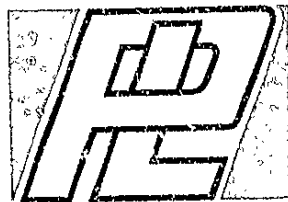


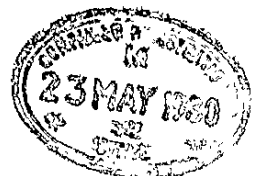
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Established 1877

REPORT AND ACCOUNTS 1979

PROVIDENT LIFE
ASSOCIATION OF LONDON LIMITED



PROVIDENT LIFE Association of London Limited

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PROVIDENT LIFE Association of London Limited

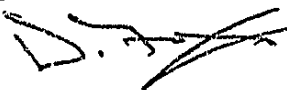
NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Provident Life Association of London Limited will be held in the Suffolk Room, Abercorn Rooms, Liverpool Street, London EC2P 2AN (Bishopsgate Entrance), on Wednesday the 21st day of May, 1980, at 12 noon for the following purposes:—

1. To receive and consider the Accounts for the year 1979 and the Reports of the Directors and Auditors thereon.
2. To declare a final Dividend on the Ordinary Shares.
3. To elect Directors.
Special notice has been received that a resolution will be proposed at the meeting for the re-election as a Director of Mr. R. J. W. Crabbe who has attained the age of 70.
4. To appoint Auditors for the ensuing year.

Dated this 25th day of April, 1980.

By Order of the Board,

J. D. FOX,
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 the 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.

UNITED STANDARD Insurance Company Limited
Founded 1907

VIGILANT Assurance Company Limited
Founded 1920

BOARD OF DIRECTORS

CHAIRMAN

David H. Radley, F.I.A.

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

1979 was a significant year in our history as the funds exceeded £100 million for the first time. Our portfolio of long-term business in force was again improved by the addition of new business with a high with-profits element. In addition there was a major advance in the development of our computer systems. On the general insurance side our efforts of recent years were rewarded by a substantial increase in the contribution from this source to group profits.

Long-Term business

New annual premiums on life assurance amounted to £2.3 million against £2.1 million the previous year, an increase of 9 per cent. Pensions business was less than the abnormally high level achieved in 1978 when the new State scheme started, the new annual premiums being £0.7 million against £1.2 million and new single premiums being £0.4 million against £0.6 million.

The proportion of new annual premiums derived from with-profits business continued at the satisfactory level of 63 per cent, which was reached in 1978.

At the end of the year the long-term funds stood at £95.5 million and the Investment Reserve at £4.7 million compared with the 1978 figures of £88.8 million and £5.6 million. The cash flow available was invested mainly in stock exchange securities, about two-thirds in Government Securities and one-third in equities. As a result of these operations we achieved another increase in the gross rate of interest earned on the long term funds which rose to £8.59 per cent. compared with £7.98 per cent. in 1978.

The expenses and commission during the year were £6.6 million compared with £5.6 million in the previous year. These included exceptional expenditure of some £0.4 million on the development of computer systems. An on-line computer system for new business was brought into operation towards the end of 1979 and we made major progress in our plans for a new computer-based information service with visual display units, covering all our policies in force, which will become operative in a few months. We therefore enter 1980 without these exceptional costs and with the prospects of the new systems assisting us to a great extent in containing unit costs.

The annual valuation carried out by the actuary revealed that the surplus emerging in 1979, including the transfer from investment reserve, totalled £3.8 million. The rates of interest assumed in the valuation of with and without profits life assurance policies were raised by 0.25 per cent., but otherwise the basis used in 1978 was effectively maintained. Reversionary bonuses were raised to record levels in the annual declaration made at the end of 1979. After providing for bonuses to policyholders and transfers to shareholders the surplus carried forward to 1980 was £0.9 million.

