

PROVIDENT LIFE Association of London Limited

1977
295

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PROVIDENT LIFE Association of London Limited

PRESIDENT

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

BOARD OF DIRECTORS

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

Dr. Silvio B. Caffisch

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

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

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

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

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

Long-term business

The outstanding feature of 1983 was the high volume of new business, where new annual premiums were up 60% on the previous year to £5.6 million, and new single premiums were £3.8 million, up 250%.

The new annual premiums for life assurance were £4.2 million, the increase of 66% being mainly attributable to endowments in connection with house purchase. The new annual premiums for unit-linked assurances were £0.4 million, an increase of 114%, and for pensions business were £1.0 million an increase of 30%. Single premiums included £3.1 million of Income Bonds being reinsurances received from other life offices.

At the end of the year the Long-Term Funds stood at £137.8 million and the Investment Reserve at £24.8 million compared with the 1982 figures of £122.2 million and £20.3 million. Mortgage investments were reduced by £3.8 million, and this and other cash flow was invested as to 54 per cent. in fixed interest securities and 46 per cent. in ordinary shares and property. The gross rate of interest earned on the Long-Term Funds was 9.58 per cent. compared with 9.80 per cent. in 1982, the fall being due to the lower interest rates obtainable on new investment compared with recent years.

The commission and expenses during the year amounted to £10.3 million compared with £8.1 million, a very large part of the increase being due to the new business expansion.

The annual valuation made by the actuary as at 31st December, 1983 showed a surplus at the year end, including a transfer of £4.4 million from Investment Reserve, of £12.7 million. This provided £9.3 million for the cost of the ordinary and special reversionary bonuses together with the transfers to Shareholders, the balance being carried forward. At the end of the year the Life Assurance Contingency Fund of £2 million and the valuation surplus carried forward of £1.4 million together with the Investment Reserve of £24.8 million provided valuable additional protection to policyholders.

General insurance business

The premium income of United Standard Insurance Company Limited, which transacts the general business of the group, increased to £4.9 million from £4.7 million in the previous year.

In the Property and Accident Account the reserves and provisions in respect of the liability policies written some 20-30 years ago on risks outside the United Kingdom were considered satisfactory having been substantially increased in the previous year. The current Property and Accident Account showed strong growth of premium income but the experience deteriorated, to an underwriting loss of £590,000 against £388,000, due to an increase in theft and fire claims whilst weather related claims, although lower than in the previous year, were again significant. Strong rating action has been taken with a view to rectifying this situation.

The Motor Account premium income was little changed, and underwriting losses were £184,000 compared with £357,000 in 1982. Volume was rising towards the end of the year, and this rise has continued strongly in the early months of 1984. An increase in rates of some 7.5 per cent. was applied in April 1984.

Investment income increased to £820,000 from £760,000 in the previous year, and the overall loss after taxation was £9,000 compared with £214,000 in the previous year.

In May 1983 the United Standard increased its issued share capital by £300,000, the further shares being taken up by its parent company.

Profit and loss account

The transfers from the Long-Term Fund were £860,000 compared with £710,000 in the previous year. Profits of the parent Company's Shareholders' Fund (after charging Advance Corporation Tax) were £149,000 compared with £52,000, and the loss from general business was £9,000 compared with £214,000.

The group profits after tax were therefore £1,000,000 compared with £548,000 in the previous year.

1984

New business in the early months of 1984 continued at a satisfactory level but is bound to be drastically affected by the decision of the Chancellor to withdraw tax relief from life assurance policies taken out after 13th March, 1984. We deplore not only this decision which will make life assurance protection more expensive, but also the suddenness of the change which gave no opportunity to deal with the administrative difficulties, changes in computer systems and sales implications in an orderly manner. The decision

has created anomalies that place the life offices at a disadvantage against other forms of saving, and it is to be hoped that the Chancellor will redress these after considering the representations that will be made to him by the Life Associations. We will, however, put forward new ideas to meet the changed conditions so that the advantages of life assurance and our investment expertise will continue to be attractive to our policyholders.

We have already introduced an exciting range of new unit-linked products based on our internal PLUS fund which has had an excellent investment performance over the last 15 years with frequent appearances among the top performers in the financial press.

Flexiplus, the first of our new contracts, is a flexible whole life contract with many options, which can balance the life assurance and savings elements according to the needs of the policyholder and can, if necessary, be adapted to suit changing circumstances. This will be of considerable use in the new situation as it will emphasise the provision of life assurance which is an aspect that no part of the savings industry other than Life Offices can provide.

Plus Mortgage Plan has already proved very popular and has been approved by a large number of Building Societies. In spite of the loss of premium relief this contract still shows an attractive return to the mortgage borrower and we are optimistic that a significant sales volume can still be achieved.

Considerable effort has been put into preparing attractive brochures, administrative systems and holding local meetings to fully brief our brokers and agents. The response so far this year has been enthusiastic and above our expectations. We have plans for introducing several other new contracts during 1984 and we are looking forward to these receiving an equally encouraging response.

