2,591,399
Represented by:					
Investments:	1b				
British Government Securities				175,378	207,770
Other Fixed Interest Securities				11,841	12,945
Preference Shares				628,403	579,480
Ordinary Shares				<u>545,775</u>	581,520
Market Value				1,361,397	1,423,571
Investment in Subsidiary at cost less amount written off				<u>1,200,000</u>	1,600,000
				<u>2,561,397</u>	2,423,571
Current Assets:					
Debtors		14,678			12,800
Due from Long-Term Insurance Business Funds		232,413			300,600
Due from Subsidiary Companies		11,123			1,007
Investment income accrued and outstanding		23,768			10,804
Deposits		150,000			...
Balances at Bankers		<u>53,705</u>			104,080
				<u>485,687</u>	517,747
Total Assets				<u>3,047,084</u>	2,911,318
Current Liabilities:					
Creditors		5,098			32,916
Taxation		25,636			11,586
Dividends payable or proposed		<u>424,951</u>			372,100
				<u>455,685</u>	416,572
				<u>£2,591,399</u>	£2,524,746

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

PROVIDENT LIFE Association of London Limited

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

	1978 £	1977 £
Source of Funds		
Profit before taxation	583,147	509,097
Net movement on Reserve Fund (including bonus issue of Shares—£63,750)	(17,180)	280,200
Adjustments for:—	(27,818)	(54,925)
Decrease in Creditors (excluding taxation)	51,729	47,388
Decrease in Debtors		
	<u>£589,878</u>	<u>£781,679</u>
Application of Funds		
Dividends paid	373,850	332,585
Tax paid	58,533	48,132
	<u>432,383</u>	<u>380,717</u>
Changes in Investments and Net Liquid Funds		
Increase (Decrease) in:—		
Investments	287,826	353,130
Balances at Bankers	(130,331)	37,826
	<u>157,495</u>	<u>400,962</u>
	<u>£589,878</u>	<u>£781,679</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) Listed securities have been valued at middle market value at 31st December, 1978. The market value of unlisted securities has been estimated by the Directors.

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

(iii) An external valuation of the major part of the Company's property portfolio was made on the 31st December, 1978 and incorporated in the books. The remaining properties are included at a valuation made on 31st December, 1976. 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, 1978 it is estimated that the liability to Corporation Tax would have been nil (1977—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 £16,258 (1977—£17,476) has been deducted.

(2) Share Capital

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

	1978	1977
20,000 3.5% (formerly 5% gross) Cumulative Preference Shares of £5 each	£100,000	£100,000
4,755,000 Ordinary Shares of 25p each	1,188,750	—
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>£1,288,750</u>	<u>£1,225,000</u>

(3) Taxation

The charge for 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. on amounts reserved for policyholders. The total charge for taxation in the Revenue Account and Profit and Loss Account is made up as follows:—

	1978	1977
Income Tax	£246,315	£158,668
Corporation Tax	106,915	127,706
Advance Corporation Tax	17,567	—
Prior year adjustments	—	121,696
	<u>£370,797</u>	<u>£408,070</u>

PROVIDENT LIFE Association of London Limited

(4) Directors' Remuneration

Directors' remuneration for the year was:

	1978	1977
Fees	£17,300	£19,100
Other emoluments	26,028	23,155
Directors' pensions	8,954	8,190
	<u>£52,282</u>	<u>£50,445</u>

Chairman
Highest paid Director

£5,542	£5,542
£20,939	£19,370

Other Directors by scale:

Up to £2,500

Exceeding £2,500 up to £5,000

One Director waived fees totalling £1,800 (1977—nil)

Number of Directors	
6	7
1	—

(5) Employees' Remuneration

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

	1978	1977
Exceeding £10,000 up to £12,500	22	8
Exceeding £12,500 up to £15,000	11	6
Exceeding £15,000 up to £17,500	5	1
Exceeding £17,500 up to £20,000	1	—

(6) Auditors' Remuneration

The Auditors' remuneration for the year amounted to £19,500 (1977—£18,500).

(7) Investment Reserve

The sum of £500,000 transferred to the Long-Term Fund is made up of £635,000 less £135,000 in respect of the expenditure and amortisation referred to in note (1) (d).

