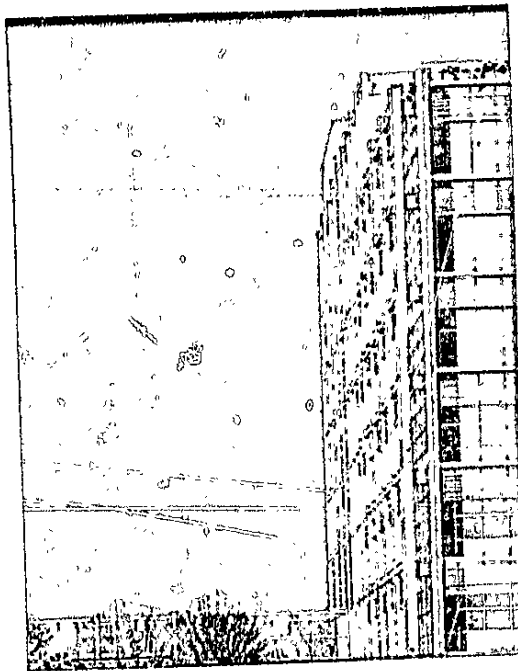


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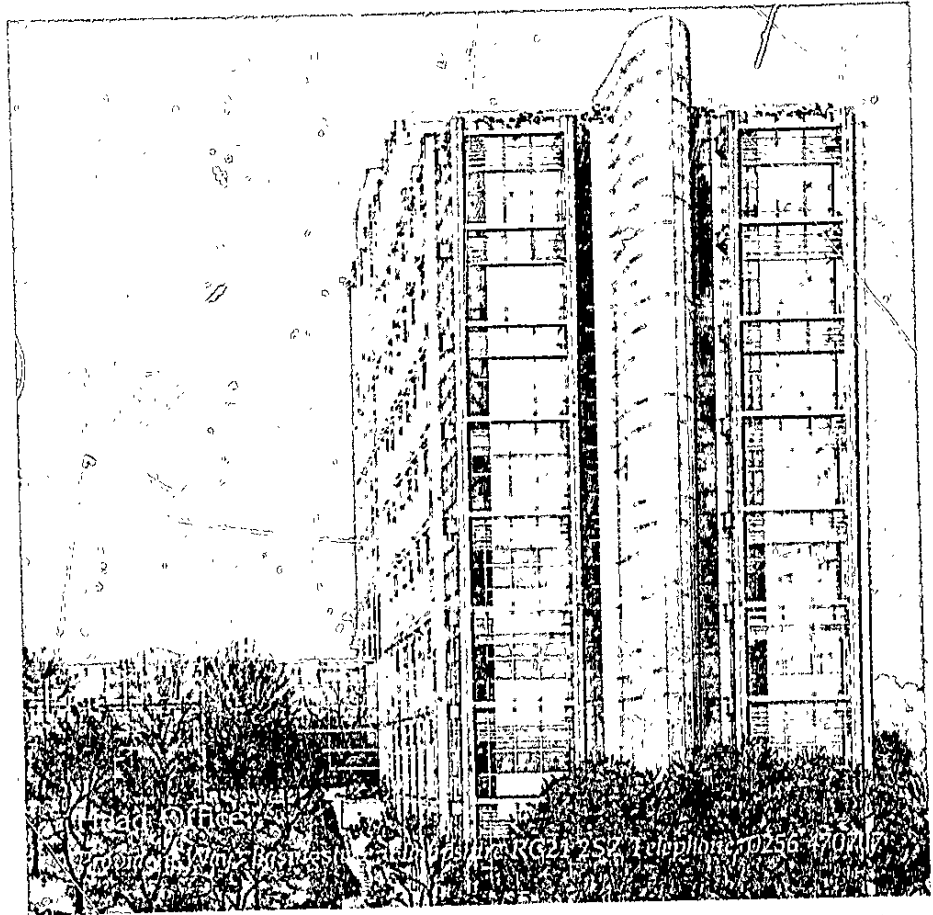
PROVIDENT LIFE ASSOCIATION LIMITED

Report & Accounts

1985



Report and Accounts 1985



Contents

	Page
Board and Management	2
Statement by the Chairman	3
Directors' Report	5
Financial Statements	8
Notes on the Accounts	12
Auditors' Report	16
Group Organisation	17



Board and Management

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.

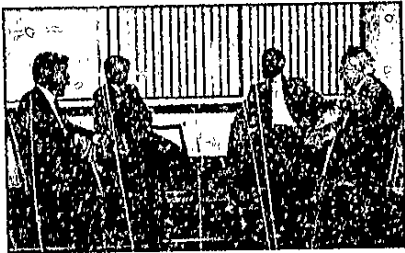
R. Anthony F. Ostime, F.I.A.

