

PROVIDENT LIFE Association of London Limited

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PROVIDENT LIFE Association of London Limited
Founded 1877

PRESIDENT

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

BOARD OF DIRECTORS

David H. Radley, F.I.A. (*Chairman*)

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

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

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

John Profumo, C.B.E.

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

Dr. Hans R. Studer

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

UNITED STANDARD Insurance Company Limited
Founded 1907

BOARD OF DIRECTORS

David H. Radley, F.I.A. (*Chairman*)

J. Donall Fox, F.C.A.

Eric E. Holland

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

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

PROVIDENT GROUP

STATEMENT BY THE CHAIRMAN

1981 was a very significant year in the history of the Provident Group due to the acquisition of the remainder of the share capital of Provident Life by Winterthur Swiss Insurance Company, the parent company of a major international insurance group. This event which will greatly assist our future development was the culmination of the cordial relationship that has existed between us since Winterthur acquired a 25% shareholding in 1967.

It is fitting to acknowledge the efforts of my predecessor, Mr. R. J. W. Crabbe, who relinquished his position as Chairman on 1st January, 1982, having held that office for the past 15 years. Since joining the Company in 1935 he has had an immense influence on its progress, and it is appropriate that his final few months as Chairman saw our transition to full membership of the Winterthur group. I am sure that all concerned will welcome the Directors' decision to appoint him President of Provident Life and be pleased that his knowledge and experience will still be available to us as he continues to be a member of the Board.

Long-term business

New annual premiums for life assurance increased from £2.3 million to £2.5 million which was a very creditable result in view of our sources of business being highly mortgage-related. New annual premiums for pension business however were £0.6 million compared with £1.0 million in the previous year.

In December we declared a new special bonus for personal and individual pension policies in a form that we consider to be superior to the terminal bonus concept, in that special bonuses once attached to a policy cannot be taken away. Also for our personal pension policies we have introduced a loanback scheme, more flexibility, and the pensions-mortgage plan under which these policies can assist with house purchase. These new products have caused much interest and, together with others we are introducing for life policies and group pensions, have enabled us to enter 1982 with confidence.

At the end of the year the long-term funds stood at £112.4 million and the Investment Reserve at £7.6 million compared with the 1980 figures of £103.7 million and £6.2 million. Two-thirds of the cash flow available was invested in Government securities and one-third in equity type investments. The gross rate of interest earned on the long-term funds rose to 9.43 per cent compared with 9.21 per cent in 1980.

The expenses and commission during the year were £7.4 million compared with £6.9 million in the previous year, an increase of 7 per cent. The major computer systems introduced in recent years are now very effective and have resulted in continued improvement in the services that we offer to our policyholders, brokers and agents.

The annual valuation was carried out by the actuary on bases similar to the previous year except for an up-dating of the mortality table used for life policies, and a rise of 0.25 per cent in the rate of interest assumed in the valuation of pure endowment policies. The surplus emerging in 1981, including a transfer of £0.8 million from investment reserve, totalled £5.6 million. This provided for the cost of the reversionary bonuses at the annual declaration at the end of 1981 which were maintained at the rates declared in the previous year, except that, as already mentioned, a new special bonus was declared on pure endowment policies for the self-employed and for individuals. At the end of the year the Life Assurance Contingency Fund of £2 million, the Valuation surplus carried forward of £1.1 million, and the Investment Reserve of £7.6 million provided valuable additional protection to policyholders.

General insurance business

Premium income during the year was £4.7 million compared with £4.4 million in the previous year.

The underwriting result of the Property and Accident account was satisfactory in those classes of business we are currently writing, but in respect of risks outside the United Kingdom transacted some years ago further claims and reserving requirements emerged which resulted in a loss in the account as a whole.

The underwriting loss in the Motor account, which was lower than in the previous year, was due in part to the expense pressure caused by a fall in the number of units insured, and in part to a deliberate strengthening of our reserving basis. Our effort to obtain a wider range of private car business has had an encouraging start.

Investment income increased 25 per cent to £728,000 and the profit after tax on the general insurance subsidiary was £355,000 compared with £46,000 in the previous year.

At the end of 1981 the small amount of business remaining in Vigilant Assurance Company Limited was transferred to United Standard Insurance Company Limited. We shall retain the Vigilant in our Group, but it is not at present authorised to transact insurance business.

Profit and Loss Account

The group profits after tax were £1,030,000 compared with £708,000 in the previous year.