General Insurance business

The Property and Accident account premium income was £2.25 million compared with £2.47 million in the previous year, the premiums on the closed accounts having run down to an

insignificant figure. The open accounts produced a profit despite adverse weather in the first quarter and the closed accounts had little effect on 1979 as the reserves set up in 1978 had proved adequate. As a result, our actions of recent years to improve our portfolio were rewarded with an underwriting profit of £5,000 compared with a loss of £269,000 in 1978.

The Motor account premium income was £1.75 million compared with £1.82 million in the previous year. The results were affected by the bad weather of the first quarter and by the increase in V.A.T. levied during the year. In consequence there was an underwriting loss of £95,000 compared with a profit of £7,000 in 1978. We shall continue our efforts to seek profitable areas of the motor market in which we can expand.

Profit and Loss Account

The Accounts for 1979 are, for the first time, in consolidated form, and I hope this will assist in their interpretation.

The profits after tax of the group were £866,000 compared with £582,000 in the previous year. The profit consisted of £501,000 transferred from the long-term fund against £433,000, of £38,000 from the parent company's shareholders' fund (after charging Advance Corporation Tax) against £77,000, and of £327,000 from the subsidiary company against £72,000.

After providing for dividends for the year of £488,000, and transferring £200,000 to Investment Reserve, the retained profit in the consolidated Profit and Loss Account was increased by £178,000. The capital and reserves in the Balance Sheet, excluding long-term business, at the end of the year were £2,592,000 and the Investment Reserve was £379,000, compared with £2,614,000 and £71,000 in the previous year.

Future prospects

There are three main elements which affect the profits of the Company apart from the income of the parent company's Shareholders' Fund. First the change in character of the long-term business instituted in recent years, which resulted in 63 per cent. of new business being on with profits terms, is providing an expanding with-profits base and gives rise to rapidly increasing transfers from divisible profits of the long-term fund. The transfers from non-divisible profits in this fund are derived in the main from the investment earnings on past profits of non-divisible business which remain in the long-term fund. Finally the general business has now achieved a balanced portfolio of direct U.K. business, and we are aiming to increase this as rapidly as is compatible with profitability. In the last few years the profits of the subsidiary company have been free of corporation tax as the result of tax losses brought forward but, assuming continuance of our present level of profit, tax will be payable from about 1981.

The Directors intend to continue paying the maximum dividends out of profits each year consistent with their policy of providing solvency margins which are in their view adequate to meet the statutory requirements and other needs of the expanding business.

Directors and Management

It is with much regret that I have to report the death during the year of Mr. C. W. Mallord Turner who had served on the Board since 1945 and had been associated with the Company as legal adviser for many years before that date. Through this long period his sound judgment and sage advice have been valued by his fellow directors and he will be greatly missed.

During the year there has been a number of changes in the management team. In the principal company Mr. B. E. Radley and Mr. R. A. F. Ostime have been promoted to General Managers. Mr. Radley retains his appointment as Actuary but Mr. J. D. Fox has been appointed Secretary in succession to Mr. Ostime.

In the United Standard Mr. David Radley has become Chairman, following my desire to be released from this appointment on attaining the age of 70. Mr. R. A. F. Ostime has become General Manager, responsible for the development of the general insurance business of the group, and Mr. D. Hinchcliffe has been promoted to Assistant General Manager.

Finally, I extend congratulations to the Management and all members of the office and sales staff on their success in developing the new pattern in both the long term and general branch business of the Group which has enabled me to present such a satisfactory report.

R. J. W. CRABBE

Chairman



PROVIDENT LIFE Association of London Limited

DIRECTORS' REPORT

for the year ended 31st December, 1979

The Directors have pleasure in presenting their Report for the One Hundred and Second Year of the Company's business together with the Accounts which this year for the first time are in consolidated form.