Whilst the ending of the agreement on long-term commission rates at 31st December, 1982 resulted in some increase in the initial commissions paid to full-time intermediaries and registered brokers, there was commendable restraint during 1983 by the insurance market. We have recently joined with a very large number of life companies in setting up the Registry of Life Assurance Commission so that stability in the market can be maintained by self-regulation, and we intend to continue to exercise restraint until the ROLAC system is implemented.

Management

It is with great pleasure that I record the promotion at 1st January, 1984 of Mr. R. K. Muddle to Deputy General Manager.

Staff

It is greatly to the credit of our staff that the work-load of 1983, involving the increased new business, the change-over to new computers, and the planning of the new unit-linked products, has been smoothly and efficiently handled. Also during the year progress continued on our plans to relocate the work of the London and Ascot offices to a new building to be constructed at Basingstoke which will be ready for occupation in 1985. It is hoped that as many of our staff as is possible will continue with us, and we will do all we can to assist them to overcome the disruptions that must inevitably occur, both to them personally and to the Company.

I should like, therefore, to express on behalf of my fellow directors and myself our thanks to all the staff and to wish them every success in the future.



Chairman

PROVIDENT LIFE Association of London Limited

DIRECTORS' REPORT

for the year ended 31st December, 1983

The Directors have pleasure in presenting their Report for the One Hundred and Sixth 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:—

| | 1983 | 1982 |
|---------------------|---------|---------|
| Number of policies | 18,140 | 13,575 |
| | £000 | £000 |
| Annual premiums | 5,628 | 3,499 |
| Single premiums | 3,846 | 1,098 |
| Sums assured | 279,433 | 212,698 |
| Annuities per annum | 551 | 518 |

Premiums for the year amounted to £23,086,544 (1982—£18,289,836).

Investment income totalled £11,926,625 (1982—£10,990,866) and the gross rate of interest earned on the Long-Term Insurance Funds was 9.58 per cent. (1982—9.80 per cent.).

Mortgage advances on house property outstanding at the end of the year amounted to £43.5 million. The average amount of each advance outstanding was £4,017.

Bonus declarations—Reversionary bonuses upon with-profits policies in the Participating Fund were declared for the year 1983 at the following rates:—

Life Assurance Policies:—

(i) Compound Bonus series—£4.40 ordinary and £1.00 special for each £100 of policy and existing bonuses.

(ii) Simple Bonus series—£5.25 for each £100 of policy and a final bonus on policies becoming claims by maturity or death in 1984. 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:—

(i) £3.65 ordinary and £2.25 special for each £100 of policy and existing bonuses on individual pure endowment and term assurances and the Selective Pension Plan.

(ii) £3.65 ordinary and £1.25 special 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, 1983 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 3¼ per cent. per annum for with-profits assurances, 4¼ per cent. for simple bonus additions thereon, 3¼ per cent. for compound bonus additions thereon, and 5 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. Immediate annuities were valued on the a(55) mortality table and 5 per cent. interest in the General Annuity Fund and a(90) mortality table and 7½ per cent. interest in the Pensions Business Fund.

PROVIDENT LIFE Association of London Limited

Pure endowment assurances in the Pensions Business Fund were valued by the net premium method at 5½ per cent. for with-profits policies and 7½ per cent. for without-profits policies, the premiums being modified in order to reduce the new business strain. 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:—

| | 1983 £ | 1982 £ |
|--|--------------------|--------------------|
| Balance of surplus brought forward from previous year: | | |
| Life Assurance Contingency Fund | 2,000,000 | 2,000,000 |
| Valuation surplus | 1,630,157 | 1,117,598 |
| Transferred from Investment Reserve | 4,150,000 | 1,450,000 |
| Increase in value of linked assets | 246,834 | 54,168 |
| Surplus arising in year | 4,670,411 | 5,804,481 |
| | <u>£12,697,402</u> | <u>£10,426,247</u> |

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

| | 1983 £ | 1982 £ |
|--|--------------------|--------------------|
| To policyholders | 8,393,377 | 6,085,947 |
| To Profit and Loss Account: | | |
| Shareholders' share of divisible profits | 629,849 | 480,143 |
| Non-divisible profits | 230,000 | 230,000 |
| Balance of surplus carried forward unappropriated: | | |
| Life Assurance Contingency Fund | 2,000,000 | 2,000,000 |
| Valuation surplus | 1,444,176 | 1,630,157 |
| | <u>£12,697,402</u> | <u>£10,426,247</u> |

GENERAL INSURANCE

The accounts of the subsidiary show:—

| | 1983 £000 | 1982 £000 |
|----------------------|--------------|--------------|
| Premiums written | 4,935 | 4,689 |
| Investment income | 820 | 760 |
| Underwriting results | (776) | (958) |
| Expenses | (28) | (16) |
| Taxation | (25) | — |
| Loss after taxation | <u>(9)</u> | <u>(214)</u> |