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.

Management



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

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

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

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

Managing Director

General Manager and Actuary

General Manager and Secretary

General Manager

provident life
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Statement by the Chairman

Long Term Business

The new business achieved in 1985 was £5.2 million of new annual premiums a decrease of 3.6 per cent. on the previous year, and £8.9 million of single premiums an increase of nearly 100 per cent. on the previous year.

The new annual premiums for non-linked life assurance were £2.3 million compared with £3.0 million in the previous year, and for unit-linked assurances were £1.8 million compared with £1.6 million. Whilst within these figures business in connection with house purchase was down on the previous year, the substantial success of our Low Start Mortgage Plan where the initial premiums are low but increase over the first five years meant that we were holding our level of business in that part of the market. New annual premiums for individual and group pensions were £1.1 million compared with £0.8 million in the previous year. The large increase in single premiums was mainly due to the unit-linked PLUSBOND contracts which provided over £4.0 million of single premiums in the full year compared with £0.5 million in the final quarter of 1984 when it was launched.

At the end of the year the Long-Term Funds stood at £186.4 million and the Investment Reserve at £23.6 million compared with the 1984 figures of £159.3 million and £27.7 million. The gross rate of interest earned on the Long-Term Funds was 8.45 per cent. compared with 9.13 per cent. in 1984.

The commission and expenses during the year amounted to £13.7 million compared with £11.9 million, a large part of the increase being due to costs connected with the relocation and with the new products and the increased sales force.

The annual valuation made by the Actuary as at 31st December 1985 showed a surplus at the year end, including a transfer of £9.82 million from Investment Reserve, of £15.62 million. This provided £11.97 million for the cost of reversionary bonuses together with the shareholders' share of divisible profits, £0.15 million of shareholders' profits from Non-Divisible funds, and an unchanged amount carried forward of £3.50 million. At the end of the year this carry forward together with the Investment Reserve of £23.6 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 slightly to £6.26 million from £6.17 million in the previous year despite a withdrawal from commercial business and a concentration on household and motor insurance. The underwriting losses were £1.4 million compared with £1.1 million in the previous year on the current Property and Accident and Motor accounts. Rating adjustments continue to be made, and Motor rates were increased twice during the year.

The liability policies written many years ago on risks outside the United Kingdom again required increased claim reserves but these were covered under the reinsurance arrangements described in the Notes to the Accounts.

Investment income increased to £950,000 from £854,000 in the previous year. Expenses of £277,000 largely due to the relocation costs were charged to the Profit and Loss account.

The loss for the year after taxation was £762,000 compared with the loss of £1,660,000 in the previous year. The issued share capital of the United Standard was increased in 1985 by £2 million and is now £3.5 million, the further shares issued being taken up by its parent company.

Profit and Loss Account

The transfers from the Long-Term Fund in respect of Divisible profits were £814,000 compared with £711,000 in the previous year and in respect of Non-Divisible profits were £150,000 compared with £1,000,000. Profits after tax of the parent company's Shareholders' Fund were £105,000 compared with £119,000 and the loss from general business was £762,000 compared with £1,660,000. The group profits after tax were therefore £307,000 compared with £170,000 in the previous year.

Management

On 1st May, 1986 Mr. R. J. W. Crabbe retires from the Board after serving the Company for over 50 years. I would like to acknowledge the immense contribution he has made to the progress of the Company especially during the long periods that he held the posts of Managing Director and of Chairman, and to express the wish that he has many long and happy years as the President of Provident Life.

It is with much pleasure that I welcome the proposed appointment to the Board of the Rt. Hon. Patrick Jenkin M.P. on 1st May, 1986. I am sure that his wide experience from his long and distinguished parliamentary career will be of great value to the Company.

From 1st January, 1986 when Mr. B. E. Radley succeeded me as Managing Director the following promotions were also made: Mr. R. A. F. Ostime became General Manager and Actuary, Mr. J. D. Fotheringham became General Manager and Secretary, and Mr. R. K. Muddle became General Manager.

Company and Staff

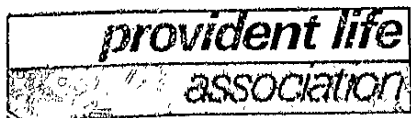
The relocation of our London, Ascot and Tunbridge Wells Head Office Staff to the new building in Basingstoke was completed in the final quarter of 1985. At the same time it was thought appropriate to alter the name of the Company from Provident Life Association of London Limited to Provident Life Association Limited.

The relocation has caused considerable strains to staff who have relocated both in maintaining the service to our brokers, agents and policyholders and in coping with their own personal relocation problems. A special package of terms, announced some years back, was offered to staff who were unable to relocate, and recruitment and training of new staff from the Basingstoke area well in advance of the move has helped to ease the inevitable problems of the transition.