PRINCIPAL ACTIVITIES

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

	Life Assurance		Pensions and Annuity	
	1979	1978	1979	1978
Number of policies	12,574	15,916	1,267	1,540
	£000	£000	£000	£000
Annual premiums	2,323	2,130	716	1,237
Single premiums	4	6	395	605
Sums assured	136,575	164,739	28,804	43,659
Annuities per annum	—	—	532	1,281

Premiums for the year amounted to £14,410,327 (1978—£12,986,000).

Investment income totalled £7,610,335 (1978—£6,609,355) and the gross rate earned on the Long-Term Insurance Funds was £8.59 per cent. (1978—£7.98 per cent.).

Mortgage advances on house property outstanding at the end of the year amounted to £54.1 million. The average amount of each advance outstanding was £3,613.

Bonus declarations—Reversionary bonuses upon with profits policies in the participating fund were declared for the year 1979 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 1980. 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 for each £100 of policy and existing bonuses on pure endowments and term assurances.

£4.55 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.

£3.55 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, 1979 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 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(55) 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.

PROVIDENT LIFE Association of London Limited

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 1979 was £4,774,929. Reducing the amount brought forward from 1978, of £977,212, the surplus emerging in 1979, including the transfer of £400,000 from Investment Reserve, was £3,797,717 (1978—£2,997,308).

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

	1979 £	1978 £
Allocated to policyholders	3,315,323	2,500,167
Transferred to Profit and Loss Account:		
Life Assurance Fund—	291,177	233,537
Shareholders' share of divisible profits	210,000	200,000
Non-divisible profits		
	<u>3,816,500</u>	<u>2,933,704</u>
	958,429	977,212
Carried forward	<u>£4,774,929</u>	<u>£3,910,916</u>

The amount carried forward to 1980 of £958,429, the Life Assurance Contingency Fund of £1,000,000 and the Investment Reserve afford valuable additional protection to policyholders.

GENERAL INSURANCE

The consolidated accounts of the subsidiaries show:—

	1979 £000	1978 £000
Premiums written	3,997	4,312
Investment income	433	346
Underwriting results	(85)	(269)
Miscellaneous and taxation	(21)	(5)
Profit after taxation	<u>327</u>	<u>72</u>

PROFIT AND LOSS ACCOUNT

The consolidated profit for the year after taxation was £866,000 (1978—£582,000)

	£000
Parent company	539
Subsidiaries	327
Profit after taxation	<u>866</u>
Transferred to Investment Reserve	200
Preference dividend	3
Profit attributable to ordinary shareholders	<u>663</u>
Ordinary dividends (payable and proposed)	485
Added to Retained Profits and Reserves	<u>178</u>

DIVIDENDS

The Directors have recommended the payment of a final dividend of 5.6p per Ordinary Share, on 2nd June, 1980 to shareholders on the register at 9th May, 1980. The interim dividend paid on 2nd January, 1980 on the Ordinary Shares was 4.6p per share.

The total of the interim and final dividends for 1979 at 10.2p per share represents an increase of 11.8 per cent. over the corresponding total for 1978 of 9.12p per share (interim 4.1p, final 5.02p). In the case of former "A" Ordinary Shares the effective increase is 16.6 per cent. after allowing for the one for ten capitalisation issue of 29th December, 1978.

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 3. Mr. C. W. Mallord Turner also served as a director until his death on 1st August, 1979.

The Directors due to retire by rotation are The Rt. Hon. Lord Trend and Dr. P. Binswanger and both being eligible offer themselves for re-election. Mr R. J. W. Crabbe who has attained the age of 70 also retires and a resolution proposing his re-election will be submitted.

INTERESTS OF DIRECTORS AND OTHERS

The table below shows in respect of the year 1979 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, 1980.