PROFIT AND LOSS ACCOUNT

The consolidated profit for the year after taxation was £1,000,000 (1982—£548,000).

| | 1983 £000 | 1982 £000 |
|--|--------------|--------------|
| Parent company | 1,009 | 762 |
| Subsidiary | (9) | (214) |
| Profit after taxation | 1,000 | 548 |
| Transferred from Investment Reserve | — | 250 |
| Preference dividend | — | (2) |
| Profit attributable to ordinary shareholders | 1,000 | 796 |
| Ordinary dividends (payable and proposed) | 700 | 672 |
| Added to Retained Profits and Reserves | <u>300</u> | <u>124</u> |

PROVIDENT LIFE Association of London Limited

DIVIDENDS

The Directors have recommended the payment of a final dividend of 27p per Ordinary share on 21st May, 1984. This together with the interim dividend paid on 3rd January, 1984 of 23p per Ordinary share makes a total of 50p for the year 1983 costing £700,000 (1982—£672,000).

BOARD

The Board of Directors of the Company is as set out on page 2. Mr. B. A. F. Ostime and Mr. B. E. Radley retire by rotation and being eligible offer themselves for re-election. The Rt. Hon. Lord Trend who has attained the age of 70 years also retires and a resolution proposing his re-election will be submitted.

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, 1983.

EMPLOYMENT OF DISABLED PERSONS

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 become disabled and to provide equal opportunities for the training and career development of disabled employees.

EMPLOYEE INVOLVEMENT

During 1983 the Company has taken the following action with regard to employee involvement:—

- (a) Managers have regularly briefed those staff reporting to them for the purpose of communicating information.
- (b) Meetings with trade union representatives were held on matters affecting their members' interests.
- (c) Employees have been systematically informed of the Company's business performance and any changes in organisational and other matters by means of regular newsletters, circulars and annual reports.

OTHER MATTERS

The average number of persons employed during the year by the Group under contracts of service in each week was 546 (1982—568) and the aggregate remuneration for the year was £5,060,100 (1982—£4,397,900).

Charitable donations amounting to £2,204 (1982—£1,829) 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,



J. D. FOX,
Secretary.

266 Bishopsgate, London EC2M 4QP
3rd May, 1984.

PROVIDENT LIFE Association of London Limited

Revenue Accounts for the year ended 31st December, 1983

| | Note | £000 | 1983 £000 | 1982 £000 |
|---|------|------------|----------------|----------------|
| Long Term Insurance | | | | |
| Funds at beginning of year: | | | 120,224 | 110,414 |
| Long-Term Insurance Funds | | | <u>2,000</u> | <u>2,000</u> |
| Life Assurance Contingency Fund | | | 122,224 | 112,414 |
| | | | | |
| Premiums | | | 23,087 | 18,290 |
| Investment income | 1(e) | | <u>11,927</u> | <u>10,991</u> |
| | | | 157,238 | 141,695 |
| | | | | |
| Claims incurred: | | | | |
| Death | | 2,267 | | 1,872 |
| Maturity | | 3,137 | | 3,353 |
| Surrenders | | 5,122 | | 5,015 |
| Annuities | | 1,180 | | 1,169 |
| Commission | | 2,305 | | 1,363 |
| Expenses | | 7,959 | | 6,814 |
| Taxation | 3 | <u>974</u> | | <u>709</u> |
| | | 22,944 | | 20,265 |
| | | | | |
| Transferred to Consolidated Profit and Loss Account: | | | | |
| Life Assurance Fund— | | | | |
| Shareholders' share of divisible profits | | 630 | | 480 |
| Non-divisible profits | | <u>230</u> | | <u>230</u> |
| | | | 23,804 | 20,975 |
| | | | | |
| | | | <u>133,434</u> | <u>120,720</u> |
| | | | | |
| Transferred from Investment Reserve | 4 | | 4,150 | 1,450 |
| Change in value of investments of Unit Fund (after adjustment for taxation) | | | <u>247</u> | <u>54</u> |
| Funds at end of year | | | <u>137,831</u> | <u>122,224</u> |

PROVIDENT LIFE Association of London Limited

| | Note | 1983 £000 | 1983 £000 | 1982 £000 |
|---|-----------|--------------|---------------------|---------------------|
| Property and Accident | | | | |
| Premiums | | | 2,841 | 2,937 |
| Increase in unearned premiums | | | (130) | (34) |
| | | | <u>2,711</u> | <u>2,603</u> |
| Premiums earned | | | | |
| Claims incurred | | 2,122 | | 2,031 |
| Commission | | 516 | | 451 |
| Expenses | | 925 | | 843 |
| Transfer of exchange loss | 1 (i) (i) | (260) | | (121) |
| | | <u>2,293</u> | | <u>3,204</u> |
| | | | <u>3,303</u> | <u>3,204</u> |
| Transferred to Consolidated Profit and Loss Account | | | (Loss) <u>(592)</u> | (Loss) <u>(601)</u> |
| | | | | |
| Motor | | | | |
| Premiums | | | 2,094 | 2,052 |
| (Increase)/Decrease in unearned premiums | | | (52) | 19 |
| | | | <u>2,042</u> | <u>2,071</u> |
| Premiums earned | | | | |
| Claims incurred | | 1,205 | | 1,362 |
| Commission | | 328 | | 348 |
| Expenses | | 693 | | 718 |
| | | <u>2,226</u> | | <u>2,428</u> |
| | | | <u>2,226</u> | <u>2,428</u> |
| Transferred to Consolidated Profit and Loss Account | | | (Loss) <u>(184)</u> | (Loss) <u>(357)</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, 1983

