



Prudential Retirement Income Limited

Returns under the Insurance Companies Act 1982 and the
Insurance Companies (Accounts and Statements)
Regulations 1996 (as amended)

For the year ended 31 December 2000

SCHEDULES 1, 3, 4 AND 6

Incorporated and Registered in Scotland Registered number 47842
Registered office PO Box 25, Craigforth, Stirling, FK9 4UE

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Statement of solvency

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R9	47842	GL	31	12	2000	£000
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	As at the end of this financial year	As at the end of the previous year	Source		
			Form	Line	Column
	1	2			

GENERAL BUSINESS**Available assets**

Other than long term business assets allocated towards general business required minimum margin	11				See instructions 1 and 2
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Required minimum margin

Required minimum margin for general business	12			12	49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13				

LONG TERM BUSINESS**Available assets**

Long term business admissible assets	21	373300		10	11
Other than long term business assets allocated towards long term business required minimum margin	22	38697	762		See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	370543			See instruction 4
Other insurance and non-insurance liabilities	24	2757			See instruction 5
Available assets for long term business required minimum margin (21+22-23-24)	25	38697	762		

Implicit items admitted under regulation 23(5) of the Insurance Companies Regulations 1994

Future profits	31				
Zillmerising	32				
Hidden reserves	33				

Total of available assets and implicit items (25+31+32+33)	34	38697	762		
--	----	-------	-----	--	--

Required minimum margin

Required minimum margin for long term business	41	14821	511	60	69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	2470	511		
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	36227	251		
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	23876	251		

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term business as shown in a supplementary note to Form 15	51				See instruction 6
Quantifiable contingent liabilities in respect of long term business as shown in a supplementary note to Form 14	52				See instruction 6

Covering sheet to Form 9

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**

..... **K Lerche-Thomsen** **Director**

..... **G A Gallagher** **Director**

..... **T Lee** **Secretary**

22 June 2001

Statement of net assets

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**

	R10	Company registration number 47842	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2000	
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
				Form	Line	Column	
Long term business - admissible assets	11	373300		13	89	1	
Long term business - liabilities and margins	12	373300		14	59	1	
Other than Long term business - admissible assets	21	43721	802	13	89	1	
Other than Long term business - liabilities	22	5024	40	15	69	1	
Net admissible assets (21-22)	23	38697	762				
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24					
	Supplementary contributions for a mutual carrying on general business	25					
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	26					
	Cumulative preference share capital	27					
Available assets (23 to 27)	29	38697	762				

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	45700	700			
Amounts included in lines 24 to 27 above	52					
Amounts representing the balance of net assets	56	(7003)	62			
Total (51 to 56) and equal to line 29 above	59	38697	762			

Movement of balance of net assets for solvency purposes - as per line 56

Balance brought forward at the beginning of the financial year	61	62	53	10	56	2
Retained profit/(loss) for the financial year	62	(7082)	26	16	59	1
Movement in asset valuation differences	63	17	(17)	See instruction 2		
Decrease/(increase) in the provision for adverse changes	64			See instruction 3		
Other movements (particulars to be specified by way of supplementary note)	65					
Balance carried forward at the end of the financial year (61 to 65)	69	(7003)	62			

Analysis of admissible assets

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**

Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	47842	GL	31	12	2000	£000	1
				day	month	year			
Investments							As at the end of this financial year 1	As at the end of the previous year 2	
Land and buildings				11					
Investments in group undertakings and participating interests	UK insurance dependants	Shares		21					
		Debt securities issued by, and loans to, dependants		22					
	Other insurance dependants	Shares		23					
		Debt securities issued by, and loans to, dependants		24					
	Non-insurance dependants	Shares		25					
		Debt securities issued by, and loans to, dependants		26					
	Other group undertakings and participating interests	Shares		27					
		Debt securities issued by, and loans to, group undertakings		28					
		Participating interests		29					
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest		30					
Total sheet 1 (11 to 30)				39					

Analysis of admissible assets

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**Category of assets **Total other than long term business assets**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