	At 1st January, 1979		At 31st December, 1979	
	Ordinary Shares	Preference Shares	Ordinary Shares	Preference Shares
Directors				
Beneficial:				
P. Binswanger	1,000	—	1,000	—
Sir John Colville	3,112	95	3,112	95
R. J. W. Crabbe	1,100	—	1,100	—
H. R. James	275,793	629	275,793	629
J. D. Profumo	217,657	628	217,657	628
Major P. Profumo	1,575	—	1,675	—
D. H. Radley	—	—	—	—
The Rt. Hon. Lord Trend	—	—	—	—
Non-Beneficial:				
R. J. W. Crabbe	703,381	46	703,381	46
H. R. James	692,281	46	692,281	46
J. D. Profumo	806,214	46	806,214	46
Major P. Profumo	80,933	—	80,933	—
D. H. Radley	—	10	—	10
Persons other than Directors			1,210,750	(25.46%)
Winterthur Swiss Insurance Company			6,275	(0.13%)
The Rt. Hon. Lord Balfour of Inchrye (beneficial)			692,281	(14.56%)
(non-beneficial)			268,975	(5.65%)
Lady Balfour of Inchrye (beneficial)			353,008	(7.42%)
J. D. Fox (non-beneficial)			—	—

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, 1979 and 1st April, 1980. There have been no disclosable contracts or arrangements subsisting during 1979 in which a Director was materially interested.

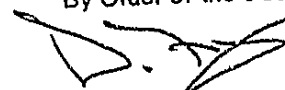
OTHER MATTERS

The average number of persons employed during the year by the Group under contracts of service in each week was 640 (1978—670) and the aggregate remuneration for the year was £3,480,560 (1978—£3,021,117).

Charitable donations amounting to £1,365 (1978—£1,358) 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
16th April, 1980.

PROVIDENT LIFE Association of London Limited

Consolidated Revenue Accounts for the year ended 31st December, 1979

	Note	1979 £000	1978 £000
Long Term Insurance			
Funds at beginning of year:			
Long-Term Insurance Funds		87,842	82,055
Life Assurance Contingency Fund		1,000	1,000
		<u>88,842</u>	<u>83,055</u>
Premiums		14,410	12,986
Investment income	11	7,610	6,609
		<u>110,862</u>	<u>102,650</u>
Claims incurred:			
Death		1,956	1,557
Maturity		3,298	3,144
Surrenders		1,731	1,973
Annuities		1,194	1,240
Commission		1,137	1,014
Expenses		5,472	4,649
Taxation	3	396	298
		<u>15,184</u>	<u>13,875</u>
Transferred to Consolidated Profit and Loss Account:			
Life Assurance Fund—			
Shareholders' share of divisible profits		291	233
Non-divisible profits		210	200
		<u>501</u>	<u>433</u>
		15,685	14,308
		<u>95,177</u>	<u>88,342</u>
Transferred from Investment Reserve	7	400	500
Funds at end of year		<u>95,577</u>	<u>88,842</u>

PROVIDENT LIFE Association of London Limited

	Note	1979 £000	1978 £000
Property and Accident			
Premiums		2,245	2,471
Less: Increase in unearned premiums		55	73
Premiums earned		2,190	2,398
Claims incurred		1,169	1,463
Commission		386	530
Expenses	1(e)(i)	617	673
Exchange surplus		13	1
		2,185	2,667
		(Profit) 5	(Loss) (269)
Transferred to Consolidated Profit and Loss Account			
Motor			
Premiums		1,751	1,921
Add: Decrease in unearned premiums		5	(72)
Premiums earned		1,756	1,749
Claims incurred		1,121	1,039
Commission		320	337
Expenses		470	368
		1,851	1,742
		(Loss) (95)	(Profit) 7
Transferred to Consolidated Profit and Loss Account			
Marine			
Fund at beginning of year		103	179
Premiums		1	20
		104	199
Claims paid		39	93
Expenses	1(e)(i)	5	9
Exchange surplus		4	1
Fund at end of year		51	103
		99	206
		(Profit) 5	(Loss) (7)
Transferred to Consolidated Profit and Loss Account			

The notes and signatures on pages 16, 17 and 18 are an integral part of these Accounts.