Also during 1985 the Sales Organisation has had the added pressures of an expanding sales force, the absorption of new products many of which require more sophisticated techniques, and the necessity to improve further our training methods.

The company therefore enters 1986 with a new name, a new management, a new building, a range of new products, and an expanding sales force, and is determined, as a member of the Winter Swiss Insurance Group, to make full use of these advantages in the year ahead.

To all the staff who are, or have been, responsible for the Company in this excellent position I offer, on behalf of my fellow directors and myself, my gratitude and wish them every success in the future.



A handwritten signature in dark ink, appearing to read "D. H. Radley".

D. H. Radley
Chairman

Directors' Report

for the year ended 31st December, 1985

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

	1985	1984
Number of policies	16,949	16,367
	£000	£000
Annual premiums	5,203	5,398
Single premiums	8,914	4,521
Sums assured	293,789	277,007
Annuities per annum	266	453

Premiums for the year amounted to £33,229,943 (1984—£27,006,654).

Investment income totalled £14,051,675 (1984—£12,994,057) and the gross rate of interest earned on the Long-Term Insurance Funds was 8.45 per cent. (1984—9.13 per cent.).

Mortgage advances on house property outstanding at the end of the year amounted to £41.6 million. The average amount of each advance outstanding was £4,202.

Bonus declarations—Reversionary bonuses upon with-profits policies in the Participating Fund were declared for the year 1985 at the following rates:

Life Assurance Policies:

- (i) Compound Bonus series—£4.40 ordinary and £1.20 special for each £100 of policy and existing bonuses.
- (ii) Simple Bonus series—£5.60 for each £100 of policy and a final bonus on policies becoming claims by maturity or death in 1986. 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 £2.45 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 £1.45 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, 1985 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.

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. For linked assurances the reserves were equal to the value of the underlying investment units plus additional reserves where appropriate. 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:—

	1985 £	1984 £
Balance of surplus brought forward from previous year	3,475,280	3,444,176
Transferred from Investment Reserve	9,475,000	6,750,000
Capital appreciation on unallocated linked assets	350,423	101,998
Surplus arising in year	2,323,440	4,732,496
Surplus at the end of the year	<u>£15,624,143</u>	<u>£15,028,670</u>

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

	1985 £	1984 £
To policyholders	11,159,223	9,842,690
To Profit and Loss Account:		
Shareholders' share of divisible profits	814,241	710,700
Non-divisible profits	150,000	1,000,000
Balance of surplus carried forward unappropriated	3,500,679	3,475,280
	<u>£15,624,143</u>	<u>£15,028,670</u>

General insurance

The accounts of the subsidiary show:

	1985 £000	1984 £000
Premiums written	6,260	6,172
Investment income	950	854
Underwriting results	(1,434)	(2,485)
Expenses	(277)	(25)
Taxation	(1)	(4)
Loss after taxation	<u>(762)</u>	<u>(1,660)</u>

Profit and loss account

The consolidated profit for the year after taxation was £307,000 (1984—£170,000).

	1985 £000	1984 £000
Parent company	1,069	1,830
Subsidiary	(762)	(1,660)
Profit after taxation	307	170
Transferred from Investment Reserve	125	200
Profit attributable to ordinary shareholders	432	370
Ordinary dividend (proposed)	406	336
Added to Retained Profits and Reserves	26	34

Dividend

The Directors have recommended the payment of a final dividend of 29p per share on 19th May 1986 costing £405,000 (1984—interim £336,000).

Board

The Board of Directors of the Company is as set out on page 2. Mr. R. A. F. Ostime and Mr. D. H. Radley retire by rotation and being eligible offer themselves for re-election and Mr. R. J. W. Crabbe who also retires by rotation has indicated that he will not be seeking re-election. The Directors recommend that the Rt. Hon. Patrick Jenkin, M.P. be appointed to the Board and a resolution to this effect will be proposed at the Annual General Meeting of the Company.

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, 1985.

Employees

The average number of persons employed during the year by the Group under contracts of service in each week was 616 (1984—564) and the aggregate remuneration for the year was £6,619,316 (1984—5,642,535).

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.

Throughout 1985 the Company continued its policy of employee involvement by providing information on matters of concern to them as employees, by meeting their trade union representatives and by encouraging employees to be aware of the financial and economic factors affecting the Company's performance.

Other matters

Charitable donations amounting to £3,259 (1984—£3,457) 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.

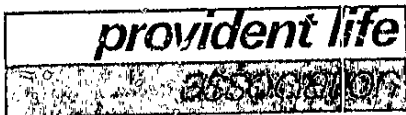
By Order of the Board,
J. D. Fox
Secretary.