This was composed of transfers from the long-term fund of £623,000 against £559,000 in the previous year, profits of the parent company's shareholders' fund (after charging Advance Corporation Tax) of £52,000 against £103,000, and profits of the subsidiary of £355,000 against £46,000.

Directors and Management

On the 15th July, 1981 Dr. Peter Binswanger retired from the Board after 10 years service during which his help and advice was greatly valued, and he takes with him our wishes for a long and happy retirement. In his place on the Board we welcome Dr. Hans R. Studer, the General Manager of Winterthur Life.

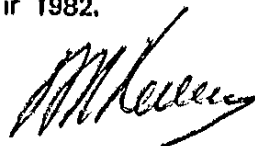
In consequence of the Winterthur acquisition already referred to Major Philip Profumo and Mr. Henry R. James resigned from the Board on 27th October, 1981 after 19 years and 15 years service respectively. Mr. John Profumo ceased to be Deputy Chairman from that date, and is leaving the Board on 29th April, 1982. This ends the Company's close association with the Profumo family which has existed for 105 years and I wish to thank them for all they have done for the well-being of the Company and of its staff, and in particular for their recent efforts to ensure the future progress of the Company from a firm base of responsible ownership.

It is with great pleasure that I record the appointment to the Board from 1st January, 1982 of two of my executive colleagues, Mr. Bruce E. Radley, who was also appointed Deputy Managing Director and Actuary, and Mr. R. Anthony F. Ostime, General Manager.

Also at 1st January, 1982 Mr. E. E. Holland was promoted to Deputy General Manager, Mr. J. D. Fox to Deputy General Manager and Secretary and Mr. R. K. Muddle to Assistant General Manager.

Staff

In conclusion I should like, on behalf of my fellow directors and myself, to express my thanks to all the staff of the Group for their efforts in 1981 which have enabled us to show such satisfactory results, and to wish them every success in 1982.

 D. H. RADLEY,
Chairman

PROVIDENT LIFE Association of London Limited

DIRECTORS' REPORT

for the year ended 31st December, 1981

The Directors have pleasure in presenting their Report for the One Hundred and Fourth Year of the Company's business.

PRINCIPAL ACTIVITIES

The principal activities of the Company and of its wholly-owned subsidiary, the United Standard Insurance 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:—

	1981	1980
Number of policies	12,429	12,454
	£000	£000
Annual premiums	3,138	3,394
Single premiums	565	622
Sums assured	182,742	192,647
Annuities per annum	426	679

Premiums for the year amounted to £17,210,282 (1980—£15,250,835).

Investment income totalled £9,773,800 (1980—£8,801,300) and the gross rate earned on the Long-Term Insurance Funds was 9.43 per cent. (1980—9.21 per cent.).

Mortgage advances on house property outstanding at the end of the year amounted to £52.2 million. The average amount of each advance outstanding was £3,599.

Bonus declarations—Reversionary bonuses upon with-profits policies in the participating fund were declared for the year 1981 at the following rates:—

Life Assurance Policies:—

(i) Compound Bonus series—£4.40 for each £100 of policy and existing bonuses.

(ii) Simple Bonus series—£4.95 for each £100 of policy and a final bonus on policies becoming claims by maturity or death in 1982. 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:—

£3.65 ordinary and £1.75 special for each £100 of policy and total existing bonuses on individual pure endowment and term assurances.

£3.65 for each £100 of policy and existing bonuses on all other pure endowment assurances.

The annual valuation of the liabilities of the Long-Term Insurance Business as at 31st December, 1981 has been made by the Actuary. Life assurances were valued by the net premium method using the A. 1967-70 mortality table adjusted in certain cases for female lives and interest rates of 3 per cent. per annum for with-profits assurances, 4 per cent. for simple bonus additions thereon, 3 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 to reduce new business strain. Annuities were valued on the a(65) mortality table using interest of 5 per cent. for without-profits policies, 3½ per cent. for with-profits policies and 5 per cent. for bonus additions thereon. Pure endowment assurances in the Pensions Business Fund were valued by the net premium method at 5½ per cent. for with-profits and 7½ per cent. for without-profits. Credit was taken for the Long-Term Insurance Funds at the value shown in the balance sheet.