PROVIDENT LIFE Association of London Limited

Consolidated Profit and Loss Account for the year ended 31st December, 1979

	Note	1979 £000	1978 £000
Transferred from Revenue Accounts:			
Life Assurance Fund (after taxation)		291	233
Shareholders' share of divisible profits		210	200
Non-divisible profits		5	(269)
Property and Accident		(95)	7
Motor		5	(7)
Marine		<u>416</u>	<u>164</u>
		580	493
Investment income		22	30
Miscellaneous profits		<u>1,018</u>	<u>687</u>
		33	33
Expenses	3	<u>119</u>	<u>72</u>
Taxation		<u>152</u>	<u>105</u>
		866	582
Profit after taxation		200	70
(dealt with in accounts of parent company £539,000 (1978—£510,000))		<u>666</u>	<u>512</u>
Transferred to Investment Reserve			
		3	3
Dividends:			
Preference			
Ordinary (see Directors' Report)		219	185
Interim, paid 2nd January, 1980		266	239
Proposed final		488	427
		<u>178</u>	<u>85</u>
Retained profit			

PROVIDENT LIFE Association of London Limited

Balance Sheets as at 31st December, 1979

	Note	1979		1978	
		Group £000	Company £000	Group £000	Company £000
Capital and Reserves					
Share Capital	2	1,289	1,289	1,289	1,289
Retained profits and reserves		1,303	1,303	1,125	1,125
		<u>2,592</u>	<u>2,592</u>	<u>2,414</u>	<u>2,414</u>
				200	200
Contingency Fund		<u>2,592</u>	<u>2,592</u>	<u>2,614</u>	<u>2,614</u>
Insurance Funds and Liabilities					
Property and Accident—Unearned premiums		796	—	741	—
Outstanding claims		1,236	—	1,218	—
Motor—Unearned premiums		672	—	677	—
Outstanding claims		974	—	951	—
Marine Fund		51	—	103	—
		<u>3,729</u>	—	<u>3,690</u>	—
Other Liabilities				202	5
Sundry Creditors		157	—	26	26
Taxation		82	79	425	425
Dividends payable and proposed		486	486	—	—
		<u>7,046</u>	<u>3,157</u>	<u>6,957</u>	<u>3,070</u>
Long-Term Insurance per separate Balance Sheet		<u>97,454</u>	<u>97,454</u>	<u>90,557</u>	<u>90,557</u>
		<u>104,500</u>	<u>100,611</u>	<u>97,514</u>	<u>93,627</u>
Investments	1(b)				
British Government Securities		3,330	154	2,861	175
Other Fixed Interest Securities		261	11	286	12
Preference Shares		553	539	647	628
Ordinary Shares		607	566	598	546
		<u>4,751</u>	<u>1,270</u>	<u>4,392</u>	<u>1,361</u>
Market Value		754	—	654	—
Freehold property including Company's offices		44	—	86	—
Mortgages on house property		<u>5,549</u>	<u>1,270</u>	<u>5,132</u>	<u>1,361</u>
		379	101	71	—
Less: Investment Reserve	1(c)	<u>5,170</u>	<u>1,169</u>	<u>5,061</u>	<u>1,361</u>
		—	1,350	—	1,222
Investment in Subsidiaries	10	<u>5,170</u>	<u>2,519</u>	<u>5,061</u>	<u>2,583</u>
Current Assets					
Sundry Debtors		934	32	1,041	40
Taxation		109	—	86	—
Due from Long-Term Fund		295	295	232	232
Due from Subsidiary Companies		—	35	—	11
Deposits		386	250	352	150
Balances at Bankers		152	26	185	54
		<u>7,046</u>	<u>3,157</u>	<u>6,957</u>	<u>3,070</u>
Long-Term Insurance per separate Balance Sheet		<u>97,454</u>	<u>97,454</u>	<u>90,557</u>	<u>90,557</u>
		<u>104,500</u>	<u>100,611</u>	<u>97,514</u>	<u>93,627</u>

The notes and signatures on pages 16, 17 and 18 are an integral part of these Accounts.

