

Established 1877

REPORT AND ACCOUNTS 1975

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 19th day of May, 1976, at 12 noon for the following purposes:—

1. To receive and consider the Accounts for the year 1975 and the Reports of the Directors and Auditors thereon.
2. To declare a final Dividend on the "A" and "B" Ordinary Shares.
3. To elect Directors.

Dated this 23rd day of April, 1976.

By Order of the Board,
R. A. F. OSTIME,
Secretary.

266, Bishopsgate,
London EC2M 4QP.

Only Holders of "A" Ordinary (Voting) 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 equity share capital of the Company and its subsidiaries, together with copies of all contracts of service of any director of the Company with the Company or with any of its subsidiaries, are available for inspection at the Company's head office during normal business hours until the date of the Meeting and at the place of Meeting for 15 minutes prior to the Meeting.

PROVIDENT LIFE Association of London Limited
Founded 1877

BOARD OF DIRECTORS

CHAIRMAN

DIRECTORS

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

C. W. Mallord Turner

Major Philip Profumo

Henry R. James

Peter Binswanger

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

David H. Radley, F.I.A. (*Managing Director*)

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

John D. Profumo, C.B.E.

UNITED STANDARD Insurance Company Limited
Founded 1907

VIGILANT Assurance Company Limited
Founded 1920

BOARD OF DIRECTORS

CHAIRMAN

DIRECTORS

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

Major Philip Profumo

David H. Radley, F.I.A.

Kenneth St. J. Robinson, D.S.C., A.C.I.I.

PROVIDENT GROUP

STATEMENT BY THE CHAIRMAN

The most significant feature of the results for 1975 was the successful drive for new long-term business which increased new sums assured by 110 per cent. and new annual premiums by 62 per cent. over those of the previous year. This is gratifying in itself, and especially helpful in present conditions when a healthy increase in new business is needed to mitigate the effects that high inflation has on expenses. On general business there has been a bad underwriting experience in the year, a considerable part of which can be traced to inflation and its consequences.

The Government's anti-inflationary measures and world-wide recession are beginning to pull down the rate of inflation but it is likely that this will be, for some time, at a level that would only a few years since have been regarded as unacceptably high. The need to restore public and business confidence by sensible measures is now paramount and it is hoped that the Government will avoid any temporary palliatives that will send inflation rates soaring again.

Long-Term Business

The success of our efforts in promoting sales, assisted by the re-organisation measures and the many attractive new offers of recent years, have achieved the remarkable new business result which raised new sums assured from £74 million to £156 million, and new annual premiums from £1.5 million to £2.4 million. The improvement extended to most sections of our business particularly policies providing family protection, policies associated with Building Society loans and pensions business which was buoyant for most of the year in spite of the effect of the pay-code of August, 1975. It is to be hoped that the restrictions this put on new pensions schemes will be dropped in 1976, as there is now a vital need for employers to prepare for the new state earnings related scheme commencing in 1978. The position of employers who want to make a decision regarding contracting out of the State scheme by means of an insured pension scheme is much more satisfactory now that the employer can know the full extent of his commitment in respect of employees who leave service before retirement.

The revised commission terms agreed between member offices of the Life Office Associations come into force on 1st July next. From that date initial commission on ordinary Life policies will no longer be based on sums assured but will be related to premiums, a method of remuneration which is more appropriate to the wide range of policies now being offered. As a result the traditional standing of the Associations has been strengthened because a number of Life offices who had remained outside have now joined. Under the new arrangements we shall continue to differentiate between the commission we pay to Brokers who service their business fully and that paid to other intermediaries.

The long-term funds increased to £75.2 million after transferring £600,000 of realised property profits which had been held in investment reserve. The strong valuation basis used in 1973 and 1974 has been maintained except that, due to the initial strains that would have occurred from the increased new business on whole life and endowment assurances some allowance was made for initial expenses in respect of business issued in 1975 and the rate of interest used for valuing the recently established class of pure endowments without profits was increased to 7 per cent. The Investment Reserve stood at £7.5 million compared with £5.6 million at the end of 1974. The City premises, which comprise the bulk of our property investments, were last valued in 1973. These premises are due for revaluation at the end of 1976 but, in the meantime, the Directors do not consider it appropriate to make specific provision for any reduction in value on them in view of the relative size of the Investment Reserve.

The yield on the long-term funds of 6.49 per cent. was slightly less than the previous years' yield of 6.57 per cent., the decrease being mainly due to investment during the year in the new head office premises. Our City building programme is now completed and the company has moved its head office to the newly completed 266 Bishopsgate premises. It now has some 30,000 square feet of prime office space at 246 Bishopsgate available for letting.

The annual valuation carried out by the Actuary revealed that the surplus emerging in 1975 including the transfer from investment reserve totalled £1,530,729. After providing for bonuses to policyholders, and shareholders transfers, the surplus carried forward to 1976 was increased to £1,063,502. The Life Assurance Contingency Fund and the Investment Reserve afford valuable additional protection to policyholders.

General Insurance Business

The underwriting experience of the United Standard Insurance Company Limited in 1975 was bad. However, our policy of reserving over the past years has enabled us to carry the losses and maintain a solvency margin which is substantially in excess of the statutory requirements even if the amount at which the company's offices are included is restricted to conform with the new regulations which will apply from 1st May, 1976.