Category
of
assets

R13	47842	GL	31	12	2000	£000	1
-----	-------	----	----	----	------	------	---

Investments (continued)				As at the end of this financial year 1		As at the end of the previous year 2	
Deposits with ceding undertakings							
Assets held to cover linked liabilities							
Other financial investments	Equity shares			41			
	Other shares and other variable yield securities			42			
	Holdings in collective investment schemes			43			
	Rights under derivative contracts			44			
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	20249	700	
			Other	46	5908		
		Variable interest	Approved securities	47			
			Other	48	3702		
	Participation in investment pools			49			
	Loans secured by mortgages			50			
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51			
		Loans secured by policies of insurance issued by the company		52			
		Other		53			
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54			
		Withdrawal subject to a time restriction of more than one month		55			
	Other			56			
Deposits with ceding undertakings			57				
Assets held to match linked liabilities	Index linked		58				
	Property linked		59				
Reinsurers' share of technical provisions	Provision for unearned premiums		60				
	Claims outstanding		61				
	Provision for unexpired risks		62				
	Other		63				
Total sheet 2 (41 to 63)			69	29859	700		

Analysis of admissible assets

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	47842	GL	31	12	2000	£000	1
				day month year					
Debtors				As at the end of this financial year			As at the end of the previous year		
Other assets				1			2		
Debtors arising out of direct insurance operations	Policyholders			71					
	Intermediaries			72					
Salvage and subrogation recoveries				73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74					
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76					
		Due more than 12 months after the end of the financial year		77					
	Other	Due in 12 months or less after the end of the financial year		78	3061				
		Due more than 12 months after the end of the financial year		79					
Tangible assets				80					
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81	10187			102	
	Cash in hand			82					
Other assets (particulars to be specified by way of supplementary note)				83					
Prepayments and accrued income	Accrued interest and rent			84	614				
	Deferred acquisition costs			85					
	Other prepayments and accrued income			86					
Deductions (under regulations 57(2)(b) and 57(3) of the Insurance Companies Regulations 1994) from the aggregate value of assets				87					
Total sheet 3 (71 to 86 less 87)				88	13862			102	
Grand total of admissible assets (39+69+88)				89	43721			802	
Reconciliation to asset values determined in accordance with the shareholder accounts rules									
Total admissible assets (as per line 89 above)				91	43721			802	
Total assets in excess of the admissibility limits of Schedule 12 of the Insurance Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)				92				17	
Solvency margin deduction for insurance dependants				93					
Other differences in the valuation of assets (other than for assets not valued above)				94					
Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)				95					
Total assets determined in accordance with the shareholder accounts rules (91 to 95)				99	43721			819	
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance				100	10				

Analysis of admissible assets

Name of company Prudential Retirement Income Limited

Global business

Financial year ended 31st December 2000

Category of assets Total long term business assets

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	47842	GL	31	12	2000	£000	10
					day	month	year		
Debtors					As at the end of			As at the end of	
Other assets					this financial			the previous	
					year			year	
					1			2	
Debtors arising out of direct insurance operations	Policyholders				71				
	Intermediaries				72				
Salvage and subrogation recoveries					73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted				74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded				75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year			76				
		Due more than 12 months after the end of the financial year			77				
	Other	Due in 12 months or less after the end of the financial year			78		8916		
		Due more than 12 months after the end of the financial year			79				
Tangible assets					80				
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities				81		3670		
	Cash in hand				82				
Other assets (particulars to be specified by way of supplementary note)					83				
Prepayments and accrued income	Accrued interest and rent				84		8025		
	Deferred acquisition costs				85				
	Other prepayments and accrued income				86				
Deductions (under regulations 57(2)(b) and 57(3) of the Insurance Companies Regulations 1994) from the aggregate value of assets					87				
Total sheet 3 (71 to 86 less 87)					88		20611		
Grand total of admissible assets (39+69+88)					89		373300		
Reconciliation to asset values determined in accordance with the shareholder accounts rules									
Total admissible assets (as per line 89 above)					91		373300		
Total assets in excess of the admissibility limits of Schedule 12 of the Insurance Companies Regulations 1994, (as valued in accordance with those Regulations before applying admissibility limits)					92				
Solvency margin deduction for insurance dependants					93				
Other differences in the valuation of assets (other than for assets not valued above)					94				
Assets of a type not valued above, (as valued in accordance with the shareholder accounts rules)					95				
Total assets determined in accordance with the shareholder accounts rules (91 to 95)					99		373300		
Amounts included in line 89 attributable to debts due from related companies, other than those under contracts of insurance or reinsurance					100		6830		