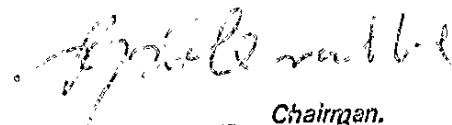

(8) Staff Pension Fund

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 27 years.

(9) Close Company

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


Managing Director.


Chairman.

Director.

266, Bishopsgate,
London EC2M 4QP

10th April, 1979.

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,
10th April, 1979.

Robert Haslem & Selby

Chartered Accountants.

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

Development

Development Manager

R. E. Jenner

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

Underwriting Manager

C. E. Wilkins, A.C.I.I.

Secretarial

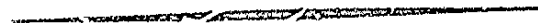
Secretary and Staff Manager

L. F. Harvey

Accounts

Accountant

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



Auditors

Deloitte Haskins & Sells

Bankers

The Royal Bank of Scotland Limited
Barclays Bank Limited

UNITED STANDARD Insurance Company Limited

Consolidated Return Accounts for the year ended 31st December, 1978

	1978	1977
	£	£
Property and Accident		
Premiums (£567,335 fully earned)	2,470,713	2,332,529
Provision for unearned premiums at beginning of year	667,701	590,000
	<u>3,138,414</u>	<u>2,922,529</u>
<i>Less: Provision for unearned premiums at end of year</i>	740,485	637,701
Premiums earned	2,397,929	2,284,828
Claims incurred	1,462,499	1,318,061
Commission	529,513	438,478
Expenses of Management	673,281	570,754
Exchange surplus transferred to Consolidated Profit and Loss Account	1,342	22,932
	<u>2,666,635</u>	<u>2,358,425</u>
Transfer to Consolidated Profit and Loss Account	(Loss) £268,706	(Loss) £486,935
Motor		
Premiums	1,821,107	1,601,418
Provision for unearned premiums at beginning of year	664,731	568,600
	<u>2,425,838</u>	<u>2,170,018</u>
<i>Less: Provision for unearned premiums at end of year</i>	677,116	604,731
Premiums earned	1,748,722	1,565,287
Claims incurred	1,038,871	984,509
Commission	336,530	307,057
Expenses of Management	366,386	330,307
	<u>1,741,787</u>	<u>1,591,873</u>
Transfer to Consolidated Profit and Loss Account	(Profit) £6,935	(Loss) £26,536
Marine		
Fund at beginning of year	179,147	329,840
Premiums	19,619	70,693
	<u>198,766</u>	<u>400,533</u>
Claims paid	92,868	104,726
Expenses of Management	8,604	16,198
Exchange surplus transferred to Consolidated Profit and Loss Account	810	14,050
Fund at end of year	103,441	173,147
	<u>205,723</u>	<u>204,626</u>
Transfer to Consolidated Profit and Loss Account	(Loss) £6,957	(Profit) £5,907

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, 1978

	Note	1978 £	1977 £
Investment income			
<i>Profit on sales of investments during the year (transferred from Investment Reserve)</i>			200,000
Underwriting Results:			(490,835)
Property and Accident		(268,706)	(26,586)
Motor		6,935	5,907
Marine		(6,957)	
		(268,728)	(517,614)
		77,010	18,626
		15,668	23,400
Expenses of Management		61,342	(4,774)
		9,295	22,027
Exchange surplus		70,637	17,253
Profit before taxation		1,039	(38,016)
Taxation recovered	3		(20,763)
Profit after taxation		71,676	31,364
<i>Goodwill written off</i>			(52,117)
		71,676	
		70,000	
Transferred to Investment Reserve			60,000
<i>Transferred from Investment Reserve</i>			7,883
		1,676	
Balance from previous year's Account		17,986	10,103
		<u>£19,662</u>	<u>£17,026</u>
Balance carried forward			