In the Property and Accident account losses were caused mainly by an adverse experience in our household and retailers policies, and by the need to increase reserves for certain treaty policies. Measures have been taken to ensure that the premiums charged for household and retailers business reflect the changed experience and that sums insured are brought up to and kept in line with the inflated property values. We have also introduced an average clause into household policies as we consider that this is a vital principle of insurance which cannot safely be omitted in times of high inflation. A considerable part of our loss on treaty business arises from unsatisfactory treaties closed in 1972 and earlier years.

The Motor Account suffered an adverse experience in the first quarter of 1975 but was satisfactory over the remainder of the year. Our policy of raising the premiums every six months on account of inflation is being maintained. We welcome the increased support we are now receiving from our Brokers and look forward to the expansion of this Account in 1976.

The decision last year to cease writing Marine business was amply justified by the unsatisfactory experience of the year.

The total underwriting losses of the year were met from investment income, group tax relief, and £180,000 brought back from Investment Reserve to which it had been transferred out of the profits of the last two years and is no longer required due to recovery in Stock Exchange values. After writing down goodwill by £25,000, the Profit and Loss Account balance at the end of the year was £7,391, and the investment reserve was £159,136.

In 1975 the United Standard purchased its own office premises at Frant, near Tunbridge Wells, and expects to move its head office there in mid-1976. It is hoped that in the longer term this will greatly assist the expense problem.

Shareholders' Fund

The shareholders' fund increased during 1975 to £2,047,216 the improvement on last year being due to the recovery in market values of stock exchange securities. Out of this £200,000 has been designated as a Contingency Fund.

The Directors have recommended a final dividend on the ordinary shares "A" and "B" of 3.649p per share payable on 21st May, 1976. This is the maximum rate permissible and makes a total for the year of 6.649p per share as compared with 6.126p per share for 1974.

After paying the dividend, setting up the Contingency Fund and making the transfers referred to above in the subsidiary company's accounts the carry-forward in the combined profit and loss accounts was £346,612 compared with £577,603 in the previous year.

Directors

Mr. E. J. Lancashire, who had been a member of the Board for 25 years, retired in October last. During this period, and for many years previously as a professional adviser, he has given valuable service to the Company, and he takes with him our best wishes for a long and happy retirement.

Mr. John Profumo joined the Board in October last. He is the grandson of our founder, Baron Profumo, and has for many years taken a close interest in the company. I welcome him as a colleague whose knowledge of the Company will be of great value to us.

In conclusion, I would like to express my appreciation to all our field staff for the memorable new business results they have achieved, and to our management and head office staffs for their efforts in dealing with the increased complexities and volume of business.

R. J. W. CRABBE,
Chairman.

PROVIDENT LIFE Association of London Limited
266 BISHOPSGATE, LONDON EC2M 4QP

MANAGEMENT

Managing Director	D. H. Redley, F.I.A.
Life Assurance Business	
Actuary and Life Manager	B. E. Redley, F.I.A., A.S.A.
Assistant Actuary	F. W. Brooks, F.I.A.
Assistant Actuary	D. M. Lampert, F.I.A.
Deputy Life Manager	R. K. Muddle, F.C.I.I.
Assistant Life Manager	B. Moss, A.C.I.I.
Assistant Life Manager	J. T. Webster, F.C.I.I.
Agency Organisation	
Agency Manager	E. E. Holland
Assistant 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	J. C. Porter
Pension Sales Manager	G. H. Dibnah, T.D.
Services	
Secretary and Investment Manager	R. A. F. Ostime, F.I.A.
Staff Manager	F. W. Lee, A.C.I.I.
Special Projects Manager	M. A. Read, F.I.A.
Assistant Investment Manager	C. D. Taylor, F.I.A.
Data Processing Manager	K. A. Thompson, B.Sc. (Econ.)
Assistant Data Processing Manager	P. L. Adams, M.B.S.C.
Assistant Data Processing Manager	R. A. Halligan
Accounts	
Chief Accountant	J. D. Fox, F.C.A.
Accountant	M. Wise, A.C.A.
Collection Department Manager	T. G. Beasley

Medical Officer

T. D. Kellock, M.D., F.R.C.P.

Auditors

Messrs. Deloitte & Co.

Solicitors

Messrs. Hatchett Jones & Kidgell

Bankers

Barclays Bank Limited
 National Westminster Bank Limited

Registrars

Barclays Bank (London and International) Limited

PROVIDENT LIFE Association of London Limited

DIRECTORS' REPORT

For the year ended 31st December, 1975

The Directors have pleasure in presenting their Report for the NINETY-EIGHTH YEAR of the Company's business as follows:—

PRINCIPAL ACTIVITIES

The principal activities of the Company and of its wholly-owned subsidiary, the United Standard Insurance Company Limited (incorporating the Vigilant Assurance Company Limited) are respectively the transaction of Long-Term Insurance Business in the United Kingdom and General Insurance Business in the United Kingdom and Overseas.

LONG-TERM INSURANCE

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

	1975	1974
Number of policies	14,428	11,346
	£	£
Sums Assured	156,275,293	74,258,064
Annuities (per annum)	1,148,890	694,928
Annual Premiums	2,478,790	1,529,567
Single Premiums	690,356	298,737

Premiums for the year amounted to £9,321,497.

Investment income totalled £4,616,966 and the gross rate earned on the Long-Term Insurance Funds was £6.49 per cent.

Mortgage advances on house property outstanding at the end of the year amounted to £53.6 millions. The average amount of each advance outstanding was £3,191.