Long term business liabilities and margins

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**Category of assets **Total long term business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
R14	47842	GL	31	12	2000	£000	10
			As at the end of this financial year 1	As at the end of the previous year 2			Source
Mathematical reserves, after distribution of surplus	11	370543					See Instruction 2
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12						See Instruction 3
Balance of surplus/(valuation deficit)	13						See Instruction 4
Long term business fund carried forward (11 to 13)	14	370543					See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15					
	Reinsurers' share	16					
	Net (15-16)	17					
Provisions for other risks and charges	Taxation	21					
	Other	22					
Deposits received from reinsurers	23						
Creditors and other liabilities	Arising out of insurance operations	Direct business	31				
		Reinsurance accepted	32	414			
		Reinsurance ceded	33				
	Debenture loans	Secured	34				
		Unsecured	35				
	Amounts owed to credit institutions		36				
	Other creditors	Taxation	37				
		Other	38	2343			
Accruals and deferred income	39						
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)	41						
Total other insurance and non-insurance liabilities (17 to 41)	49	2757					
Excess of the value of net admissible assets	51					See Instruction 6	
Total liabilities and margins	59	373300					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	335					
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62						
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate	63					See Instruction 7	

Liabilities (other than long term business)

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**

		Company registration number	GL/UK/CM	Period ended			Units	
		R15	47842	GL	31	12	2000	£000
				As at the end of this financial year 1			As at the end of the previous year 2	
				day	month	year		
Technical provisions (gross amount)	Provision for unearned premiums		11					
	Claims outstanding		12					
	Provision for unexpired risks		13					
	Equalisation provisions	Credit business	14					
		Other than credit business	15					
	Other		16					
Total (11 to 16)		19						
Provisions for other risks and charges	Taxation		21					
	Other		22					
Deposits received from reinsurers			31					
Creditors	Arising out of insurance operations	Direct business	41					
		Reinsurance accepted	42					
		Reinsurance ceded	43					
	Debenture loans	Secured	44					
		Unsecured	45					
	Amounts owed to credit institutions		46					
	Other creditors	Taxation	47					
		Recommended dividend	48					
Other		49			5024		40	
Accruals and deferred income			51					
Total (19 to 51)			59			5024	40	
Provision for adverse changes (calculated in accordance with regulation 61 of the Insurance Companies Regulations 1994)			61					
Cumulative preference share capital			62					
Subordinated loan capital			63					
Total (59 to 63)			69			5024	40	
Amounts included in line 69 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance			71				40	

Profit and loss account (non-technical account)

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	47842	GL	31	12	2000	£000
		This financial year		Previous year		Source		
		1		2		Form	Line	Column
Transfer (to)/from the general business technical account	From Form 20	11				20	59	
	Equalisation provisions	12						
Transfer from the long term business revenue account		13	(10535)			40	26	
Investment income	Income	14	130					
	Value re-adjustments on investments	15	315					
	Gains on the realisation of investments	16	38		37			
Investment charges	Investment management charges, including interest	17	3					
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19						
Allocated investment return transferred to the general business technical account		20				20	51	
Other income and charges (particulars to be specified by way of supplementary note)		21	(85)					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(10140)		37			
Tax on profit or loss on ordinary activities		31	(3058)		11			
Profit or loss on ordinary activities after tax (29-31)		39	(7082)		26			
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41						
Tax on extraordinary profit or loss		42						
Other taxes not shown under the preceding items		43						
Profit or loss for the financial year (39+41-(42+43))		49	(7082)		26			
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	(7082)		26			

Long term business : Revenue account

Name of company **Prudential Retirement Income Limited**

Global business

Ordinary business

Financial year ended **31st December 2000**Name and number of fund **Ordinary Branch Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R40	47842	GL	31	12	2000	£000	OB	1	0
Items to be shown net of reinsurance ceded							The financial year	Previous year		
							1	2		
Earned premiums							11	347875	2570	
Investment income receivable before deduction of tax							12	13368	857	
Increase (decrease) in the value of non-linked assets brought into account							13	4941		
Increase (decrease) in the value of linked assets							14		3832	
Other income							15			
Total income (11 to 15)							19	366184	7259	
Claims incurred							21	5870	8249	
Expenses payable							22	306	29	
Interest payable before deduction of tax							23			
Taxation							24		(135)	
Other expenditure							25		28424	
Transfer to (from) non technical account							26	(10535)		
Total expenditure (21 to 26)							29	(4359)	36567	
Increase (decrease) in fund in financial year (19-29)							39	370543	(29308)	
Fund brought forward							49		29308	
Fund carried forward (39+49)							59	370543		