PROVIDENT LIFE Association of London Limited

Balance Sheet—Long-Term Insurance as at 31st December, 1979

	Note	1979 £000	1978 £000
Funds:			
Long-Term Insurance Funds		94,577	87,842
Life Assurance Contingency Fund		1,000	1,000
		<u>95,577</u>	<u>88,842</u>
Current Liabilities:			
Outstanding claims and annuities		378	310
Depositors		170	193
Due to Shareholders' Fund		295	232
Creditors		1,034	980
		<u>1,877</u>	<u>1,715</u>
		<u>97,454</u>	<u>90,557</u>
Investments:			
British Government Securities	1(b)	14,191	11,899
Other Fixed Interest Securities		810	900
Ordinary Shares		14,408	13,159
Market Value		<u>29,409</u>	<u>25,958</u>
Mortgages on house property and other loans within the United Kingdom		55,214	54,191
Freehold and leasehold property, including Company's offices		14,743	13,331
		<u>99,366</u>	<u>93,480</u>
Less: Investment Reserve	1(c)	4,780	5,627
		<u>94,586</u>	<u>87,853</u>
Current Assets:			
Debtors and Prepayments		326	132
Taxation		631	357
Outstanding premiums		404	478
Investment income accrued and outstanding		779	896
Deposits		420	560
Balances at Bankers		308	281
		<u>2,868</u>	<u>2,704</u>
		<u>97,454</u>	<u>90,557</u>

PROVIDENT LIFE Association of London Limited

Consolidated Statement of Source and Application of Funds for the year ended 31st December 1979 (Excluding Long-Term Insurance)

	1979 £000	1978 £000
Source of Funds		
Profit before taxation	985	654
Movement on Investment Reserve	(92)	(215)
Adjustments for:—		
Increase in General Insurance Funds and Liabilities	39	71
Decrease in Creditors	(45)	(57)
Decrease in Debtors	44	140
	<u>931</u>	<u>593</u>
 Application of Funds		
Dividends paid	427	374
Tax paid	86	69
	<u>513</u>	<u>443</u>
 Changes in Investments and Net Liquid Funds		
Increase (Decrease) in:—		
Investments and Deposits	451	285
Balances at Bankers	(33)	(135)
	<u>418</u>	<u>150</u>
	<u>931</u>	<u>593</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 subsidiaries made up to 31st December.

(b) Investments

(i) Listed securities have been valued at middle market value at 31st December, 1979. 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). In previous years in the Shareholders Fund of the parent company the movement has been reflected through Retained Profits and Reserves. The Investment Reserve now shown in the parent company's Balance Sheet was created by the transfer of the Contingency Fund at 1st January, 1979.

(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.

(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 converted at the rates ruling on 31st December, 1979. The revenue transactions have been converted at average rates prevailing during the year.

(ii) Unearned Premiums

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

(iii) 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.

(iv) Marine

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

(v) Outstanding Claims

Outstanding claims include due provisions in respect of claims incurred but not notified to the Company at 31st December, 1979.

PROVIDENT LIFE Association of London Limited

2. Share Capital

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

	1979	1978
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	1,322,750
	<u>£1,288,750</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 total charge for taxation in the Consolidated Revenue Accounts and Consolidated Profit and Loss Account is made up as follows:—

	1979	1978
Income Tax	£368,004	£246,315
Corporation Tax	85,659	105,876
Advance Corporation Tax	60,788	17,567
	<u>£514,451</u>	<u>£369,758</u>

Corporation tax losses carried forward by the subsidiary company amounted to approximately £679,000 (1978—£660,000).

4. Directors' Remuneration

Directors' remuneration for the year was:—

	1979	1978
Fees	£22,572	£17,300
Other emoluments	32,335	26,028
Pensions paid to former Directors or their widows	10,045	8,954
	<u>£64,952</u>	<u>£52,282</u>

Chairman
Highest paid Director

£7,051	£5,542
£25,378	£20,939

Number of Directors

7 7

Other Directors by scale:
Up to £5,000
One Director waived fees totalling £500 (1978—£1,800).