Bonus declarations—Reversionary bonuses upon with profits policies in the participating fund were declared for the year 1975 at the following rates:—

Life Assurance Policies:—

(i) Compound Bonus series—£4 for each £100 of policy and existing bonuses.

(ii) Simple Bonus series—£4.40 for each £100 of policy and a final bonus on policies becoming claims by maturity or death in 1976. 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:—

£3.25 for each £100 of policy and existing bonuses on pure endowments and term assurances by annual premium.

£3.00 for each £100 of policy and existing bonuses on pure endowments by single premium.

£4.00 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.

£3.00 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.

PROVIDENT LIFE Association of London Limited

The annual valuation of the liabilities of the Long-Term Insurance Business as at 31st December, 1975 has been made by the Actuary. Life Assurances were valued by the net premium method using A.1949-52 mortality adjusted in certain cases for female lives and interest rates of 2½ per cent. per annum for with-profits assurances, 3½ per cent. for simple bonus additions thereon, 2½ per cent. for compound bonus additions thereon and 3½ per cent. for without-profits assurances with additional reserves for policies effected before 1970 in view of changes in valuation bases. For life assurances issued in 1975 net premiums were modified in order partially to reduce new business strain. Annuities were valued on a (55) mortality using interest of 5½ per cent. for immediate annuities effected in 1969 or later, and 4½ per cent. for immediate annuities effected in 1968 or earlier. Annual premium annuities were valued at 5 per cent. for without-profits policies, 3½ per cent. for with-profits annuities and 4½ per cent. for bonus additions thereon. Pure endowment assurances in the Pensions Business Fund were valued by the net premium method at 5 per cent. for with profits and 7 per cent. for without profits. Special single premium annuities (Growth Bonds and High Income Bonds) were valued using interest of 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 1975 was £2,585,424. Deducting the amount brought forward from 1974, of £1,054,695, the surplus emerging in 1975, including the transfer of £600,000 from Investment Reserve, was £1,530,729 (1974—£1,354,659).

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

	1975 £	1974 £
Allocated to policyholders	1,242,724	1,130,973
Transferred to Profit and Loss Account:		
Shareholders' share of divisible profits	129,198	125,443
Non-divisible profits	150,000	115,000
	<u>1,521,922</u>	<u>1,371,416</u>
Transferred to Investment Reserve	—	100,000
Carried forward	1,063,502	1,054,695
	<u>£2,585,424</u>	<u>£2,526,111</u>

The amount carried forward to 1976 of £1,063,502, the Life Assurance Contingency Fund of £1,000,000 and the Investment Reserve afford valuable additional protection to policyholders.

GENERAL INSURANCE

The General Insurance business is transacted by the United Standard Insurance Company Limited and the Vigilant Assurance Company Limited, the results of which are set out on pages 19 to 22.

Total premiums for the year amounted to £2,990,561 of which 95 per cent. was transacted in the United Kingdom. The balance was transacted in Western Europe and produced underwriting losses of £21,000.

DIVIDENDS

The Directors have recommended the payment on 21st May, 1976 of a Final Dividend of 3·649p per "A" and "B" Ordinary Share which, together with the Interim Dividend of 3·0p per share (paid on 2nd January, 1976) makes a total for 1975 of 6·649p per share (1974—6·126p).

After meeting the cost of the recommended dividend and the transfer to Contingency Fund of £200,000 in the Profit and Loss Account of the Company and making the net transfer of £155,000 in the consolidated Profit and Loss Account of its Subsidiary (£180,000 from Investment Reserve, £25,000 written off Goodwill) the total balances carried forward are £346,612 (1974—£577,603) of which £339,221 (1974—£476,798) is in the Holding Company.

PROVIDENT LIFE Association of London Limited

OTHER MATTERS

The average number of persons employed during the year by the Provident Group under contracts of service in each week was 757 and the aggregate remuneration for the year was £2,140,391.

Charitable donations amounting to £1,138 were made by the Group during the year.

The Board of Directors of the Provident Life Association of London Limited is as set out on page 4.

Mr. E. J. Lancashire retired as a Director on 14th October, 1975.

The Directors due to retire are Mr. J. D. Profumo who was appointed on the 15th October, 1975, since the last Annual General Meeting, and Dr. P. Binswanger and Sir John Colville who retire by rotation. All are eligible and offer themselves for re-election.

The table below shows in respect of the year 1975 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 "A" (Voting) 25p shares as at 1st April, 1976.

Directors	At 1st January, 1975 or on date of appointment			At 31st December, 1975		
	Ordinary Shares		Preference Shares	Ordinary Shares		Preference Shares
	A (Voting)	B (Non-Voting)		A (Voting)	B (Non-Voting)	
Beneficial:						
P. Binswanger	—	—	—	—	—	—
Sir John Colville	—	1,000	—	—	1,000	—
R. J. W. Crabbe	1,125	1,875	95	1,125	1,875	95
H. R. James	1,000	—	—	1,000	—	—
C. W. Mallord Turner	750	—	—	750	—	—
Major P. Profumo	197,870	40,060	628	197,870	40,060	628
D. H. Radley	750	750	—	750	750	—
The Rt. Hon. Lord Trend	—	—	—	—	—	—
J. D. Profumo (appointed 15.10.75)	142,609	126,934	629	142,609	126,934	629
Non-Beneficial:						
R. J. W. Crabbe	539,768	262,890	2,484	490,008	193,999	60
H. R. James	521,318	189,596	63	490,008	182,899	60
C. W. Mallord Turner	400	500	100	400	500	100
Major P. Profumo	73,576	—	—	73,576	—	—
D. H. Radley	—	—	10	—	—	10
J. D. Profumo	624,894	188,596	63	593,584	182,899	60