| | Note | 1983 £000 | 1982 £000 |
|---|------|-------------------|-------------------|
| Transferred from Revenue Accounts: | | | |
| Life Assurance Fund (after taxation) | | 630 | 480 |
| Shareholders' share of divisible profits | | 230 | 230 |
| Non-divisible profits | | (592) | (601) |
| Property and Accident | | (184) | (257) |
| Motor | | 84 | (248) |
| Special Provision | 11 | — | (1,300) |
| Transferred from Investment Reserve | | — | 1,300 |
| Investment income | | 995 | 912 |
| Miscellaneous profits | | 31 | 30 |
| | | <u>1,110</u> | <u>694</u> |
| Expenses | | <u>37</u> | <u>27</u> |
| Taxation | 3 | <u>73</u> | <u>119</u> |
| | | 110 | 146 |
| | | <u>1,000</u> | <u>548</u> |
| Profit after taxation | | — | 250 |
| (dealt with in accounts of parent company £1,009,000 (1982—£762,000)) | | — | 250 |
| Transferred from Investment Reserve | | <u>1,000</u> | <u>798</u> |
| Dividends: | | <u>—</u> | <u>2</u> |
| Preference | | — | 2 |
| Ordinary (see Directors' Report) | | 322 | 308 |
| Interim, paid 3rd January 1984 | | 378 | 364 |
| Proposed final | | 700 | 674 |
| | | <u>300</u> | <u>124</u> |
| Retained profit | | <u><u>300</u></u> | <u><u>124</u></u> |

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

PROVIDENT LIFE Association of London Limited

Balance Sheets as at 31st December, 1983

| | Note | 1983 | | 1982 | |
|---|-------|----------------|-----------------|----------------|-----------------|
| | | Group £000 | Company £000 | Group £000 | Company £000 |
| Capital and Reserves | | | | | |
| Share Capital | 10 | 1,400 | 1,400 | 1,400 | 1,400 |
| Retained profits and reserves | | 1,989 | 1,989 | 1,689 | 1,689 |
| Investment Reserve | 1(d) | 944 | 556 | 489 | 893 |
| | | <u>4,333</u> | <u>3,945</u> | <u>3,578</u> | <u>3,442</u> |
| Insurance Funds and Liabilities | | | | | |
| Property and Accident—Unearned premiums | | 1,149 | — | 1,019 | — |
| Outstanding claims | 11 | 3,863 | — | 3,345 | — |
| Motor—Unearned premiums | | 846 | — | 794 | — |
| Outstanding claims | 11 | 1,690 | — | 1,708 | — |
| | | <u>7,548</u> | <u>—</u> | <u>6,866</u> | <u>—</u> |
| Other Liabilities | | | | | |
| Sundry Creditors | | 305 | 16 | 252 | 26 |
| Taxation | | 82 | 82 | 105 | 105 |
| Due to Subsidiary Company | | — | 1 | — | — |
| Dividends payable and proposed | | 700 | 700 | 672 | 672 |
| | | <u>12,968</u> | <u>4,744</u> | <u>11,473</u> | <u>4,245</u> |
| Long-Term Insurance per separate Balance Sheet | | 166,203 | 166,203 | 145,040 | 145,040 |
| | | <u>179,171</u> | <u>170,947</u> | <u>156,513</u> | <u>149,285</u> |
| Investments | | | | | |
| | 1 (c) | 4,923 | 484 | 5,364 | 462 |
| British Government Securities | | 2,618 | 14 | 1,231 | 13 |
| Other Fixed Interest Securities | | 536 | 530 | 526 | 519 |
| Preference Shares | | 737 | 660 | 750 | 699 |
| Ordinary Shares | | <u>8,814</u> | <u>1,688</u> | <u>7,871</u> | <u>1,693</u> |
| Market Value | | 1,083 | — | 1,029 | — |
| Freehold property including Company's offices | | 20 | — | 20 | — |
| Mortgages on house property | | <u>9,917</u> | <u>1,688</u> | <u>8,920</u> | <u>1,693</u> |
| Investment in subsidiary | 13 | — | 1,878 | — | 1,587 |
| | | <u>9,917</u> | <u>3,566</u> | <u>8,920</u> | <u>3,280</u> |
| Current Assets | | | | | |
| Sundry Debtors | | 1,364 | 48 | 1,141 | 67 |
| Taxation | | 203 | — | 190 | — |
| Due from Long-Term Fund | | 977 | 977 | 714 | 714 |
| Due from Subsidiary Company | | — | — | — | 3 |
| Deposits | | 364 | 115 | 353 | 105 |
| Balance at Bankers | | 143 | 38 | 155 | 76 |
| | | <u>12,968</u> | <u>4,744</u> | <u>11,473</u> | <u>4,245</u> |
| Long-Term Insurance per separate Balance Sheet | | 166,203 | 166,203 | 145,040 | 145,040 |
| | | <u>179,171</u> | <u>170,947</u> | <u>156,513</u> | <u>149,285</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, 1983