PROVIDENT LIFE Association of London Limited

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

	1981 £	1980 £
Balance of surplus brought forward from previous year:		
Life Assurance Contingency Fund	2,000,000	1,000,000
Valuation surplus	1,104,881	958,429
Transferred from Investment Reserve	800,000	1,600,000
Increase in value of linked assets	50,000	—
Surplus arising in year	4,743,812	4,163,259
Surplus at the end of the year	<u>£8,698,693</u>	<u>£7,721,688</u>

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

	1981 £	1980 £
To policyholders	4,958,316	4,057,439
To Profit and Loss Account:		
Shareholders share of divisible profits	392,779	339,368
Non-divisible profits	230,000	220,000
Balance of surplus carried forward unappropriated:		
Life Assurance Contingency Fund	2,000,000	2,000,000
Valuation surplus	1,117,598	1,104,881
	<u>£8,698,693</u>	<u>£7,721,688</u>

GENERAL INSURANCE

The accounts of the subsidiary show:—

	1981 £000	1980 £000
Premiums written	4,775	4,425
Investment income	728	580
Underwriting results	(343)	(506)
Miscellaneous and taxation	(30)	(28)
Profit after taxation	<u>355</u>	<u>46</u>

PROFIT AND LOSS ACCOUNT

The consolidated profit for the year after taxation was £1,030,000 (1980—£708,000).

	1981 £000	1980 £000
Parent company	675	662
Subsidiary	355	46
Profit after taxation	<u>1,030</u>	<u>708</u>
Transferred to Investment Reserve	200	—
Preference dividend	3	3
Profit attributable to ordinary shareholders	<u>827</u>	<u>705</u>
Ordinary dividends (payable and proposed)	618	542
Added to Retained Profits and Reserves	<u>209</u>	<u>163</u>

SHARE CAPITAL

At an Extraordinary General Meeting of the Company held on 23rd October, 1981, a special resolution was passed (previously sanctioned by the Ordinary Shareholders at their own separate meeting) which created 4,755,000 Ordinary shares of 1p each fully paid and converted the existing 4,755,000 Ordinary shares of 25p each into 4,755,000 Deferred shares of 25p each, the holders of such Deferred shares having, *inter alia*, no right to receive any dividend and no right to attend any General Meeting of the Company. The sum of £47,550 was transferred from unappropriated profits in respect of this capitalisation issue.

PROVIDENT LIFE Association of London Limited

DIVIDENDS

The Directors have recommended the payment of a final dividend of 6.0p per Ordinary share of 1p on 17th May, 1982. This together with the interim dividend paid on 30th October, 1981 of 7.0p per Ordinary share of 25p makes a total of 13.0p for the year 1981 (1980—interim 5.2p, final 6.2p per Ordinary share of 25p).

BOARD

The Board of Directors of the Company is as set out on page 2. Dr. P. Binswanger retired in July, 1981, and Mr. H. R. James and Major P. Profumo retired in October, 1981. Since the last Annual General Meeting Dr. H. R. Studer was appointed to the Board in July, 1981 and Mr. B. E. Radley and Mr. R. A. F. Oatime were appointed in January, 1982 and in accordance with the Articles of Association retire and being eligible offer themselves for re-election. The Rt. Hon. Lord Trend retires by rotation and being eligible also offers himself for re-election.

INTERESTS OF DIRECTORS

According to the Register of Directors' Share Interests none of the Directors had any interest in the shares of the Company at 31st December, 1981.

The table below sets out the interest in shares of the Company at 1st January, 1981, or at date of appointment if later, of those Directors who were Directors at 31st December, 1981.

At 1st January, 1981

	Ordinary Shares	Preference Shares
Directors		
Beneficial:		
Sir John Colville	1,000	—
R. J. W. Crabbe	3,112	95
John Profumo	275,793	629
D. H. Radley	1,675	—
Dr. H. R. Studer (Appointed 15.7.81)	—	—
The Rt. Hon. Lord Trend	—	—
Non-Beneficial:		
R. J. W. Crabbe	703,381	46
John Profumo	806,214	46
D. H. Radley	—	10

EMPLOYMENT OF DISABLED PERSONS

It is the Company's policy to:—

- give full and fair consideration to all applications for employment, regard to disability only being given where such disablement could affect their competence to perform a task or where health and safety factors are a consideration,
- retain whenever possible any member of staff who may have become disabled and to provide such training or re-training as may be appropriate,
- provide the same training, career development and promotion opportunities to disabled employees as is offered to other employees, having regard to any disability outlined in (a) above.

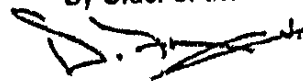
OTHER MATTERS

The average number of persons employed during the year by the Group under contracts of service in each week was 568 (1980—613) and the aggregate remuneration for the year was £3,956,847 (1980—£3,638,744).

Charitable donations amounting to £1,778 (1980—£1,494) 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,

 D. FOX,
Secretary.

266 Bishopsgate, London EC2M 4QP

April, 1982.