Persons other than Directors

Winterthur Swiss Insurance Company
(formerly Accident and Casualty Insurance Company of Winterthur)
The Rt. Hon. Lord Balfour of Inchrye (beneficial)
(non-beneficial)

637,500 (25.00%)
2,750 (0.11%)
490,008 (19.22%)

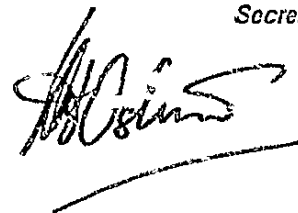
Trustee holdings are indicated as non-beneficial, consequently certain shares are recorded more than once.

Since the year end Major P. Profumo and Mr. J. D. Profumo reduced their beneficial interests in "B" Ordinary Shares to 30,060 and 118,934 respectively. There have been no other changes of Directors' interests between 31st December, 1975 and 1st April, 1976.

There have been no disclosable contracts or arrangements subsisting during the financial year 1975.

By Order of the Board,
R. A. F. OSTIME,
Secretary.

266, Bishopsgate, London EC2M 4QP.
13th April, 1976.



PROVIDENT LIFE Association of London Limited

LONG-TERM INSURANCE BUSINESS

Revenue Account for the year ended 31st December, 1975

	Note	£	1975	£	1974	£
Funds at beginning of year:						
Long-Term Insurance Funds				70,319,265		66,884,598
Life Assurance Contingency Fund				1,000,000		1,000,000
				<u>71,319,265</u>		<u>67,884,598</u>
Premiums				9,321,497		7,669,795
Consideration for Annuities				280,556		201,154
Investment income				4,616,966		4,432,809
				<u>85,538,284</u>		<u>80,188,356</u>
Claims incurred:						
By Death			1,015,057			920,467
By Maturity			2,504,076			1,680,346
Surrenders			1,885,917			1,668,521
Annuities			1,359,037			1,398,832
Commission			590,345			460,324
Expenses of Management			2,979,184			2,158,809
Taxation	3		256,123			241,549
			<u>10,590,339</u>			<u>8,528,648</u>
Transferred to Investment Reserve			—			100,000
Transferred to Profit and Loss Account:						
Shareholders' share of divisible profits			129,198			125,443
Non-divisible profits			150,000			115,000
						<u>10,869,537</u>
						<u>74,668,747</u>
Transferred from Investment Reserve	8			600,000		—
Funds at end of year				<u>£75,268,747</u>		<u>£71,319,265</u>

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

PROVIDENT LIFE Association of London Limited

LONG-TERM INSURANCE BUSINESS

Balance Sheet on 31st December, 1975

	Note	1975 £	1974 £
Funds:			
Long-Term Insurance Funds		74,268,747	70,319,265
Life Assurance Contingency Fund		1,000,000	1,000,000
		<u>75,268,747</u>	<u>71,319,265</u>
Current Liabilities:			
Outstanding claims and annuities		277,730	189,444
Depositors		256,120	297,480
Taxation		10,596	226,748
Due to Shareholders' Fund		285,081	113,511
Creditors		874,364	684,140
		<u>1,703,891</u>	<u>1,511,642</u>
		<u>£76,972,638</u>	<u>£72,830,907</u>
Investments:			
	1b		
British Government Securities		4,741,307	1,738,473
Other Fixed Interest Securities		1,271,800	1,333,849
Ordinary Stocks and Shares		5,679,190	2,303,035
Market Value		<u>11,692,297</u>	<u>5,375,357</u>
Mortgages on house property and other loans within the United Kingdom		54,660,621	53,619,943
Freehold and leasehold property, including Company's offices	1b(iii)	15,978,276	15,041,822
		<u>82,331,294</u>	<u>74,037,122</u>
Less: Investment Reserve	1c	7,559,893	5,643,302
		<u>74,771,401</u>	<u>68,393,820</u>
Current Assets:			
Debtors and Prepayments		282,715	192,477
Outstanding premiums		492,818	532,208
Investment income accrued and outstanding		745,105	684,417
Deposits and Commercial Bills		235,000	2,648,650
Balances at Bankers		445,599	379,335
		<u>2,201,237</u>	<u>4,437,087</u>
		<u>£76,972,638</u>	<u>£72,830,907</u>

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

PROVIDENT LIFE Association of London Limited

SHAREHOLDERS' FUND

Profit and Loss Account for the year ended 31st December, 1975

	Note	1975 £	1974 £
Investment income			129,180
Transferred from Long-Term Business Revenue Account:			
Shareholders' share of divisible profits		129,198	125,443
Non-divisible profits		150,000	115,000
Miscellaneous profits		16,562	7,729
		<u>424,940</u>	<u>396,956</u>
Expenses		12,266	11,451
Profit		<u>412,674</u>	<u>385,505</u>
Taxation	3	47,546	(24,448)
Profit after taxation		<u>365,128</u>	<u>409,953</u>
Balance from previous year's account		476,798	346,015
		<u>841,926</u>	<u>756,968</u>
Dividends for 1975:			
Preference dividend		3,500	3,500
Ordinary dividend (see Directors' Report):			
Interim, paid 2nd January, 1976		135,000	121,500
Proposed final		164,205	154,170
		<u>302,705</u>	<u>279,170</u>
		<u>539,221</u>	<u>476,798</u>
Transferred to Contingency Fund		200,000	
		<u>£339,221</u>	<u>£476,798</u>