Provident Way, Basingstoke, RG21 2SZ
1st May, 1986

Revenue Accounts

For the year ended 31st December 1985

	Note	1985 £000	1984 £000
Long-Term Insurance			
Premiums		33,230	27,007
Investment income	1(e)	14,052	12,994
Transferred from Investment Reserve	4	9,475	6,750
Change in value of investments of Unit Fund (after adjustment for taxation)		768	605
		<u>57,525</u>	<u>47,356</u>
Claims incurred:			
Death		2,628	2,290
Maturity		5,510	3,611
Surrenders		5,690	4,606
Annuities		1,228	1,190
Commission		2,981	3,001
Expenses		10,718	8,914
Taxation	2	717	497
Transferred to Consolidated Profit and Loss Account:		964	1,711
		<u>30,436</u>	<u>25,820</u>
Increase in funds during year		27,089	21,536
Funds at beginning of year		159,367	137,831
Funds at end of year		<u>186,456</u>	<u>159,367</u>
General Insurance			
Premiums		6,260	6,172
Increase in unearned premiums		(176)	(326)
Premiums earned		6,084	5,846
Claims incurred		4,044	6,123
Commission		1,042	1,015
Expenses		1,768	1,734
Transfer of exchange Profit	1 (f) (i)	664	(541)
		<u>7,518</u>	<u>8,331</u>
Transferred to Consolidated Profit and Loss Account		(Loss) (1,434)	(Loss) (2,885)



The notes and signatures on pages 12 to 16 are an integral part of these Accounts

Consolidated Profit and Loss Account

for the year ended 31st December 1985

	Note	1985 £000	1984 £000
Transferred from Revenue Accounts:	3		
Long-Term Insurance (after taxation)		964	1,711
General Insurance		(1,434)	(2,485)
		<u>(470)</u>	<u>(774)</u>
Investment income		1,123	1,056
		<u>653</u>	<u>282</u>
Expenses		289	36
Taxation	2	57	76
		<u>346</u>	<u>112</u>
Profit after taxation		307	170
(dealt with in accounts of parent company £1,069,000 (1984—£1,830,000))			
Transferred from Investment Reserve		125	200
		<u>432</u>	<u>370</u>
Dividend:			
Ordinary (see Directors' Report)			
Interim		—	336
Proposed final		406	—
		<u>406</u>	<u>336</u>
Retained profit		<u>26</u>	<u>34</u>

The notes and signatures on pages 12 to 16 are an integral part of these Accounts

Balance Sheets

as at 31st December, 1985

		1985		1984		
		Group	Company	Group	Company	
		£000	£000	£000	£000	
Capital and Reserves	Share Capital	Note 10	1,400	1,400	1,400	1,400
	Retained profits and reserves		2,048	2,048	2,022	2,022
	Investment Reserve	1(d)	1,138	764	830	647
			<u>4,586</u>	<u>4,212</u>	<u>4,252</u>	<u>4,069</u>
General Insurance Funds and Liabilities	Unearned premiums		2,497	—	2,321	—
	Outstanding claims	11	6,002	—	6,995	—
			8,499	—	9,316	—
Other Liabilities	Current liabilities	12	489	17	391	46
	Dividend proposed		406	406	336	336
			<u>13,980</u>	<u>4,635</u>	<u>14,295</u>	<u>4,451</u>
Long-Term Insurance	per separate Balance Sheet		214,641	214,641	190,992	190,992
			<u>228,621</u>	<u>219,276</u>	<u>205,287</u>	<u>195,443</u>
Investments	British Government Securities		4,053	158	4,496	470
	Other Fixed Interest Securities		2,133	14	1,530	14
	Preference Shares		210	210	281	281
	Ordinary Shares		1,418	1,303	944	841
	Market Value	1(c)	7,814	1,685	7,251	1,606
	Freehold property		1,285	—	1,203	—
	Mortgages on house property		7	—	7	—
Other Assets			<u>9,106</u>	<u>1,685</u>	<u>8,461</u>	<u>1,606</u>
	Subsidiary company	14	—	1,781	—	418
	Current Assets	15	4,874	1,169	5,834	2,427
		<u>13,980</u>	<u>4,635</u>	<u>14,295</u>	<u>4,451</u>	
Long-Term Insurance	per separate Balance Sheet		214,641	214,641	190,992	190,992
			<u>228,621</u>	<u>219,276</u>	<u>205,287</u>	<u>195,443</u>

provident life

The notes and signatures on pages 12 to 16 are an integral part of these Accounts.