PROVIDENT LIFE Association of London Limited

Revenue Accounts for the year ended 31st December, 1981

	Note	£000	1981 £000	1980 £000
Long Term Insurance				
Funds at beginning of year:				
Long-Term Insurance Funds			101,703	94,577
Life Assurance Contingency Fund			2,000	1,000
			<u>103,703</u>	<u>95,577</u>
Premiums			17,210	16,251
Investment income	12		9,774	8,801
			<u>130,687</u>	<u>120,629</u>
Claims incurred:				
Death		1,739		2,125
Maturity		4,283		4,682
Surrenders		2,932		2,394
Annuities		1,173		1,186
Commission		1,344		1,264
Expenses		6,117		5,696
Taxation	3	912		620
		<u>18,500</u>		<u>17,967</u>
Transferred to Consolidated Profit and Loss Account:				
Life Assurance Fund—				
Shareholders' share of divisible profits		393		339
Non-divisible profits		230		220
			19,123	18,526
			<u>111,564</u>	<u>102,103</u>
Transferred from Investment Reserve	8		800	1,600
Change in value of investments of Unit Fund (after adjustment for taxation)			50	—
Funds at end of year			<u>112,414</u>	<u>103,703</u>

PROVIDENT LIFE Association of London Limited

	Note	£000	1981	£000	1980	£000
Property and Accident						
Premiums				2,810		2,445
(Increase)/Decrease in unearned premiums				(82)		(107)
Premiums earned				<u>2,728</u>		<u>2,338</u>
Claims incurred		1,660				1,294
Commission		421				383
Expenses		829				733
Exchange surplus/(deficit)	1(e)(i)	(92)				21
				<u>2,818</u>		<u>2,431</u>
Transferred to Consolidated Profit and Loss Account			(Loss)	<u>(90)</u>	(Loss)	<u>(93)</u>
Motor						
Premiums				1,959		1,980
(Increase)/Decrease in unearned premiums				13		(154)
Premiums earned				<u>1,972</u>		<u>1,826</u>
Claims incurred		1,261				1,380
Commission		349				362
Expenses		621				502
				<u>2,231</u>		<u>2,244</u>
Transferred to Consolidated Profit and Loss Account			(Loss)	<u>(259)</u>	(Loss)	<u>(418)</u>
Marine						
Fund at beginning of year				28		51
Premiums				6		—
				<u>34</u>		<u>51</u>
Claims paid		7				12
Expenses		5				5
Exchange surplus/(deficit)	1(e)(i)	(3)				1
Fund at end of year		<u>19</u>				<u>28</u>
				<u>28</u>		<u>46</u>
Transferred to Consolidated Profit and Loss Account			(Profit)	<u>6</u>	(Profit)	<u>5</u>

The notes and signatures on pages 14 to 17 are an integral part of these Accounts.

PROVIDENT LIFE Association of London Limited

Consolidated Profit and Loss Account for the year ended 31st December, 1981

	Note	1981 £000	1980 £000
Transferred from Revenue Accounts:			
Life Assurance Fund (after taxation)			
Shareholders' share of divisible profits		393	339
Non-divisible profits		230	220
Property and Accident		(90)	(93)
Motor		(259)	(418)
Marine		6	5
		<u>280</u>	<u>53</u>
Investment income		899	760
Miscellaneous profits		29	20
		<u>1,208</u>	<u>833</u>
Expenses		<u>46</u>	<u>37</u>
Taxation	3	<u>132</u>	<u>88</u>
		178	125
Profit after taxation		<u>1,030</u>	<u>708</u>
(dealt with in accounts of parent company £675,000 (1980—£662,000))			
Transferred to Investment Reserve		200	—
		<u>830</u>	<u>708</u>
Dividends:			
Preference		<u>3</u>	<u>3</u>
Ordinary (see Directors' Report)			
Interim, paid 30th October, 1981		333	247
Proposed final		285	295
		<u>621</u>	<u>545</u>
Retained profit		<u>209</u>	<u>163</u>