Balance carried forward

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

PROVIDENT LIFE Association of London Limited

SHAREHOLDERS' FUND

Balance Sheet on 31st December, 1975

	Note	£	1975	£	1974
					£
Capital and Reserves:					
Share Capital	2			1,225,000	1,225,000
Reserve Fund		1,000,000			1,000,000
Profit and Loss Account		339,221			476,798
		<u>1,339,221</u>			<u>1,476,798</u>
<i>Less: Amount required to reduce Investments to market value</i>		<u>717,005</u>			<u>1,059,618</u>
				622,216	417,180
				<u>1,847,216</u>	<u>1,642,180</u>
Contingency Fund				200,000	—
				<u>£2,047,216</u>	<u>£1,642,180</u>
Represented by:					
Investments:					
	1b				
British Government Securities				97,205	—
Other Fixed Interest Securities				9,848	8,041
Preference Stocks and Shares				515,473	441,923
Ordinary Stocks and Shares				365,720	202,305
Market Value				988,246	652,269
Investment in Subsidiary at cost less amount written off				1,000,000	1,000,000
				<u>1,988,246</u>	<u>1,652,269</u>
Current Assets:					
Debtors		11,188			28,928
Due from Long-Term Insurance Business Funds		285,081			113,811
Investment income accrued and outstanding		20,767			21,763
Balances at Bankers (including Deposit Account)		103,769			111,841
				<u>420,805</u>	<u>276,343</u>
Total Assets				<u>2,409,051</u>	<u>1,928,612</u>
Current Liabilities:					
Creditors		172			178
Taxation		9,394			37,468
Due to Subsidiary Company		51,314			(28,634)
Dividends payable or proposed		300,955			277,420
				<u>361,835</u>	<u>286,432</u>
				<u>£2,047,216</u>	<u>£1,642,180</u>

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

PROVIDENT LIFE Association of London Limited

Notes on the Accounts

(1) Accounting Policies

(a) Group Accounts

The Group Accounts of the Company comprise:—

- (i) Long-Term Insurance Business (Pages 12–13).
- (ii) Shareholders' Fund (Pages 14–15).
- (iii) Consolidated Accounts of the United Standard Insurance Company Limited in respect of General Business (Pages 19–22).

(b) Investments

- (i) Quoted Stock Exchange securities have been valued at middle market value at 31st December, 1975. The market value of unquoted securities has been estimated by the Directors.
- (ii) Mortgages and other loans are included at the amounts advanced.
- (iii) An independent valuation of the majority of the Company's properties was made on the 31st December, 1973 and incorporated in the books. The remaining properties are included at cost or at a valuation made on 31st December, 1975. The balance sheet values have been reduced by the estimated costs of selling these properties.

(c) Investment Reserve in the Long-Term Fund

The Investment Reserve includes the net unrealised appreciation of the value of investments, as defined in (b) above, over cost at the year end and the profits and losses realised on the sale of investments (adjusted where appropriate for taxation thereon). No provision has been made for the liability to Corporation Tax which would have arisen if such unrealised appreciation had been realised at 31st December, 1975. This liability is estimated not to exceed £2,500,000 (1974—£1,800,000).

(d) Expenditure Charged to Investment Reserve

Certain expenditure including office furniture, computer equipment and additional motor cars is charged to Investment Reserve. This expenditure is amortised over the useful lives of the assets. The cost of replacement motor cars is charged to Revenue Account.

(e) Investment Income

Investment income comprises dividends and rents due and receivable in the year (including related tax credits), and in the case of interest from mortgages and fixed interest and preference securities, the income accruing on a day-to-day basis. Interest paid to depositors of £22,695 (1974—£25,595) has been deducted.

(2) Share Capital

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

20,000 3·5% (formerly 5% gross) Cumulative Preference Shares of £5 each	£100,000
2,550,000 "A" Ordinary Shares of 25p each (Voting)	637,500
1,950,000 "B" Ordinary Shares of 25p each (Non-Voting)	487,500
	£1,225,000

(3) Taxation

The expression "Taxation" used in the Accounts 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. upon amounts reserved for policyholders. The total charged for taxation in the Revenue Account and Profit and Loss Account is made up as follows:—

	1975	1974
Income Tax (net)	£143,651	£136,537
Corporation Tax (including Group Relief £100,000)	160,018	157,564
Overprovision in previous years	—	(77,000)
	£303,669	£217,101

PROVIDENT LIFE Association of London Limited

(4) Directors' Remuneration

Directors' remuneration for the year as required to be stated under the Companies Act, 1948 s. 196, amounted to £39,533 (as to fees £19,077 and other emoluments £20,756) and Directors' pensions to £6,076 (1974—fees, £17,826, other emoluments, £20,248, pensions, £5,167).

The emoluments of the Chairman were £5,542 (1974—£10,059) and of the highest paid Director were £17,844 (1974—£14,004). The particulars of the other Directors emoluments were:—

	Number of Directors	
	1975	1974
Up to £2,500	8	7

(5) Employees' Remuneration

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

	1975	1974
Exceeding £10,000 up to £12,500	6	2

(6) Auditors' Remuneration

The Auditors' remuneration for the year amounted to £14,000 (1974—£10,500).