Balance Sheet—Long-Term Insurance

as at 31st December, 1985

	Note	1985 £000	1984 £000
Funds			
Long-Term Insurance Funds		186,456	159,567
Investment reserve	1(d)	23,690	27,717
		<u>210,146</u>	<u>187,084</u>
Liabilities			
Current liabilities	12	4,495	3,908
		<u>214,641</u>	<u>190,992</u>
Investments			
British Government Securities		66,618	51,584
Other Fixed Interest Securities		9,060	5,396
Preference Shares		740	47
Ordinary Shares		67,713	56,599
Market Value	1(c)	<u>144,131</u>	<u>113,626</u>
Mortgages on house property and other loans within the United Kingdom		42,911	43,710
Freehold and leasehold property including Company's offices		17,867	26,780
		<u>204,849</u>	<u>182,916</u>
Other Assets			
Current assets	15	9,792	8,076
		<u>214,641</u>	<u>190,992</u>

Consolidated Statement of Source and Application of Funds

for the year ended 31st December, 1985
(Excluding Long-Term Insurance)

	1985 £000	1984 £000
Source of Funds		
Profit before taxation	364	246
Movement on Investment Reserve	433	86
Adjustments for:		
(Decrease)/Increase in General Insurance Funds and Liabilities	(817)	1,768
Increase in Creditors	123	51
Decrease/(Increase) in Debtors	1,009	(860)
	<u>1,112</u>	<u>1,291</u>
Application of Funds		
Dividends paid	336	700
Tax paid	104	186
	<u>440</u>	<u>886</u>
Changes in Investments and Net Liquid Funds		
Increase in:		
Investments and Deposits	640	345
Balances at Bankers	32	60
	<u>672</u>	<u>405</u>
	<u>1,112</u>	<u>1,291</u>

The notes and Signatures on pages 12 to 16 are an integral part of these Accounts

Notes on the Accounts

I. Accounting Policies

(a) Disclosure Requirements

Neither the group nor the holding company is required to comply with the accounting and disclosure provisions of Part VII, Chapter I of the Companies Act 1985. The group accounts are drawn up in accordance with Part VII, Chapter II of, and Schedule 9 to, the Companies Act 1985.

(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, 1985. 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, 1985, 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 computer equipment, office furniture, additional motor cars and the costs of relocating staff to Basingstoke has been charged to this Reserve. Amounts equal to this expenditure are transferred to the Long-Term Insurance Fund on the following bases:

Computer equipment	— over its estimated useful life
Office furniture	— in the year of purchase
Additional motor cars	— in the year of purchase
Relocation costs	— over five years

(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

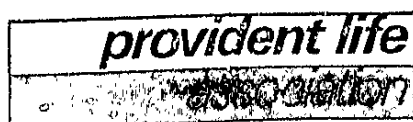
Assets and liabilities in foreign currencies have been translated at the rates ruling on 31st December, 1985. The revenue transactions have been translated at average rates prevailing during the year. The resultant exchange differences have been transferred to Investment Reserve.

(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. Taxation

The charge for taxation includes Income Tax at the basic rate and Corporation Tax at 41.25 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	
	1985	1984	1985	1984
Income Tax	£648,492	£320,819	£36,813	£28,687
Corporation Tax	68,333	176,249	18,390	43,055
Overseas Tax	—	—	1,500	4,000
	<u>£716,825</u>	<u>£497,068</u>	<u>£56,703</u>	<u>£75,742</u>

Corporation tax losses carried forward by the subsidiary company amounted to approximately £2,820,000 (1984—£3,420,000).

3. Transfers to Profit and Loss Account

The transfers comprise the following:

	1985	1984
Long-Term Insurance:	£000	£000
Shareholders' share of divisible profits	814	711
Non-divisible profits	150	1,000
	<u>964</u>	<u>1,711</u>
General Insurance:		
Property and Accident	(1,100)	(2,047)
Motor	(334)	(438)
	<u>(1,434)</u>	<u>(2,485)</u>

4. Investment Reserve (Long-Term Insurance)

The sum of £9,475,000 transferred to the Long-Term Insurance Fund is made up of £10,900,000 less £1,425,000 (including £181,000 relocation costs) in respect of the items referred to in note 1(d) (ii).

5. Directors' Remuneration

Directors' remuneration for the year was:

	1985	1984
Fees	£25,000	£29,026
Other emoluments	214,118	182,651
Pensions paid to former Directors or their widows	11,685	13,328
	<u>£250,803</u>	<u>£225,005</u>

Chairman

£65,232 1985
£58,545 1984

Other Directors by Scale:

	1985	1984
Up to £5,000	4	4
Exceeding £10,000 up to £15,000	1	1
Exceeding £40,000 up to £45,000	—	1
Exceeding £45,000 up to £50,000	1	1
Exceeding £55,000 up to £60,000	1	—

Notes on the Accounts

6. Employees' Remuneration

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

	1985	1984
Exceeding £30,000 up to £35,000	1	2
Exceeding £35,000 up to £40,000	3	4
Exceeding £40,000 up to £45,000	2	2

7. Loans to Directors and Officers

(i) Directors

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.