PROVIDENT LIFE Association of London Limited

Balance Sheets as at 31st December, 1981

	Note	1981		1980	
		Group £000	Company £000	Group £000	Company £000
Capital and Reserves					
Share Capital	2	1,336	1,336	1,289	1,289
Retained profits and reserves		1,628	1,628	1,466	1,466
		<u>2,964</u>	<u>2,964</u>	<u>2,755</u>	<u>2,755</u>
Insurance Funds and Liabilities					
Property and Accident—Unearned premiums		985	—	903	—
Outstanding claims	11	1,766	—	1,411	—
Motor—Unearned premiums		813	—	826	—
Outstanding claims	11	1,449	—	1,277	—
Marine Fund		19	—	28	—
		<u>5,032</u>	<u>—</u>	<u>4,445</u>	<u>—</u>
Other Liabilities					
Sundry Creditors		196	—	231	5
Taxation		104	104	87	87
Dividends payable and proposed		287	287	543	543
		<u>8,583</u>	<u>3,355</u>	<u>8,061</u>	<u>3,390</u>
Long-Term Insurance per separate Balance Sheet		<u>114,411</u>	<u>114,411</u>	<u>105,514</u>	<u>105,514</u>
		<u>122,994</u>	<u>117,766</u>	<u>113,575</u>	<u>108,904</u>
Investments	1(b)				
British Government Securities		3,882	—	4,187	299
Other Fixed Interest Securities		907	10	400	12
Preference Shares		441	435	504	490
Ordinary Shares		815	776	730	694
		<u>6,045</u>	<u>1,221</u>	<u>5,821</u>	<u>1,495</u>
Market Value		926	—	826	—
Freehold property including Company's offices		32	—	28	—
Mortgages on house property		<u>7,003</u>	<u>1,221</u>	<u>6,675</u>	<u>1,495</u>
		<u>507</u>	<u>127</u>	<u>776</u>	<u>245</u>
Less: Investment Reserve	1(c)	<u>6,496</u>	<u>1,094</u>	<u>5,899</u>	<u>1,250</u>
		<u>—</u>	<u>1,551</u>	<u>—</u>	<u>1,396</u>
Investment in subsidiary	12	<u>6,496</u>	<u>2,645</u>	<u>5,899</u>	<u>2,646</u>
Current Assets					
Sundry Debtors		1,123	53	1,078	59
Taxation		130	—	120	—
Due from Long-Term Fund		612	612	308	308
Due from Subsidiary Company		—	2	—	2
Deposits		167	30	540	350
Balances at Bankers		55	13	116	25
		<u>8,583</u>	<u>3,355</u>	<u>8,061</u>	<u>3,390</u>
Long-Term Insurance per separate Balance Sheet		<u>114,411</u>	<u>114,411</u>	<u>105,514</u>	<u>105,514</u>
		<u>122,994</u>	<u>117,766</u>	<u>113,575</u>	<u>108,904</u>

The notes and signatures on pages 14 to 17 are an integral part of these Accounts.

PROVIDENT LIFE Association of London Limited

Balance Sheet—Long-Term Insurance as at 31st December, 1981

Funds	Note	£000	1981	£000	1980	£000
Long-Term Insurance Funds				110,414		101,703
Life Assurance Contingency Fund				2,000		2,000
				<u>112,414</u>		<u>103,703</u>
Current Liabilities						
Outstanding claims and annuities		342				377
Depositors		119				146
Due to Shareholders' Fund		612				308
Creditors		924				980
						<u>1,811</u>
				<u>1,997</u>		<u>1,811</u>
				<u>114,411</u>		<u>105,514</u>
Investments						
	1(b)					
British Government Securities				23,500		20,215
Other Fixed Interest Securities				1,584		789
Ordinary Shares				20,948		16,797
				<u>46,032</u>		<u>37,801</u>
Market Value						
Mortgages on house property and other loans within the United Kingdom				53,213		55,331
Freehold and leasehold property, including Company's offices				19,452		15,491
				<u>118,697</u>		<u>108,623</u>
<i>Less: Investment Reserve</i>	1(c)			7,663		6,216
				<u>111,034</u>		<u>102,407</u>
Current Assets						
Debtors and Prepayments		223				325
Taxation		465				500
Outstanding premiums		380				415
Investment income accrued and outstanding		1,407				1,113
Deposits		500				420
Balances at Bankers		402				334
				<u>3,377</u>		<u>3,107</u>
				<u>114,411</u>		<u>105,514</u>

PROVIDENT LIFE Association of London Limited

Consolidated Statement of Source and Application of Funds

for the year ended 31st December, 1981
(Excluding Long-Term Insurance)

	1981 £000	1980 £000
Source of Funds		
Profit before taxation	1,162	796
Movement on Investment Reserve	(469)	397
Adjustments for:—		
Increase in General Insurance Funds and Liabilities	587	716
Increase/(Decrease) in Creditors	(35)	74
Increase in Debtors	(349)	(157)
	<u>896</u>	<u>1,826</u>
Application of Funds		
Dividends paid	877	488
Tax paid	125	94
	<u>1,002</u>	<u>582</u>
Changes in Investments and Net Liquid Funds		
Increase/(Decrease) in:—		
Investments and Deposits	(45)	1,280
Balances at Bankers	(61)	(36)
	<u>(106)</u>	<u>1,244</u>
	<u>896</u>	<u>1,826</u>

PROVIDENT LIFE Association of London Limited

Notes on the Accounts

1. Accounting Policies

(a) Basis of Consolidation

The consolidated accounts consist of the accounts of the parent company and its subsidiary made up to 31st December.