(7) Capital Expenditure

The Directors have authorised capital expenditure estimated to amount to £180,000 which has been contracted for (1974—£874,000).

(8) Investment Reserve

The sum of £600,000 transferred to the Long-Term Fund is made up of £800,000 taken wholly from certain realised profits on property sales, in respect of previous years, which were credited to Investment Reserve less £200,000 in respect of the expenditure and amortisation referred to in note (1) (d).


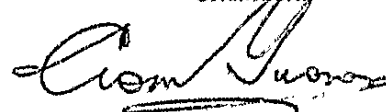
(9) Staff Pension Fund

A valuation of the Staff Pension Fund was made as at 31st December, 1974. The deficiency shown by the valuation, amended for the effects of further salary and pensions increases in 1975, amounted to £900,000. The Company is funding this deficiency by payments of £80,000 per annum for 30 years commencing in 1976.

(10) Close Company

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


D. H. RADLEY,
Managing Director.


R. J. W. CRABBE,
Chairman.

C. W. M. TURNER,
Director.

266, Bishopsgate,
London EC2M 4QP.

13th April, 1976.

Auditors' Report

In our opinion the accounts of the Company (pages 17 to 17) and the group accounts comprising the accounts of the Company and the consolidated accounts of the United Standard Insurance Company Limited and its subsidiary (pages 19 to 22) comply with the provisions of the Companies Acts, 1948 and 1967, applicable to insurance companies.


DELOITTE & CO.,
Chartered Accountants.

London,
13th April, 1976.

UNITED STANDARD Insurance Company Limited
and its wholly owned subsidiary

VIGILANT Assurance Company Limited
UNITED STANDARD HOUSE, MIDDLESEX STREET, LONDON E1 7EU

MANAGEMENT

General Manager K. St. J. Robinson, D.S.C., A.C.I.I.

General Insurance Business
Manager

D. Hinchcliffe

*Motor
Claims*

Underwriting Manager
Assistant Manager

R. W. Easterbrook
F. C. Pullen, A.C.I.I.

Manager

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

*Fire and Accident
Development*

Underwriting Manager
Development Manager

C. E. Wilkins, A.C.I.I.
R. E. Jenner

Secretarial

Secretary and Staff Manager

L. F. Harvey

Accounts

Accountant

C. F. Wright, A.C.A.

Auditors

Messrs. Deloitte & Co.

Bankers

The Royal Bank of Scotland Limited

UNITED STANDARD Insurance Company Limited

Consolidated Revenue Accounts for the year ended 31st December, 1975

	£	1975	£	1974	£
Property and Accident					
Premiums (£491,379 fully earned)			1,650,046		1,765,448
Provision for unearned premiums at beginning of year			379,662		271,078
			<u>2,029,708</u>		<u>2,036,526</u>
<i>Less:</i> Provision for unearned premiums at end of year			460,258		379,662
Premiums earned			1,569,450		1,656,864
Claims incurred	1,178,655				932,195
Commission	425,322				465,075
Expenses of Management	405,730				329,071
Exchange deficit transferred to Consolidated Profit and Loss Account	(26,732)				(5,450)
			<u>1,982,975</u>		<u>1,720,891</u>
Transfer to Consolidated Profit and Loss Account			(Loss) £413,525		(Loss) £64,027
Motor					
Premiums			1,208,570		1,156,225
Provision for unearned premiums at beginning of year			425,600		419,359
			<u>1,634,170</u>		<u>1,575,584</u>
<i>Less:</i> Provision for unearned premiums at end of year			472,549		425,600
Premiums earned			1,161,621		1,149,984
Claims incurred	641,787				635,942
Commission	239,747				220,587
Expenses of Management	323,654				255,786
			<u>1,205,188</u>		<u>1,112,315</u>
Transfer to Consolidated Profit and Loss Account			(Loss) £43,567		(Profit) £37,669
Marine					
Fund at beginning of year			333,418		399,351
Premiums			131,945		163,638
			<u>465,363</u>		<u>562,989</u>
Claims paid	226,096				192,251
Expenses of Management	25,888				27,621
Exchange deficit transferred to Consolidated Profit and Loss Account	(38,664)				2,657
Fund at end of year	335,216				333,418
			<u>548,536</u>		<u>555,947</u>
Transfer to Consolidated Profit and Loss Account			(Loss) £83,173		(Profit) £7,042

The notes on page 22 are an integral part of these Accounts.