Long term business : Analysis of premiums and expenses

Name of company **Prudential Retirement Income Limited**

Global business

Ordinary business

Financial year ended **31st December 2000**Name and number of fund **Ordinary Branch Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R41	47842	GL	31	12	2000	£000	OB	1	0
				Gross			Payable to or recoverable from reinsurers	Net of reinsurance (1-2)		
				1			2	3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium	11							
		Regular premium	12							
	Pension business contracts	Single premium	13		347875			347875		
		Regular premium	14							
	Permanent health contracts	Single premium	15							
		Regular premium	16							
	Other contracts	Single premium	17							
		Regular premium	18							
	Total premiums	Single premium	19		347875			347875		
		Regular premium	29							
Total premiums at lines 19 and 29 attributable to	UK contracts	31		347875			347875			
	Overseas contracts	32								
Expenses payable in the financial year	Commission payable in connection with acquisition of business		41							
	Other commission payable		42							
	Management expenses in connection with acquisition of business		43		148			148		
	Management expenses in connection with maintenance of business		44		8			8		
	Other management expenses		45		150			150		
	Total expenses (41 to 45)		49		306			306		
	Total expenses at line 49 attributable to	UK contracts	51		306			306		
Overseas contracts		52								

Long term business : Analysis of claims

Name of company **Prudential Retirement Income Limited**

Global business

Ordinary business

Financial year ended **31st December 2000**Name and number of fund **Ordinary Branch Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R42	47842	GL	31	12	2000	£000	OB	1	0
Claims incurred in the financial year				Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
				1		2	3			
Life assurance and annuity contracts	On death			11						
	By way of lump sums on maturity			12						
	By way of annuity payments			13						
	By way of payments arising from other insured events			14						
	On surrender or partial surrender			15						
	Total life assurance and annuity claims (11 to 15)			19						
Pension business contracts	On death			21						
	By way of lump sums on vesting			22						
	By way of vested annuity payments			23		5870			5870	
	On surrender or partial surrender			24						
	Total pension business claims (21 to 24)			29		5870			5870	
Permanent health contracts	By way of lump sums			31						
	By way of periodical payments			32						
	Total permanent health claims (31+32)			39						
Other contracts	By way of lump sums			41						
	By way of periodical payments			42						
	Total claims (41+42)			49						
Total claims (19+29+39+49)				59		5870			5870	
Total claims at line 59 attributable to	UK contracts			61		5870			5870	
	Overseas contracts			62						

PRUDENTIAL RETIREMENT INCOME LIMITED

Returns for the year ended 31 December 2000

Supplementary notes to the returns

Form 9

0903 Other orders under Section 68, Insurance Companies Act 1982 (as amended)

- (a) The Treasury made an order under section 68 of the Insurance Companies Act 1982 in December 2000. The effect of the order was to direct the Company to calculate the rate of interest to be used for statutory valuation purposes in calculating the present value of future payments by or to the Company on the aggregate yield basis. The order applies only to the fixed interest assets deemed by the Appointed Actuary to be backing the non-profit non-linked immediate annuity business. The aggregate yield is defined as that rate of interest which equates the discounted value of the aggregate cash flows on the specified asset portfolio with the total market value of that portfolio.

Form 10

1001 Reconciliation to shareholder accounts

	2000 £'000s	1999 £'000s
<i>Net assets per FSA return</i>		
Line 99 on Form 13 (OLTB)	43,721	819
Line 59 on Form 15	<u>(5,024)</u>	<u>(40)</u>
	38,697	779
<i>Per shareholder accounts</i>		
Capital and reserves	49,575	779
<i>Difference</i>		
Additional reserves held in long term fund	<u>10,878</u>	<u>0</u>

Supplementary notes to the returns (continued)

Form 17

1700 As all figures, including comparatives, are zero for the other than long term and the long term form 17, these forms have been omitted.

Form 40

4008 Management services are provided to the Company for day to day administration from The Prudential Assurance Company Ltd, Prudential Financial Services Ltd, M&G Investment Management Ltd, PruTech Ltd and Prudential Services Ltd, all being group companies.