(b) Investments

(i) Listed securities have been valued at middle market value less accrued interest at 31st December, 1981. 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 valuation less estimated selling costs. All valuations have been carried out within the last three years by external valuers.

(c) Investment Reserve

The following items are dealt with through the Investment Reserve.

(i) 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).

(ii) Expenditure on office furniture and motor cars is initially charged to this Reserve and written off in the year of purchase. Expenditure on computer equipment is also charged but amortised over its estimated useful life.

(d) 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.

(e) General Insurance

(i) Exchange Rates

Assets and liabilities in foreign currencies have been translated at the rates ruling on 31st December, 1981. The revenue transactions have been translated at average rates prevailing during the year. The resultant exchange differences have been transferred to Investment Reserve.

(ii) Unearned Premiums

The provisions carried forward have been calculated on the 24ths basis with due allowance for commission.

(iii) Outstanding Claims

Outstanding claims include due provisions in respect of claims incurred but not notified to the Company at 31st December, 1981.

(iv) Marine

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

(v) Treaty Reinsurance

The company ceased accepting treaty reinsurance business in 1976. The reserves are considered to be sufficient to provide for all outstanding claims including those still to be reported.

PROVIDENT LIFE Association of London Limited

2. Share Capital

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

	1981	1980
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
4,755,000 Deferred Shares of 25p each	1,188,750	—
4,755,000 Ordinary Shares of 1p each	47,550	—
	<u>£1,336,300</u>	<u>£1,288,750</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 long-term policyholders. The charge for taxation in the Long-Term Revenue Account and Consolidated Profit and Loss Account is made up as follows:—

	<i>Long-Term Revenue Account</i>		<i>Consolidated Profit and Loss Account</i>	
	1981	1980	1981	1980
Income Tax	£786,140	£497,776	£34,921	£49,236
Corporation Tax	126,131	121,887	36,283	16,483
Advance Corporation Tax	—	—	61,049	22,463
	<u>£912,271</u>	<u>£619,663</u>	<u>£132,253</u>	<u>£88,182</u>

Corporation tax losses carried forward by the subsidiary company amounted to approximately £310,000 (1980—£324,000).

4. Directors' Remuneration

Directors' remuneration for the year was:—

	1981	1980
Fees	£27,881	£24,566
Other emoluments	47,176	39,830
Pensions paid to former Directors or their widows	12,778	11,588
	<u>£87,835</u>	<u>£75,984</u>
Chairman	£9,788	£8,014
Highest paid Director	£37,493	£31,493

Number of Directors

Other Directors by scale:

	1981	1980
Up to £5,000	6	5
Exceeding £5,000 up to £10,000	1	1

5. Employees' Remuneration

The number of employees in the Group in receipt of emoluments in excess of £20,000 was as follows:

	1981	1980
Exceeding £20,000 up to £25,000	5	2
Exceeding £25,000 up to £30,000	2	2
Exceeding £30,000 up to £35,000	2	—

PROVIDENT LIFE Association of London Limited

Notes on the Accounts (continued)

6. Loans to Directors and Officers

(i) Directors (or connected persons)

Details of such loans are shown below. Policy loans, which are secured on life assurance policies, were made on the terms and conditions appertaining to all borrowers at the time the loans were made. Mortgage advances were loans made for the purpose of staff house purchase and are secured on the main residence of the borrower and life assurance policies.

All due interest has been paid on the loans listed below.

		Loan at 1.1.81	Maximum Loan during 1981	Loan at 31.12.81	Average rate of interest
Mrs. Valerie Profumo (Wife of Mr. J. Profumo)	Policy loan	£41,000	£41,000	£41,000	7.76%
Mr. D. H. Radley	Mortgage advance	£7,500	£7,500	£7,500	2.9%

(ii) Staff

Staff loans for the purposes of house purchase and loans in respect of season tickets existed as follows:—
Aggregate amount outstanding £181,831 Number of Officers 5.

7. Auditors' Remuneration

The remuneration of the auditors for the year amounted to £40,500 (1980—£37,000).