UNITED STANDARD Insurance Company Limited

Consolidated Profit and Loss Account for the year ended 31st December, 1975

	Note	1975 £	1974 £
Investment income			244,594
Underwriting Results:			
Property and Accident	(Loss) 413,525		(Loss) 84,027
Motor	(Loss) 43,567		(Profit) 37,669
Marine	(Loss) 63,173		(Profit) 7,042
		(Loss) 540,265	(Loss) 19,316
		(236,699)	225,278
Expenses of Management		31,257	27,523
		(317,956)	197,656
Exchange adjustments		36,752	2,645
		(354,708)	195,010
Tax recoverable	3	106,294	(14,137)
Loss after taxation		(248,414)	180,673
Transfers:			
Investment Reserve		180,000	(135,000)
Goodwill		(25,000)	(25,000)
		155,000	(160,000)
		(93,414)	20,873
Balance from previous year's Account		100,805	79,932
Balance carried forward		£7,391	£100,805

UNITED STANDARD Insurance Company Limited

Consolidated Balance Sheet on 31st December, 1975

	Note	£	1975 £	1974 £
Capital and Reserves:				
Share Capital	2		1,000,000	1,000,000
Reserve Fund		2,577		2,577
Profit and Loss Account		7,381		100,805
			9,968	103,382
			1,009,968	1,103,382
Insurance Funds:				
Property and Accident (unearned premiums)		460,258		379,662
Motor (unearned premiums)		472,549		425,600
Marine]		335,216		333,418
			1,268,023	1,138,680
Current Liabilities:				
Outstanding claims		1,383,324		1,148,762
Due to Companies and Brokers		273,328		167,625
Creditors, including Corporation Tax payable £42,452 (1974 £42,293)		81,879		79,139
			1,738,531	1,395,526
			£4,016,522	£3,637,588
Goodwill	1a		56,354	81,354
Investments:	1b			
British Government Securities		1,624,401		130,118
Other Fixed Interest Securities		222,714		381,660
Preference Stocks and Shares		15,683		11,808
Ordinary Stocks and Shares		44,777		98,011
Market value		1,907,575		621,597
Mortgages on house property within the United Kingdom		341,705		290,580
Company's freehold offices and land	1b (iii)	428,861		—
		2,678,141		912,177
Less: Investment Reserve	1c	159,136		723
			2,519,005	911,454
			2,575,359	992,809
Current Assets:				
Debtors, including Income Tax recoverable £76,100 (1974 £30,356)		101,171		51,705
Due from Companies and Brokers		816,505		795,042
Due from Holding Company		51,314		(28,634)
Investment income accrued and outstanding		44,617		23,662
Deposits and Commercial Bills		234,632		1,615,616
Balances at Bankers		192,924		187,399
			1,441,163	2,644,780
			£4,016,522	£3,637,588

The notes on page 22 are an integral part of these Accounts.

UNITED STANDARD Insurance Company Limited

Notes on the Accounts

(1) Accounting Policies

(a) Goodwill

This represents the excess cost of shares purchased in the Subsidiary Company (less amounts written off) over the book value of net assets acquired.

(b) Investments

(i) Quoted Stock Exchange securities have been valued at middle market value at 31st December, 1975.

(ii) Mortgages are included at the amounts advanced.

(iii) An independent valuation of the Company's freehold offices and land was made on the 31st December, 1975 and after allowing for estimated selling costs incorporated in the books.

(c) Investment Reserve

The Investment Reserve includes the net unrealised appreciation of the value of investments, as defined in (b) above, over cost at the year end and the profits and losses realised on the sale of investments (adjusted where appropriate for taxation thereon). No provision has been made for the liability to Corporation Tax which would have arisen if such unrealised appreciation had been realised at 31st December, 1975. This liability is estimated not to exceed £25,000 (1974—Nil).

(d) Expenditure Charged to Investment Reserve

Expenditure on additional motor cars and office equipment was charged to Investment Reserve. The cost of replacements is charged to Revenue Account.

(e) Exchange Rates

Assets and liabilities in foreign currencies have been converted at the rates ruling on 31st December, 1975. The revenue transactions have been converted at average rates prevailing during the year.

(f) Unearned Premiums

Property and Accident and Motor The total provisions carried forward have been calculated on the 24ths basis with due allowance for commission. This is regarded as providing unearned premiums calculated on the 24ths basis with due allowance for commission and for other expenses incurred in connection with acquisition (including renewal) of business, and an additional provision for equalisation of claims

(g) Treaty Reinsurance

Due to the accounts of ceding companies showing only premiums and claims processed to the date thereof, the excess of premiums over expenditure accounted for in respect of the underwriting year of origin 1975 has been carried forward in the Insurance Fund, and additional claims provisions have been made in respect of earlier underwriting years of origin estimated with due regard to the experience of the Company.

(h) Marine

The premiums received less claims and expenses paid to date in respect of business transacted for the latest year of origin 1975, are carried forward within the Marine Fund. The fund is considered to be sufficient to provide for all outstanding claims including those still to be reported.

(i) Outstanding Claims

Outstanding claims include due provisions in respect of claims incurred but not notified to the Company at 31st December, 1975.

(j) Investment Income

Investment income comprises dividends due and receivable in the year (including related tax credits) and in the case of fixed interest, and preference securities the income accruing on a day-to-day basis.

(2) Share Capital

The share capital of the Company is:

Authorised	— 1,500,000 shares of £1 each	£1,500,000.
Issued and fully paid	— 1,000,000 shares of £1 each	£1,000,000.

(3) Taxation

The charge to taxation in the accounts comprises:—

(a) Adjustments in respect of Corporation Tax (prior years)

1975	1974
(£6,326)	£8,541

(b) Current year:—

Corporation Tax—Group Relief

(100,000)

Overseas tax

32

537

Tax credits on franked investment income

—

5,059

(£106,294)

£14,137

Corporation tax losses carried forward amount to approximately £330,000 (1974—£340,000).

(4) Subsidiary Company

The Vigilant Assurance Company Limited is a wholly owned subsidiary of the Company.

(5) Auditors' Remuneration

The Auditors' remuneration for the year amounted to £5,500 (1974—£4,400).