	Maximum Loan			Average rate of interest
	Loan at 1.1.85	Loan during 1985	Loan at 31.12.85	
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. Osime Mortgage advance	£17,950	£140,000	£20,000	5.0%

(ii) Officers

Staff loans for the purpose of house purchase existed as follows:

Aggregate amount outstanding £130,000. Number of Officers 2.

8. Auditors' Remuneration

The remuneration of the auditors for the year amounted to £55,000 (1984—£50,000).

9. Staff Pension Fund

The Group's liabilities under the Staff Pension Fund are funded from the Revenue Accounts by normal contributions which during 1985 were at the rate of 21 per cent. of pensionable earnings in respect of the parent company and 17 per cent. of pensionable earnings up to 30th October, 1985 in respect of the subsidiary company. After this date all employees of the subsidiary company became employees of the parent company and the contribution rate of 21 per cent applied.

10. Share Capital

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

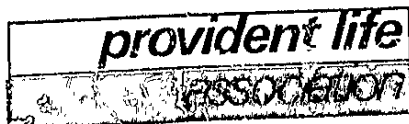
	1985	1984
1,400,000 Ordinary Shares of £1 each	<u>£1,400,000</u>	<u>£1,400,000</u>

11. Outstanding claims

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

	1985	1984
Gross liabilities	£12,435,932	£11,425,226
Reinsurance recoverable	<u>6,433,551</u>	<u>4,429,815</u>
Net liabilities	<u>£6,002,381</u>	<u>£6,995,411</u>

Included within outstanding claims are provisions set up in respect of the subsidiary company's potential liability on claims, arising primarily 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. See also note 16.



12. Current Liabilities

Shareholders' Fund

	1985		1984	
	Group £000	Company £000	Group £000	Company £000
Sundry creditors	478	6	356	11
Taxation	11	11	35	35
	<u>489</u>	<u>17</u>	<u>391</u>	<u>46</u>

Long-Term Fund

	1985 £000	1984 £000
Outstanding claims and annuities	741	493
Depositors	70	79
Shareholders' Fund	555	1,766
Sundry Creditors	<u>3,129</u>	<u>1,570</u>
	<u>4,495</u>	<u>3,908</u>

13. Investments

- (i) If the assets had been realised at the values referred to in note 1 (c) it is estimated that there would have been no additional liability to corporation tax.
- (ii) Uncalled capital on investments held by the Company at the year end amounted to £430,648 (1984—£591,567) in the Long-Term Fund and Enil (1984—£44,600) in the Shareholders' Fund.

14. 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 £1,363,000 (1984—deficit of £1,460,000) has been credited to Retained Profits and Reserves.

15. Current Assets

Shareholders' Fund

	1985		1984	
	Group £000	Company £000	Group £000	Company £000
Sundry debtors	1,634	11	1,435	21
Taxation	288	—	265	—
Long-Term Fund	555	555	1,766	1,766
Subsidiary company	—	15	—	4
Deposits	2,161	556	2,165	581
Balances at bankers	236	32	203	55
	<u>4,874</u>	<u>1,169</u>	<u>5,834</u>	<u>2,427</u>

Long-Term Fund

	1985 £000	1984 £000
Sundry debtors	781	266
Taxation	2,133	1,813
Outstanding premiums	756	423
Investment income accrued and outstanding	2,335	1,622
Deposits	3,477	3,589
Balances at bankers	<u>310</u>	<u>363</u>
	<u>9,792</u>	<u>8,076</u>

16. Reinsurance Protection

United Standard has effected a stop-loss reinsurance policy with the ultimate holding company. The policy reinsures United Standard, in respect of potential liabilities in excess of those provided for at 31st December, 1984 being U.S. \$4.169m (equivalent at that date to £3.594m) on claims arising primarily from the industrial diseases referred to in note 11 under policies written by United Standard prior to 1970. The maximum liability under the policy is U.S. \$10m. As a consequence of the issue of this policy the indemnity given in the previous year by the Company to its subsidiary, United Standard, has been cancelled at the outset by mutual agreement of the companies.

17. Ultimate Holding Company

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

M. McEwen Chairman.
George E. Ruddle Director.
M. J. Shaw Director.

Provident Way, Basingstoke, RG21 2SZ
1st May, 1986

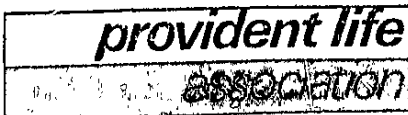
Report of the Auditors

We have audited the financial statements on pages 8 to 16 for the year ended the 31st December, 1985 in accordance with approved Auditing Standards.