8. Investment Reserve (Long-Term Insurance)

The sum of £800,000 transferred to the Long-Term Insurance Fund is made up of £1,050,000 less £250,000 in respect of the expenditure and amortisation referred to in note 1(c)(ii).

9. Staff Pension Fund

The Group's liabilities under the Staff Pension Fund are funded from the Revenue Accounts by normal contributions based on pensionable earnings (14 per cent. for males and 16 per cent. for females) with additional special contributions of £178,865 made up as follows:—

Parent company	£175,000 p.a. for 24 years from 1st January, 1982
Subsidiary company	£3,865 p.a. for 8 years from 1st January, 1982

10. Investments

(i) If the assets had been realised at the values referred to in note 1(b) it is estimated that the additional liability to corporation tax would have been:—

	1981	1980
Long-Term Fund	£	£
Group (excluding Long-Term Company)	76,000	141,000
	3,000	—

(ii) Uncalled capital on investments held by the Company in the Long-Term Fund amounted to £100,000 (1980—£271,058) at the year end.

PROVIDENT LIFE Association of London Limited

11. Outstanding claims

Outstanding claims in the Balance Sheet of the Group are made up as follows:—

	<i>Property and Accident</i>		<i>Motor</i>	
	<i>1981</i>	<i>1980</i>	<i>1981</i>	<i>1980</i>
Gross liabilities	£2,134,638	£1,581,928	£1,558,110	£1,316,075
Reinsurance recoverable	368,803	171,337	109,000	39,000
Net liabilities	<u>£1,765,835</u>	<u>£1,410,591</u>	<u>£1,449,110</u>	<u>£1,277,075</u>

12. Investment in Subsidiary

The investment in subsidiary represents the entire share capital of the United Standard Insurance Company Limited which has a wholly owned subsidiary the Vigilant Assurance Company Limited the business of which was transferred to the former company on 31st December, 1981. The investment is shown in the Company's Balance Sheet at net asset value excluding Investment Reserve. The excess arising during the year amounting to £155,000 (1980—£46,000) has been credited to Retained Profits and Reserves.


13. Interest paid

Interest paid to depositors of £10,430 (1980—£13,096) has been deducted from the investment income figure shown in the Long-Term Insurance Revenue Account.

14. Ultimate Holding Company

The ultimate holding company is Winterthur Swiss Insurance Company, a company incorporated and registered in Switzerland.

 Chairman

 Director.

 Director.

266, Bishopsgate,
London EC2M 4QP

29th April, 1982.

Report of the Auditors

We have audited the financial statements on pages 8 to 17 for the year ended the 31st December, 1981 in accordance with approved Auditing Standards.

In our opinion the financial statements comply with the provisions of the Companies Acts 1948 to 1981 applicable to Insurance Companies.

 Selonte Jackson, Sell

London
29th April, 1982.

Chartered Accountants.

PROVIDENT LIFE Association of London Limited

MANAGEMENT

Managing Director
Deputy Managing Director and Actuary

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

Assurance Business and Data Processing

Assistant General Manager

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

Joint Actuary
Deputy Actuary
Deputy Actuary
Assistant Actuary
Assistant Actuary

F. W. Brooks, F.I.A.
G. V. Budd, F.I.A.
D. M. Lampert, F.I.A.
D. Cooper, F.I.A.
L. M. Etheridge, B.Sc., F.I.A.

Deputy Life Manager
Assistant Life Manager
Assistant Life Manager
Assistant Life Manager

J. T. Webster, F.C.I.I.
B. A. Moss, A.C.I.I.
J. D. Ridgway, A.C.I.I.
R. M. Wheble, B.Sc., F.C.I.I.

Data Processing Manager
Assistant Data Processing Manager
Assistant Data Processing Manager

R. A. Halligan
D. F. Griffith
A. G. Lord, A.I.D.P.M.

Agency Organisation

Deputy General Manager

E. E. Holland

Agency Secretary
Assistant Agency Secretary

B. I. Treadway, A.C.I.I., F.L.I.A.
M. J. Hayter

London Regional Life Manager
Regional Life Manager
Regional Life Manager
Regional Life Manager
Pension Sales Manager

J. S. Knight, A.C.I.I.
D. Corfield
B. T. J. Eades
J. C. Porter
G. H. Dibnah, T.D.

Investments

General Manager
Investment Manager

R. A. F. Ostime, F.I.A.
J. Shaddick, B.A.

Secretarial and Accounts

Deputy General Manager and Secretary

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

Chief Accountant
Collection Department Manager
Staff Manager
Special Projects Manager
Office Services Manager