(6) Capital Expenditure

The Directors have authorised, but not contracted for, capital expenditure estimated to amount to £86,000 (1974—nil)

K. St. J. ROBINSON,
General Manager

R. J. W. CRABBE,
Chairman

D. H. RADLEY,
Director

12th April, 1976.

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.

UNITED STANDARD INSURANCE COMPANY LTD. VIGILANT ASSURANCE COMPANY LTD.

General Insurance Business

United Standard House, Middlesex Street,
London E1 7EU

Telephone: 01-247 7621

Telegrams: Unistad London E.1

LIFE AGENCY ORGANISATION

London and Home Counties

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

London Regional Life Manager J. S. Knight, A.C.I.I.

Senior City Inspector T. G. French

City Inspectors I. M. Woodroffe, B.A.

Mrs. C. Harper

C. A. Bevan, B.Sc.(Econ.)

Pensions Inspectors R. R. Moody

R. P. F. Hart

J. Wilson

F. G. Stanton

District Organisation

North East London H. B. Randall (*District Inspector*)

North West London J. A. Carter (*Life District Manager*)

West London A. R. A. Day (*Life District Manager*)

South West London K. W. Mardon (*Life District Manager*)

West Herts R. Holman (*District Inspector*)

Luton and West Herts K. Isaacs (*District Inspector*)

South West Essex R. J. Jiggins (*District Inspector*)

East Essex J. Roberts (*Life District Manager*)

Cambridge and South Suffolk R. V. Harvey (*District Inspector*)

East Kent B. T. J. Eades (*Life District Manager*)

West Kent and East Sussex B. J. Allen (*District Inspector*)

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01-864 7199 (Harrow)

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Walton-on-Thames 27115

Hertford 53278

Luton 54857

Upminster 23978

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Chelmsford 440222

Maidstone 45488

Crowborough 5786

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South Surrey and West Sussex W. Morris (*Life District Manager*)

East Hampshire N. J. Lister (*District Inspector*)

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Brighton 417597

Liss 2866

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Regional Life Manager D. Corfield

City Inspector J. Cosgrove

Pensions Inspector E. J. Reeve

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South Staffordshire	R. S. Butler (District Inspector)	Aldridge 51870
Warwickshire	E. C. Tanner (District Inspector)	Warwick 48112
Leicestershire	F. A. Collenette (District Inspector)	Coalville 36645
Derbyshire and Nottinghamshire	B. A. T. Heslop (District Inspector)	Derby 53387
Shropshire	A. J. Cowley (District Inspector)	Shrewsbury 61354
Northampton	R. Field (District Inspector)	Bedford 870633

North East

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Regional City Inspector J. E. Carroll, M.B.E.

City Inspectors C. J. Freeman

J. P. Hartley, B.A.

J. D. Irving

City/Pensions Inspector B. D. Coleman

North and North Wales

Regional Office—39, Northenden Road, Sale, Cheshire Tel. 061-969 8321

Regional Life Manager J. C. Porter

City Inspector H. Finn

City/Pensions Inspector P. R. Webb

District Organisation

N. W. Cheshire and N. Wales	P. K. Szymanski (District Inspector)	Buckley 3273
South West Manchester	J. A. Skinkis (District Inspector)	061-973 4071 (Sale)
Liverpool and South Lancs.	F. J. Valentine (District Inspector)	051-427 6592
Sheffield	W. Heenan (District Inspector)	Ecclesfield 4024

West and South Wales

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

City/Pensions Inspector D. J. Henry

Pensions Inspector E. F. Holland

District Organisation

North East Bristol	T. R. Marsden (Life District Manager)	Cnipping Sodbury 318115
Berks and Bucks	K. G. Athill (Life District Manager)	Wokingham 786614
Cotswolds	J. F. Thorne (Life District Manager)	Lechlade 52430
South Wales	T. H. Jones (District Inspector)	Tylecoch 2179
South Devon	W. E. Russell (Life District Manager)	Plymouth 774435

Scotland

Edinburgh

S. A. Robinson (District Inspector)

Duns 2765

GENERAL INSURANCE AGENCY ORGANISATION

London and Home Counties

Regional Office—United Standard House, Middlesex Street, London E1 7EU Tel. 01-247 7621

City and South of Thames

Senior Agency Superintendent G. R. Patrick

South East of Thames

Senior Agency Inspector W. D. Judge

Resident Agency Inspector P. J. Fell

South West of Thames

Senior Agency Inspector R. W. Bradshaw

Resident Agency Inspector A. M. Della

North of Thames

Regional Agency Superintendent R. B. Marshall

Resident Agency Inspector A. J. Smith

North West of Thames

Resident Agency Inspector R. A. Stephenson

Eastern Counties

Resident Agency Inspector D. F. Barber

West and South Wales

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

Regional Agency Superintendent G. W. Loach

Resident Agency Inspector C. Clarke

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

Regional Agency Superintendent K. H. Blundell, A.C.I.I.

Resident Agency Inspectors J. A. Langstaff

F. W. Mullock, A.C.I.I.

North East

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Regional Agency Superintendent T. H. Spencer

Resident Agency Inspector C. J. Price, A.C.I.I.

Overseas Agencies

Belgium—Geliatly, Hankey & Co. (Belgium) S.A., Keizerstraat 14, Antwerp

Holland—Legt Sobbe & Co., Hobbemastraat 14, Amsterdam