In our opinion the financial statements comply with the provisions of the Companies Act 1985 applicable to Insurance Companies.

London
1st May, 1986

Deloria Haslam & Sell
Chartered Accountants.



Group Organisation

Executive

B. E. Radley F.I.A. A.S.A.
 R. A. F. Ostime F.I.A.
 J. D. Fox F.C.A.
 R. K. Muddle F.C.I.I.

Managing Director
 General Manager and Actuary
 General Manager and Secretary
 General Manager

G. J. Boutle B.A. D.M.S.
 G. V. Budd F.I.A.
 D. Corfield
 R. A. Halligan M.B.I.M.
 J. S. Knight A.C.I.I.
 M. A. Read F.I.A.
 J. Shaddick B.A.
 J. W. Timmis F.C.A.
 J. T. Webster F.C.I.I.
 M. Wise F.C.A.

Personnel Manager
 Marketing Manager
 Sales Manager
 Data Processing Manager
 Sales Training Manager
 Statistician
 Investment Manager
 Accountant (General Business)
 Life Manager
 Chief Accountant

K. H. Blundell A.C.I.I.
 S. C. Brown A.C.I.I.
 B. J. Carter B.Sc. F.I.A.
 B. T. J. Eades
 R. W. Easterbrook
 P. J. Fowles M.B.I.M.
 M.Inst.M.
 S. E. Gage A.C.I.I.
 G.I.P.M.
 A. J. Gearing F.C.I.I.

Regional Manager
 Assistant Manager
 Assistant Marketing Manager
 Regional Manager
 Motor Manager

Assistant Marketing Manager

D. F. Griffith
 P. H. Gurman B.Sc. F.I.A.
 D. L. Jones A.C.I.I.
 W. D. Judge
 N. J. Lister F.L.I.A.
 A. G. Lord M.I.D.P.M.
 M. F. E. W. Pluck
 J. C. Porter
 D. A. Pressey B.Sc. A.I.A.
 F. C. Pullen A.C.I.I.
 J. D. Ridgway A.C.I.I.
 J. T. Sully
 D. N. Theaker B.Sc. F.I.A.
 L. A. Tisdall B.Sc. A.C.A.
 A.I.B.
 R. M. Wheble B.Sc. F.C.I.I.
 T. J. Wheeler F.L.I.A.

Assistant Personnel Manager
 Assistant Manager (Sales
 Administration)
 Assistant Data Processing Manager
 Assistant Actuary
 Assistant Life Manager
 Fire and Accident Manager
 Regional Manager
 Assistant Data Processing Manager
 Assistant Sales Training Manager
 Regional Manager
 Assistant Investment Manager
 Claims Manager (General Business)
 Assistant Life Manager
 Collection Department Manager
 Assistant Actuary

Assistant Accountant
 Assistant Life Manager
 Regional Manager

**PROVIDENT LIFE
ASSOCIATION LIMITED**

Head Office:
Provident Way, Basingstoke, Hants. RG21 2S/
Telephone: (0256) 470717

Sales Organisation

London & Home Counties (South)
Regional Manager: B. J. Fisher
Technical Sales Adviser: G. J. Holden
354 Lut Road, Haywards Heath, Sussex RH16 3DP
Haywards Heath (0444) 410636

Sussex
Area Manager: M. R. Dumfries
35 Lut Road, Haywards Heath, Sussex RH16 3DP
Haywards Heath (0444) 492771 2

Hampshire
Area Manager: P. K. Szemanski F.I.A.
1921 High Street, Ringwood, Hampshire BH24 1AB
Ringwood (0425) 479322-470366

North West and East Kent
Area Manager: D. L. Hambrook
29a St Peters Street, Canterbury, Kent CT1 2BQ
Canterbury (0227) 451151-450995

South East London
Area Manager: B. Holland
Suite 3, LCP House, Start Hill Avenue,
Lamborough Way, Orpington, Kent BR6 7TR
Orpington (0689) 57882 3

South West London
Area Manager: D. J. Small
17 High Street, Great Bookham, Surrey KT23 4AA
Great Bookham (0372) 59566

London & Home Counties (North)
Regional Manager: N. J. Fisher F.I.A.
Technical Sales Adviser: B. L. Austin
Regional Office: 8 Station Road, Watford,
Herts WD1 1EG
Watford (0923) 52224

North West London
Area Manager: M. J. Rogers
8 Station Road, Watford, Herts WD1 1EG
Watford (0923) 52224