| | Note | 1983 £000 | 1982 £000 |
|---|-------|----------------|----------------|
| Funds | | | |
| Long-Term Insurance Funds | | 135,831 | 120,224 |
| Life Assurance Contingency Fund | | 2,000 | 2,000 |
| Investment Reserve | 1 (d) | 24,809 | 20,332 |
| | | <u>162,640</u> | <u>142,556</u> |
| Current Liabilities | | | |
| Outstanding claims and annuities | | 543 | 455 |
| Depositors | | 91 | 102 |
| Due to Shareholders' Fund | | 977 | 714 |
| Creditors | | 1,952 | 1,213 |
| | | <u>3,563</u> | <u>2,484</u> |
| | | <u>166,203</u> | <u>145,040</u> |
| Investments | | | |
| British Government Securities | 1 (c) | 48,221 | 41,049 |
| Other Fixed Interest Securities | | 2,581 | 959 |
| Ordinary Shares | | 44,191 | 30,269 |
| | | <u>94,993</u> | <u>72,277</u> |
| Market Value | | | |
| Mortgages on house property and other loans within the United Kingdom | | 44,499 | 48,299 |
| Freehold and leasehold property, including Company's offices | | 20,194 | 19,989 |
| | | <u>159,686</u> | <u>140,565</u> |
| Current Assets | | | |
| Debtors and Prepayments | | 599 | 336 |
| Taxation | | 1,149 | 989 |
| Outstanding premiums | | 362 | 323 |
| Investment income accrued and outstanding | | 1,920 | 1,660 |
| Deposits | | 2,326 | 945 |
| Balances at Bankers | | 161 | 222 |
| | | <u>6,517</u> | <u>4,475</u> |
| | | <u>166,203</u> | <u>145,040</u> |

PROVIDENT LIFE Association of London Limited

Consolidated Statement of Source and Application of Funds

for the year ended 31st December, 1983

(Excluding Long-Term Insurance)

| | 1983 £000 | 1982 £000 |
|---|--------------|--------------|
| Source of Funds | | |
| Profit before taxation | 1,073 | 667 |
| Movement on Investment Reserve | 455 | 1,532 |
| Adjustments for:— | | |
| Special Provision | — | (1,300) |
| Increase in General Insurance Funds and Liabilities | 682 | 1,834 |
| Increase in Creditors | 53 | 50 |
| Increase in Debtors | (486) | (120) |
| | <u>1,777</u> | <u>2,669</u> |
| Application of Funds | | |
| Dividends paid | 672 | 288 |
| Tax paid | 109 | 178 |
| | <u>781</u> | <u>466</u> |
| Changes in Investments and Net Liquid Funds | | |
| Increase/(Decrease) in:— | | |
| Investments and Deposits | 1,008 | 2,103 |
| Balances at Bankers | (12) | 100 |
| | <u>996</u> | <u>2,203</u> |
| | <u>1,777</u> | <u>2,669</u> |

PROVIDENT LIFE Association of London Limited

Notes on the Accounts

1. Accounting Policies

(a) Disclosure Requirements

The group is not required to comply with the accounting and disclosure provisions of Part I of the Companies Act 1981; the financial statements are drawn up in accordance with Sections 149A and 152A of, and Schedule 8A to, the Companies Act 1948. The Group avails itself of certain of the exemptions from the disclosure requirements of the Companies Acts that are applicable to insurance companies.

(b) Basis of Consolidation

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

(c) Investments

(i) Listed securities have been valued at middle market value less accrued interest at 31st December, 1983. 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 31st December, 1983, the Directors consider the value at which they are included in the accounts to be fair.

(d) 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 (c) 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 additional 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.

(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.

(f) General Insurance

(i) Exchange Rates

Assets and liabilities in foreign currencies have been translated at the rates ruling on 31st December, 1983. 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

Full provision is made for the estimated cost, less reinsurance recoverable, of all claims notified but not settled at the date of the Balance Sheet, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported until after the Balance Sheet date. Significant delays are experienced in both the notification and settlement of liability claims. Accordingly, a substantial measure of experience and judgement is required in assessing such outstanding claims, the ultimate cost of which cannot be known with certainty at the Balance Sheet date. Differences between the provisions for outstanding claims at a Balance Sheet date and subsequent revisions and settlements are included in the Revenue Account in later years.

2. Marine

The Marine Revenue Account for 1983 has been incorporated within the Property and Accident Revenue Account because it is not material. Prior year figures have been re-stated accordingly.