5. Employees' Remuneration

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

	1979	1978
Exceeding £20,000 up to £25,000	2	—

6. Auditors' Remuneration

The remuneration of the auditors for the year amounted to £31,000 (1978—£27,500).

7. Investment Reserve (Long-Term Insurance)

The sum of £400,000 transferred to the Long-Term Insurance Fund is made up of £575,000 less £175,000 in respect of the expenditure and amortisation referred to in note 1(c) (ii).

PROVIDENT LIFE Association of London Limited

Notes on the Accounts (continued)

8. Staff Pension Fund

The Group's liabilities under the Staff Pension Fund are funded from the Consolidated 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 £123,865 made up as follows:—

Parent company	£120,000 p.a. for 26 years from 1st January, 1980
Subsidiary company	£3,865 p.a. for 10 years from 1st January, 1980

9. Investments

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

	1979 £	1978 £
Long-Term Fund Group (excluding Long-Term) Company	139,000	82,000

10. Investment in Subsidiaries

The investment in subsidiaries 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 over book value amounting to £150,000 (1978—£22,239) has been credited to Retained Profits and Reserves. In previous years the investment was shown at cost less amounts written off. Comparative figures have been restated.

11. Interest paid

Interest paid to depositors of £14,497 (1978—£16,258) has been deducted from the investment income figure shown in the Long-Term Insurance Revenue Account.

12. Close Company

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



Managing Director.



Chairman.



Director.

266, Bishopsgate,
London EC2M 4QP

16th April, 1980.

PROVIDENT LIFE Association of London Limited

Report of the Auditors

In our opinion the accounts set out on pages 10 to 18 comply with the provisions of the Companies Acts 1948 and 1967 applicable to insurance companies.

Albittle Haslem & Sells

London
16th April, 1980.

Chartered Accountants.

PROVIDENT LIFE Association of London Limited

MANAGEMENT

Managing Director

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

Assurance Business and Data Processing

General Manager and Actuary

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

Life Manager

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

Deputy Actuary

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

Deputy Actuary

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

Assistant Actuary

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

Assistant Actuary

D. Cooper, F.I.A.

Assistant Life Manager

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

Assistant Life Manager

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

Assistant Life Manager

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

Data Processing Manager

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

Deputy Data Processing Manager

R. A. Halligan

Agency Organisation

Assistant General Manager

E. E. Holland

Deputy Agency Manager

H. C. Kearney, T.D.

Agency Secretary

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

Assistant Agency Secretary

M. J. Hayter

London Regional Life Manager

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

Regional Life Manager

D. Corfield

Regional Life Manager

B. T. J. Eades

Regional Life Manager

J. C. Porter

Pension Sales Manager

G. H. Dibnah, T.D.

Investments

General Manager

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

Deputy Investment Manager

J. Shaddick, B.A.

Secretarial and Accounts

Assistant General Manager and Secretary

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

Chief Accountant

M. Wise, F.C.A.

Collection Department Manager

T. G. Beasley

Assistant Collection Department Manager

J. T. Sully

Staff Manager

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

Special Projects Manager

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

Medical Officer

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

Auditors

Deloitte Haskins & Sells

Solicitors

Hatchett Jones & Kidgell

Bankers

Barclays Bank Limited

National Westminster Bank Limited

Registrars

Barclays Bank Limited

UNITED STANDARD Insurance Company Limited
and its wholly owned subsidiary
VIGILANT Assurance Company Limited

MANAGEMENT

General Manager

R. 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.

Motor Manager

R. W. Easterbrook

Motor Claims Manager

F. C. Pullen, 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
Telegrams: Provlife London E.C.2

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

UNITED STANDARD
INSURANCE COMPANY LTD.
VIGILANT
ASSURANCE COMPANY LTD.