East Anglia
Area Manager: G. A. Brasted
46 Duke Street, Chelmsford, Essex CM1 1JQ
Chelmsford (0245) 261808-261828

South West Essex
Area Manager: L. J. Holley
87 Eastern Road, Romford, Essex RM1 3PB
Romford (0708) 27519

East Herts
Area Manager: G. W. Harrison
22-25 Church Street, Ware, Herts SG12 9E11
Ware (0920) 60611

Central London
Area Manager: D. O. Shortt
37 Soho Square, London W1V 5DG
London (01) 437 0827

West London
Area Manager: P. H. Sutherland
3rd Floor, Westalling House,
2 St James Avenue, Ealing, London W13 9DZ
London (01) 840 6311

West & South Wales
Regional Manager: I. J. Wheeler F.I.A. M.B.I.M.
Technical Sales Adviser: F. Bonetti
Regional Office: 34 Whiteladies Road, Clifton,
Bristol BS8 2LQ
Bristol (0272) 738988

Cotswolds
Area Manager: G. D. Archer
10 Royal Crescent, Cheltenham, Glos. GL50 3DA
Cheltenham (0242) 524336/520100

Devon & Cornwall
Area Manager: B. A. T. Heslop
12 The Crescent, Plymouth, Devon, PL1 3AB
Plymouth (0752) 669633

Bristol & Somerset
Area Manager: A. G. Woodriss
34 Whiteladies Road, Clifton, Bristol BS8 2LQ
Bristol (0272) 738988

South Wales
Area Manager: Mrs. P. Cox
2nd Floor, Derwen House, Court Road,
Bridgend, Mid-Glamorgan CF13 1BN
Bridgend (0656) 3888 3838



<input type="radio"/>	Head office
<input checked="" type="radio"/>	Company offices
<input type="radio"/>	Proposed new company offices
<input type="radio"/>	City office
<input checked="" type="radio"/>	United Standard

provident life
association



Becks and Blacks

Area Manager: N. T. ...
Bristol (0117) 254111

Midlands

Regional Manager: K. H. ...
Regional Office: 34 Harborne Road, Edgbaston
Birmingham B15 3AA
Telephone: 021 455 8901

Bedford and Northampton

Area Manager: J. M. ...
2nd Floor, 111 High Street, Bedford MK43 9JG
Tel: 0475 254111

Wales

Area Manager: A. Smith
1st Floor, 22-24 Llandudno Street,
Wrexham, Shropshire WY1 1DF
Wrexham (0902) 714764 714564

Birmingham

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34 Harborne Road, Edgbaston, Birmingham B15 3AA
Birmingham (021) 455 8901

East Midlands

Area Manager: D. Housley
3rd Floor, High Street Chambers, High Street
Loughborough, Leics LE11 1PQ
Loughborough (0509) 231271

Coventry

Area Manager: A. J. ...
Opening Shortly

North and North Wales

Regional Manager: J. A. ...
Regional Office: 39 Northenden Road, Sale,
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Cheshire (061) 969 8321

North Lancs

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72 Strawberry Bank, Blackburn, Lancs BB2 6AA
Blackburn (0254) 675219 675210

Merseyside & North Wales

Area Manager: P. R. ...
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Chester (0224) 316821 2

South Manchester

Area Manager: J. A. ...
1st Floor, 27a Station Road, Cheadle Hulme
Cheshire SK8 5AF
Chester (061) 466 9341 2

West Yorkshire

Area Manager: T. K. ...
1 Queens Place, Queens Street, Morley, Yorks LS27 8HG
Morley (0532) 538392 538438

Sheffield

Area Manager: I. J. ...
2nd Floor, The Lountain Precinct,
Leopold Street, Sheffield S1 2GZ
Sheffield (0742) 753919

**UNITED STANDARD
INSURANCE
COMPANY LIMITED**

Head Office: President House,
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Telephone: (0256) 471333

Agency Organisation

Area Manager - General Insurance: J. A. Langstaff

East Anglia

Development Superintendent: D. I. Barber
Huntingdon (047 58) 75219

Hampshire

Senior Agency Inspector: W. C. Stevens
Wimborne (0202) 885555

South West

Agency Inspector: A. Stone
Bristol (0272) 878388

South East

Agency Inspector: M. Dean
Crowborough (089 26) 62139

Midlands

Regional Office: 34 Harborne Road, Edgbaston,
Birmingham B15 3AA
Telephone: 021 455 8901

Senior Agency Inspector: A. R. Sullivan
Wombourne (0902) 896468

Senior Agency Inspector: T. J. ...
Belper (077382) 2571

Manchester

Senior Agency Inspector: K. W. Lamb
Stockport (061) 493 6177

Yorkshire

Agency Inspector: M. H. ...
Morley (0532) 53417