UNITED STANDARD Insurance Company Limited

Consolidated Balance Sheet as at 31st December, 1978

	Note	£	1978	£	1977
Capital and Reserves:					
Share Capital	2			1,200,000	1,000,000
Reserve Fund		2,577			2,577
Profit and Loss Account		19,662			17,898
				22,239	20,503
				<u>1,222,239</u>	<u>1,028,503</u>
Insurance Funds:					
Property and Accident (unearned premiums)		740,485			637,781
Motor (unearned premiums)		677,116			604,751
Marine		103,441			170,147
				1,521,042	1,451,579
Current Liabilities:					
Outstanding claims		2,169,478			2,167,237
Due to Companies and Brokers		156,311			156,777
Due to Holding Company		11,123			1,907
Creditors		40,948			47,966
				2,377,860	2,402,887
				<u>£5,121,141</u>	<u>£4,875,129</u>
Investments:					
British Government Securities	1a	2,685,366			2,360,945
Other Fixed Interest Securities		274,223			306,356
Preference Shares		18,946			18,526
Ordinary Shares		52,431			49,900
				3,030,966	2,725,726
Market Value		85,900			143,512
Mortgages on house property within the United Kingdom		654,426			585,983
Company's freehold offices and land	1a(iii)				
				3,771,292	3,455,221
Less: Investment Reserve	1b	70,837			139,562
				3,700,455	3,255,659
Current Assets:					
Debtors, including Income Tax recoverable £83,689 (1977 £82,487)		102,876			104,056
Due from Companies and Brokers		894,918			976,310
Investment income accrued and outstanding		91,040			83,934
Deposits		200,920			519,748
Balances at Bankers		130,932			135,372
				1,420,686	1,619,470
				<u>£5,121,141</u>	<u>£4,875,129</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

	1978 £	1977 £
Source of Funds		
Profit before taxation	70,637	17,268
Issue of Shares	200,000	—
Net movement on Investment Reserve before transfer from/(to) Profit and Loss Account £70,000 (1977—(£60,000))	(198,725)	154,216
Tax (paid)/recovered (including tax attributable to investment income)	(10,714)	118,142
Adjustments for:—	69,463	(48,447)
Increase in Insurance Fund	2,241	477,658
Increase in Outstanding Claims	(18,675)	(158,825)
Decrease in Creditors	78,576	(6,017)
Decreases in Agents' Balances and Debtors (excluding taxation)	<u>£192,803</u>	<u>£556,480</u>
Application of Funds		
Changes in Investments and Net Liquid Funds		
Increase (Decrease) in:—		
Investments	316,071	763,866
Deposits	(118,828)	53,874
Balances at Bankers	(4,440)	(261,260)
	<u>£192,803</u>	<u>£556,480</u>

UNITED STANDARD Insurance Company Limited

Notes on the Accounts

(1) Accounting Policies

(a) Investments

(i) Listed securities have been valued at middle market value at 31st December, 1978.

(ii) Mortgages are included at the amounts advanced.

(iii) An external valuation of the Company's freehold offices and land was made on the 31st December, 1978 and, after allowing for estimated selling costs, incorporated in the books.

(b) Investment Reserve

The Investment Reserve includes the net unrealised appreciation of the value of investments, as defined in (a) 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, 1978. This liability is estimated not to exceed £22,000 (1977—£65,000).

(c) 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.

(d) Exchange Rates

Assets and liabilities in foreign currencies have been converted at the rates ruling on 31st December, 1978. The revenue transactions have been converted at average rates prevailing during the year.

(e) 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.

(f) 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.

(g) Marine

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

(h) Outstanding Claims

Outstanding claims include due provisions in respect of claims incurred but not notified to the Company at 31st December, 1978.

(i) 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	— 1,200,000 shares of £1 each	£1,200,000.	(1977—£1,000,000)

(3) Taxation

	1978 £	1977 £
(a) U.K. Tax		
Prior year adjustments—Group Relief received	1,039	—
(b) Overseas Tax		
Current year's charge	(1,000)	(25,000)
Prior year adjustments	1,000	(13,016)
	<u>£1,039</u>	<u>(£38,016)</u>

Corporation tax losses carried forward amount to approximately £660,000 (1977—£575,000).

(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 £8,000 (1977—£6,250).

General Manager

Chairman

Director

9th April, 1979.