PROVIDENT LIFE Association of London Limited

3. Taxation

The charge for taxation includes Income Tax at the basic rate and Corporation Tax at 50.5 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:—

| | Long-Term Revenue Account | | Consolidated Profit and Loss Account | |
|-------------------------|------------------------------|-----------------|---|-----------------|
| | 1983 | 1982 | 1983 | 1982 |
| Income Tax | £688,369 | £572,570 | £45,386 | £36,703 |
| Corporation Tax | 285,260 | 136,071 | 32,761 | 25,638 |
| Advance Corporation Tax | — | — | (30,000) | 57,000 |
| Overseas Tax | — | — | 25,000 | — |
| | <u>£973,629</u> | <u>£708,641</u> | <u>£73,147</u> | <u>£119,341</u> |

Corporation tax losses carried forward by the subsidiary company amounted to approximately £1,260,000 (1982—£1,377,000).

4. Investment Reserve (Long-Term Insurance)

The sum of £4,150,000 transferred to the Long-Term Insurance Fund is made up of £4,460,000 less £310,000 in respect of the expenditure and amortisation referred to in note 1(d) (ii).

5. Directors' Remuneration

Directors' remuneration for the year was:—

| | 1983 | 1982 |
|---|-----------------|-----------------|
| Fees | £32,000 | £30,992 |
| Other emoluments | 158,680 | 137,721 |
| Pensions paid to former Directors or their widows | 16,632 | 15,659 |
| | <u>£207,312</u> | <u>£184,372</u> |
| Chairman | £53,035 | £48,923 |

Number of Directors

| | 1983 | 1982 |
|---------------------------------|------|------|
| Other Directors by scale: | 4 | 5 |
| Up to £5,000 | 1 | 1 |
| Exceeding £10,000 up to £15,000 | — | 1 |
| Exceeding £35,000 up to £40,000 | 2 | 1 |
| Exceeding £40,000 up to £45,000 | | |

6. Employees' Remuneration

The number of employees in the Group in receipt of emoluments in excess of £30,000 was as follows:

| | 1983 | 1982 |
|---------------------------------|------|------|
| Exceeding £30,000 up to £35,000 | 2 | 2 |
| Exceeding £25,000 up to £40,000 | 2 | — |

PROVIDENT LIFE Association of London Limited

Notes on the Accounts (continued)

7. Loans to Directors and Officers

(i) Directors (or connected persons)

Details of such loans are shown below. Mortgage advances are 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.

| | | Loan at 1.1.83 | Maximum Loan during 1983 | Loan at 31.12.83 | Average rate of interest |
|---------------------|------------------|-------------------|--------------------------------|---------------------|--------------------------------|
| Mr. D. H. Radley | Mortgage advance | £7,500 | £7,500 | £7,500 | 2.9% |
| Mr. B. E. Radley | Mortgage advance | £32,500 | £32,500 | £32,500 | 6.7% |
| Mr. R. A. F. Ostime | Mortgage advance | £17,950 | £17,950 | £17,950 | 4.9% |

(ii) Officers

Staff loans for the purposes of house purchase and loans in respect of season tickets existed as follows:—

Aggregate amount outstanding £128,465 Number of Officers 3.

8. Auditors' Remuneration

The remuneration of the auditors for the year amounted to £45,000 (1982—£40,500).

9. Staff Pension Fund

The Group's liabilities under the Staff Pension Fund are funded from the Revenue Accounts by normal contributions which during 1983 were at the rate of 21 per cent. of pensionable earnings in respect of the parent company and 16 per cent. of pensionable earnings in respect of the subsidiary company.

10. Share Capital

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

| | 1983 | 1982 |
|--------------------------------------|-------------------|-------------------|
| 1,400,000 Ordinary Shares of £1 each | <u>£1,400,000</u> | <u>£1,400,000</u> |

11. Outstanding claims

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

| | Property and Accident | | Motor | |
|-------------------------|-----------------------|-------------------|-------------------|-------------------|
| | 1983 | 1982 | 1983 | 1982 |
| Gross liabilities | £5,190,013 | £4,400,609 | £1,978,445 | £1,899,020 |
| Reinsurance recoverable | <u>1,326,616</u> | <u>1,055,617</u> | <u>288,419</u> | <u>191,050</u> |
| Net liabilities | <u>£3,863,397</u> | <u>£3,344,992</u> | <u>£1,690,026</u> | <u>£1,707,970</u> |

Included within Property and Accident outstanding claims is the Special Provision of £1,300,000 set up in 1982 in respect of the subsidiary company's potential liability on claims, arising from industrial diseases, under liability insurances effected approximately 25 years ago. There exist considerable uncertainties concerning the manner in which the subsidiary company could be held liable.

PROVIDENT LIFE Association of London Limited

12. Investments

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

| | 1983 | 1982 |
|-----------------------------|---------|--------|
| Long-Term Fund | — | — |
| Group (excluding Long-Term) | 150,000 | 19,000 |
| Company | 150,000 | 19,000 |

(ii) Uncalled capital on investments held by the Company in the Long-Term Fund amounted to £163,090 (1982—£314,490) at the year end.