General Insurance Business

Ely Grange, Frant,
Tunbridge Wells,
Kent TN3 9BZ
Telephone: Tunbridge Wells (0892) 39111

LIFE AGENCY ORGANISATION

London and Home Counties (North)

Regional Office—266 Bishopsgate, London EC2M 4QP
London Regional Life Manager J. S. Knight, A.C.I.I.
City Inspectors A. E. A. Caville
D. E. Joseph

Tel 01-247 3200

Pensions Inspectors R. R. Moody, A.P.M.I.
J. Wilson
F. G. Stanton

Area Office (Harrow)—2 Peterborough Road, Harrow, Middlesex
Area Manager J. A. Carter

Tel 01-864 7199

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

Tel. Maidenhead 36514

London and Home Counties (South)

Regional Office—Ely Grange, Frant, Tunbridge Wells, Kent TN3 9BZ
Regional Life Manager B. T. J. Eades

Tel. Frant 592

Pensions Inspector R. P. F. Hart

Area Office (Hampshire)—12 Palmerston Road, Southampton SO9 4XR
Area Manager L. W. Deane

Tel. 0703 32716/7

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

Tel. Brighton 722288

Midlands

Regional Office—34 Harborne Road, Edgbaston, Birmingham B15 3AA
Regional Life Manager D. Corfield

Tel. 021-455 8901

City/Pensions Inspector J. Congrove

Area Office (Birmingham and Warwickshire)—34 Harborne Road, Birmingham
Area Manager T. J. Wheeler

Tel. 021-455 8901

North and North Wales

Regional Office—39 Northenden Road, Sale, Cheshire M33 2DH
Regional Life Manager J. C. Porter

Tel. 061-969 8321

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 2LH

Tel. 0272 38988

City/Pensions Inspector

S. Earnshaw

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

Tel. Cheltenham 24836/20100

London and Home Counties (North)

North East London
West London
Luton and West Herts
South West Essex
East Essex
Cambridge and South Suffolk

H. B. Randall (*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. Marvey (*District Inspector*)

01-504 3202 (Woodford Green)
Uxbridge 34378
Luton 54857
Romford 27519
Rayleigh 775166
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
Q1-777 5453
Medway 35934
Canterbury 66369

Midlands

South Staffordshire
Leicestershire
Derbyshire and Nottinghamshire
Northampton

T. G. French (*Area Inspector*)
F. A. Fish (*Senior Inspector*)
B. A. T. Heslop (*District Inspector*)
P. G. Wilton (*Area Inspector*)

Wolverhampton 24160
Leicester 353482
Derby 513387
Wellingborough 680035

North and North Wales

N.W. Cheshire and N. Wales
North West Lancs.
N.W. Manchester
South West Manchester
Yorkshire

P. K. Szymanski (*District Inspector*)
P. A. Murray (*District Inspector*)
P. J. Boon (*Area Inspector*)
J. A. Skinkis (*District Inspector*)
T. Whitehead (*Senior Inspector*)

Buckley 543273
Southport 38669
Bolton 594213
061-973 4071 (Sale)
Leeds 452900

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

Southern Area

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

Tel. 0892 39111

Development Superintendent

W. D. Judge

East Anglia

Senior Agency Inspector

D. F. Barber

Tel. 0480 75219

Hampshire

Senior Agency Inspector

W. C. Stevens, A.C.I.I.

Tel. 0202 885555

Midlands, North and West

Regional Office—34, Harborne Road, Edgbaston, Birmingham B15 3AA

Tel. 021-455 8901

Senior Development Superintendent

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

Birmingham

Senior Agency Inspector

Senior Agency Inspector

J. A. Langstaff

M. L. Malin, A.C.I.I.

Leeds

Senior Agency Inspector

R. F. Bullock, A.C.I.I.

Tel. 0405 861417

Bristol

Senior Agency Inspector

P. C. Churchill

Tel. 0272 569264