M. Wise, F.C.A.
J. T. Sully
F. W. Lee, A.C.I.I.
M. A. Read, F.I.A.
K. A. Thompson, B.Sc. (Econ.)

Medical Officer
Auditors
Solicitors
Bankers

D. D. Gibbs, D.M., F.R.C.P.
Deloitte Haskins & Sells
Hatchett Jones & Kidgell
Barclays Bank Limited
National Westminster Bank Limited

PROVIDENT LIFE Association of London Limited

MANAGEMENT

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Data Processing Manager
Assistant Data Processing Manager
Assistant Data Processing Manager

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D. F. Griffith
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Agency Secretary
Assistant Agency Secretary

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Regional Life Manager
Regional Life Manager
Regional Life Manager
Pension Sales Manager

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M. J. Hayter
J. S. Knight, A.C.I.I.
D. Corfield
B. T. J. Edges
J. C. Porter
G. H. Dibnah, T.D.

Investments

General Manager
Investment Manager

R. A. F. Ostime, F.I.A.
J. Shaddick, B.A.

Secretarial and Accounts

Deputy General Manager and Secretary
Chief Accountant
Collection Department Manager
Staff Manager
Special Projects Manager
Office Services Manager

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M. Wise, F.C.A.
J. T. Sully
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M. A. Read, F.I.A.
K. A. Thompson, B.Sc. (Econ.)

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Auditors
Solicitors
Bankers

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Deloitte Haskins & Sells
Hatchett Jones & Ridgall
Barclays Bank Limited
National Westminster Bank Limited

UNITED STANDARD Insurance Company Limited

MANAGEMENT

General Manager

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

General Insurance Business

Assistant General Manager

D. Hinchcliffe

Assistant Development Manager

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

Manager

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

Assistant Fire and Accident Manager

H. Hargreaves, M.M., A.C.I.I.

Motor Manager

R. W. Easterbrook

Motor Claims Manager

F. C. Pullen, A.C.I.I.

Assistant Motor Manager

S. C. Brown, A.C.I.I.

Statistics

Statistician

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

Secretarial and Accounts

Secretary and Accountant

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

Auditors

Deloitte Haskins & Sells

Bankers

The Royal Bank of Scotland Limited
Barclays Bank Limited

PROVIDENT GROUP

PROVIDENT LIFE
ASSOCIATION OF LONDON LTD.

Life Assurance Business

266 Bishopsgate, London EC2M 4QP
Telephone: 01-247 3200

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

UNITED STANDARD
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LIFE AGENCY ORGANISATION

London and Home Counties (North)

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City Inspector A. E. A. Caville

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F. G. Stanton

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Area Manager J. A. Carter

Area Office (Berks and Bucks)—Hurstleigh, Coronation Road, South Ascot, Berks SL5 9HQ Tel. Ascot 21426

Area Manager K. G. Athill

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Pensions Inspector D. J. Small

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Area Manager L. W. Deane

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

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West and South Wales

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Assistant Area Manager A. G. Woodliss

London and Home Counties (North)

North East London	H. B. Randall (<i>Life District Manager</i>)	01-504 3202 (Woodford Green)
West London	A. R. A. Day (<i>Life District Manager</i>)	Uxbridge 34378
Bedfordshire and West Herts	K. Isaacs (<i>District Inspector</i>)	Luton 54857
South West Essex	R. J. Jiggins (<i>Life District Manager</i>)	Romford 27519
East Essex	J. Roberts (<i>Life District Manager</i>)	Rayleigh 775166
Cambridge and South Suffolk	R. V. Harvey, F.L.I.A. (<i>District Inspector</i>)	Chelmsford 440222

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South West London	K. W. Mardon (<i>Life District Manager</i>)	Walton-on-Thames 27115
South East London	G. A. Gardner (<i>Senior Inspector</i>)	01-777 5453
North West and East Kent	D. L. Hambrook (<i>District Inspector</i>)	Canterbury 66369

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Staffordshire	T. G. French (<i>Area Inspector</i>)	Wolverhampton 24160
Leicestershire	F. A. Fish (<i>Senior Inspector</i>)	Leicester 353482
Derbyshire and Nottinghamshire	M. J. Whittaker (<i>Senior Inspector</i>)	Derby 518645

North and North Wales

North West Lancs.	P. A. Murray (<i>District Inspector</i>)	Southport 38669
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Bristol	R. M. Smith (<i>District Inspector</i>)	Bristol 738988
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T. J. C. Twist

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