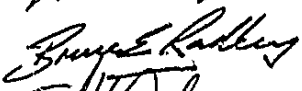

(iii) Since the end of the financial year the Company has authorised in the Long Term Fund capital expenditure of £13,700,000 for the development of the Company's new offices at Basingstoke.

13. 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 investment is shown in the Company's Balance Sheet at net asset value excluding Investment Reserve. The excess arising during the year amounting to £291,000 (1982—£36,000) has been credited to Retained Profits and Reserves.

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

3rd May, 1984.

Report of the Auditors

We have audited the financial statements on pages 8 to 17 for the year ended the 31st December, 1983 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.



Chartered Accountants.

London
3rd May, 1984.

PROVIDENT LIFE Association of London Limited

MANAGEMENT

Managing Director D. H. Radley, F.I.A.
Deputy Managing Director and Actuary B. E. Radley, F.I.A., A.S.A.

Assurance Business and Data Processing

Deputy General Manager R. K. Muddle, F.C.I.I.
Joint Actuary F. W. Brooks, F.I.A.
Deputy Actuary G. V. Budd, F.I.A.
Assistant Actuary P. H. Gurman, B.Sc., F.I.A.
Assistant Manager (Pensions) D. L. Jones, A.C.I.I.
Deputy Life Manager J. T. Webster, F.C.I.I.
Assistant Life Manager J. D. Ridgway, A.C.I.I.
Assistant Life Manager R. M. Wheble, B.Sc., F.C.I.I.
Data Processing Manager R. A. Halligan, M.B.I.M.
Assistant Data Processing Manager D. F. Griffith
Assistant Data Processing Manager A. G. Lord, M.I.D.P.M.

Sales Organisation

Deputy General Manager E. E. Holland
Sales Manager D. Corfield
Assistant Manager M. J. Hayter
Sales Training Manager J. S. Knight, A.C.I.I.
Assistant Sales Training Manager G. H. Dibnah, T.D.
Regional Manager B. T. J. Eades
Regional Manager N. J. Lister, F.L.I.A.
Regional Manager J. C. Porter
Regional Manager T. J. Wheeler, F.L.I.A.

Investments

General Manager R. A. F. Ostime, F.I.A.
Investment Manager J. Shaddick, B.A.

Secretarial and Accounts

Deputy General Manager and Secretary J. D. Fox, F.C.A.
Chief Accountant M. Wise, F.C.A.
Collection Department Manager J. T. Sully
Office Services Manager K. A. Thompson, B.Sc. (Econ.)
Staff Manager F.W. Lee, A.C.I.I.
Assistant Manager (Staff) G. J. Boutle, B.A., D.M.S.
Assistant Manager (Staff) B. I. Treadway, A.C.I.I., F.L.I.A.
Special Projects Manager M. A. Read, F.I.A.

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

UNITED STANDARD Insurance Company Limited

MANAGEMENT

General Manager

B. A. F. Ostime, F.I.A.

General Insurance Business

Assistant General Manager

D. Hinchcliffe

Manager

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

Assistant Fire and Accident Manager

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

Assistant Fire and Accident Manager

W. D. Judge

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.

Agency Manager

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

Statistics

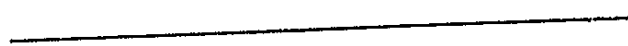
Statistician

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

Secretarial and Accounts

Secretary and Accountant

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



PROVIDENT LIFE Association of London Limited

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

SALES ORGANISATION

London and Home Counties (North)

| | | |
|---|--|---------------------------------|
| Regional Manager Regional Office | N. J. Lister, F.L.I.A. 8 Station Road, Watford WD1 1EG | Watford 52224 |
| Pensions Inspectors | R. R. Moody, A.P.M.I. F. G. Stanton | |
| North West London Area Office | 8 Station Road, Watford WD1 1EG | Watford 52224 |
| Berks and Bucks Assistant Area Manager Area Office | P. H. Sutherland The Old Court House, Hughenden Road, High Wycombe HP13 5DT | High Wycombe 443454/ 443432 |
| Bedford and Northampton Assistant Area Manager Area Office | K. Isaacs 27 St. Cuthberts Street, Bedford MK40 3JG | Bedford 66005/61966 |
| North East London District Manager | H. B. Randall | 01-504 3202 (Woodford Green) |
| West London District Manager | A. R. A. Day | Uxbridge 34378 |
| South West Essex District Manager Area Office | R. J. Jiggins 87 Eastern Road, Romford, Essex RM1 3PB | Romford 27519 |
| East Anglia Assistant Area Manager Area Office | G. A. Brasted 46 Duke Street, Chelmsford, Essex CM1 1JA | Chelmsford 261808/261828 |
| London and Home Counties (South) | | |
| Regional Manager Regional Office | B. T. J. Eades 3-5 Clair Road, Haywards Heath, Sussex RH16 3DP | Haywards Heath 414635/6 |
| Hampshire and Dorset Area Manager Area Office | L. W. Deane 19-21 High Street, Ringwood, Hants BH24 1AB | Ringwood 79322 |
| Sussex Area Manager Area Office | W. Morris, F.L.I.A. 53 Portland Road, Hove, Sussex BN3 5DQ | Brighton 722288 |
| South West London Assistant Area Manager Area Office | D. J. Small 17 High Street, Great Bookham, Surrey KT23 4AA | Bookham 59566 |
| South East London Assistant Area Manager Area Office | B. Holland Market House, 12-13 Market Square, Bromley, Kent BR1 1NA | 01-290 1186 (Bromley) |
| North West and East Kent Assistant Area Manager Area Office | D. L. Hambrook 29a St. Peter's Street, Canterbury Kent. | Canterbury 51151/50995 |