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 3J7

Telephone: Tunbridge Wells (0892) 39111

LIFE AGENCY ORGANISATION

London and Home Counties (North)

Regional Office—266 Bishopsgate, London EC2M 4QP Tel 01-247 3200

London Regional Life Manager

Senior City Inspector

City Inspector

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

T. G. French

D. R. Madeley

Pensions Inspectors

R. R. Moody, A.P.M.I.

J. Wilson

F. C. Stanton

Area Office (Berks and Bucks)—1 Bridge Avenue, Maidenhead, Berkshire SL6 1RR Tel. Maidenhead 36314
Area Manager K. G. Athill

London and Home Counties (South)

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

Regional Life Manager

B. T. J. Eades

Pensions Inspector

R. P. F. Hart

Area Office (Hampshire)—12 Palmerston Road, Southampton SO9 4XR Tel. 0703 32716/7
Area Manager L. W. Deane

City/Pensions Inspector

S. Earnshaw

Area Office (Sussex)—53 Portland Road, Hove, Sussex BN3 5DQ Tel. Brighton 722288
Area Manager W. Morris

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. R. Tebbutt

North and North Wales

Regional Office—39 Northenden Road, Sale Cheshire M33 2DH Tel. 061-969 8321
Regional Life Manager J. C. Porter

City Inspector

H. Finn

Area Office (Leeds)—Permanent House, The Headrow, Leeds LS1 8DL Tel. 0532 452900

Regional City Inspector

J. E. Carroll, M.B.E.

West and South Wales

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

Pensions Inspector

F. J. D. Evans

Area Office (Cotswolds)—10 Royal Crescent, Cheltenham GL50 3DA Tel. Cheltenham 24836/20100
Area Manager N. J. Lister

London and Home Counties (North)

North East London

North West London

West London

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. 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

Luton 54857

Romford 27519

Rayleigh 775168

Chelmsford 440222

London and Home Counties (South)

South West London

South East London

North West Kent

East Kent

K. W. Mardon (*Life District Manager*)

G. A. Gardner (*Senior Inspector*)

R. Field (*District Inspector*)

D. L. Hambrook (*District Inspector*)

Walton-on-Thames 27115

01-777 5453

Medway 35934

Canterbury 66369

Midlands

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. Fish (*Senior Inspector*)

B. A. T. Heslop (*District Inspector*)

P. G. Wilton (*Area Inspector*)

Bromsgrove 76330

Burntwood 72144

Warwick 498112

Leicester 353482

Derby 513387

Wellingborough 676685

North and North Wales

N.W. Cheshire and N. Wales

North West Lancs.

N.W. Manchester

South West Manchester

P. K. Szymanski (*District Inspector*)

P. A. Murray (*District Inspector*)

P. J. Boon (*Area Inspector*)

J. A. Skinkis (*District Inspector*)

Buckley 543273

Southport 38669

Bolton 594213

061-973 4071 (Sale)

West and South Wales

Bristol

South Wales

South Devon and Cornwall

R. M. Smith (*District Inspector*)

T. H. Jones (*Life District Manager*)

W. E. Russell (*Life District Manager*)

Thornbury 414596

Tonypandy 433679

Plymouth 69633

GENERAL INSURANCE AGENCY ORGANISATION

Head Office—Ely Grange, Frant, Tunbridge Wells, Kent TN3 9BZ. Tel 0392 39111

London and Home Counties

Branch Office—Ely Grange, Frant, Tunbridge Wells, Kent TN3 9BZ. Tel. 0392 39111

Senior Agency Inspector

Agency Inspector

W. D. Judge

R. A. Baldock

East Anglia

Senior Agency Inspector

D. F. Barber. Tel. 0480 75219

South

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

Senior Agency Inspector

Agency Inspector

R. W. Bradshaw

A. P. L. Vine

South West

Regional Agency Superintendent

G. W. Loach. Tel. 093-482 2348

Midlands and North

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

Development Superintendent

Senior Agency Inspector—Birmingham

Agency Inspector

Senior Agency Inspector—Manchester

Regional Agency Superintendent—Leeds

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

J. A. Langstaff

M. L. Malin

M. J. Robinson, A.C.I.I. Tel. 061-865 6694

K. C. Hall. Tel. 0274 633522