| | | |
|---|---|--------------------------|
| Midlands Regional Manager Regional Office | J. C. Porter 34 Harborne Road, Edgbaston, Birmingham B15 3AA | 021-455 8901 |
| Birmingham and Warwickshire Assistant Area Manager Area Office | C. T. A. Thorndale 34 Harborne Road, Edgbaston, Birmingham B15 3AA | 021-455 8901 |
| East Midlands Assistant Area Manager Area Office | D. Housley 1st Floor, High Street Chambers, High Street, Loughborough, Leics LE11 1PY | Loughborough 231771/2 |
| Staffordshire Assistant Area Manager Area Office | K. Smith 22 Lichfield Street, Wolverhampton, Staffs WV1 1DG | |
| North and North Wales Regional Manager Regional Office | J. C. Porter 39 Northenden Road, Sale, Cheshire M33 2DH | 061-969 8321 |
| Merseyside and North Wales Area Manager Area Office | P. K. Szymanski, F.L.I.A. 2nd Floor, 12 Nicholas Street, Chester CH1 2NX | Chester 316821/2 |
| North Lancs Assistant Area Manager Area Office | P. J. Boon 22 Strawberry Bank, Blackburn, Lancs BB2 6AA | Blackburn 675219/0 |
| South Manchester Assistant Area Manager Area Office | J. A. Skinkis, A.L.I.A. 1st Floor, 27a Station Road, Cheadle Hulme, Cheshire SK8 5AF | 061-486 9331/2 |
| West Yorkshire Area Office | 1 Queens Place, Queens Street, Morley LS27 8HG | Morley 538392/538438 |
| West and South Wales Regional Manager Regional Office | T. J. Wheeler, F.L.I.A. 34 Whiteladies Road, Clifton, Bristol BS8 2LG | 0272-738988 |
| Bristol and Somerset Assistant Area Manager Area Office | A. G. Woodisse 34 Whiteladies Road, Clifton, Bristol BS8 2LG | 0272-738988 |
| Cotswolds Assistant Area Manager Area Office | G. D. Archer 10 Royal Crescent, Choltenham, Glos GL50 3DA | Cheltenham 524836/520100 |
| Devon and Cornwall Area Manager Area Office | B. A. T. Heslop 12 The Crescent, Plymouth, Devon PL1 3AB | Plymouth 669633 |
| South Wales Assistant Area Manager Area Office | T. H. Jones 2nd Floor, Derwen House, Court Road, Bridgend, Mid Glamorgan | Bridgend 3888/3838 |

UNITED STANDARD Insurance Company Limited

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

AGENCY ORGANISATION

| | | |
|---|--------------------------|--------------------------|
| Agency Manager | K. H. Blundell, A.C.I.I. | |
| South East | | |
| Development Superintendent | S. Wood, B.Sc. (Hons.) | Horsham 731531 |
| Agency Inspector | P. R. Troubridge | Whitstable 275418 |
| East Anglia | | |
| Development Superintendent | D. F. Barber | Huntingdon 75219 |
| Agency Inspector | J. R. Hartwell | Needham Market 721722 |
| Hampshire | | |
| Senior Agency Inspector | W. C. Stevens, A.C.I.I. | Wimborne 885555 |
| Southwest and Home Counties West | | |
| Development Superintendent | P. C. Churchill | Bristol 735170 |
| Agency Inspector | A. Stone | Bristol 735170 |
| Agency Inspector | D. Scott, B.A. | Thame 5915 |
| Midlands | | |
| Regional Office – 34 Harborne Road, Edgbaston, Birmingham B15 3AA | | 021-455 8901 |
| Area Superintendent | J. A. Langstaff | |
| Agency Inspector | A. R. Sullivan | |
| Agency Inspector | T. J. C. Twist | Belper 2571 |
| Leeds | | |
| Agency Inspector | D. A. Raw | Harrogate 66424 |
| Manchester | | |
| North – Agency Inspector | K. W. Lamb | Stockport (061-494) 6177 |
| South – Agency Inspector | P. Hooper | Gorton (061-231) 2208 |