PRUDENTIAL RETIRMENT INCOME LIMITED

Returns for the year ended 31 December 2000

Statement required by Regulation 23 of the Insurance Companies (Accounts and Statements) Regulations 1996

(a) **Investment guidelines**

As requested by Regulation 23 of the Insurance Companies (Accounts and Statements) Regulations 1996, the investment guidelines for the use of derivative contracts for both long term and other than long term funds are set out below. These are fully explained in the Company's Investment Management Agreement with its fund manager and are consistent with the investment strategy.

- (i) Derivatives are used for the purpose of efficient portfolio management or to reduce risk, specific examples being to implement tactical asset allocation changes around the strategic benchmark, hedge cash flows, or control the risk profile of an identified strategy.
- (ii) A number of restrictions on the use of derivatives have been agreed with the Company's fund managers and can only be overruled by prior agreement between the two parties:
- all derivatives that impose obligations on the fund must be strictly covered.
 - all derivative contracts must satisfy the definition of approved under Regulation 55 of the Insurance Companies Regulations 1994 (as amended).
 - the maximum allowable exposure to counterparties should not be exceeded.
 - only certain permitted exchanges and contracts can be used.
- (iii) No convertible bonds have been held during the year.

(b) **Derivatives where exercise is unlikely (Long Term and Other Than Long-Term funds)**

There are no specific guidelines for the use of contracts not reasonably likely to be exercised. However the Investment Management Agreement only allows the use of derivatives for the purpose of efficient portfolio management or to reduce risk and the Company's investment managers work within these constraints.

(c) Quantification of derivatives in (b) above

No such contracts were used.

(d) Effect on Form 13 at 31 December 2000 of exercising derivatives where it would be prudent to assume options would be exercised.

No derivatives were held at the year end.

(e) Effect on Form 13 at 31 December 2000 of exercising all derivatives.

No derivatives were held at the year end.

(f) Effect on Form 13 under the conditions noted in (d) and (e) above at any other time during the year.

No derivatives were held at the year end.

(g) Maximum exposure

No derivatives were held during the year or at the year end.

(h) Derivatives not covered by paragraph (2) of regulation 55 of, or paragraph 15 of Schedule 10 to, the Insurance Company Regulations

There were no derivative contracts held during 2000 that did not satisfy the Regulation 55 requirements of the Insurance Company Regulations.

(i) Consideration for granting rights under derivative contracts

No rights under derivative contracts have been granted.

PRUDENTIAL RETIREMENT INCOME LIMITED

Returns for the year ended 31 December 2000

Statement in accordance with Regulation 24 of The Insurance Companies (Accounts and Statements) Regulations 1996

Additional information on shareholder controllers

We confirm that the following is a list of:

- (a) Persons who, to the knowledge of Prudential Retirement Income Limited (“the Company”), have been, at any time during the year ended 31 December 2000, a shareholder controller of the Company; and
- (b) In the case of each person who was a shareholder controller of the Company at 31 December 2000:
- (i) the percentage of shares he held at that time in the Company, or in another company of which the Company was a subsidiary undertaking; and
- (ii) the percentage of the voting power which he was entitled at that time to exercise, or control the exercise of, at any general meeting of the Company, or another company of which it was a subsidiary undertaking;

in each case, either alone or with any associate or associates.

Persons who, to the knowledge of the Company, have been, at any time during the year ended 31 December 2000, a shareholder controller of the Company.	In the case of each person who was a shareholder controller of the Company at 31 December 2000:	
	The percentage of shares he held at that time in the Company, or in another company of which the Company was a subsidiary undertaking, either alone or (<i>shown separately</i>) with any associate or associates	The percentage of the voting power which he was entitled at that time to exercise, or control the exercise of, at any general meeting of the Company, or another company of which it was a subsidiary undertaking, either alone or (<i>shown separately</i>) with any associate or associates
Prudential Corporation Holdings Limited, being its immediate holding company since 6 November 2000	100%	100%
Prudential plc, being its ultimate holding company	100%	100%
The Prudential Assurance Company Limited, being its immediate holding company until 6 November 2000		

PRUDENTIAL RETIREMENT INCOME LIMITED

Returns for the year ended 31 December 2000

Statement of information on the Appointed Actuary pursuant to Regulation 31 of the Insurance Companies (Accounts and Statements) Regulations 1996

W J Robertson: Appointed Actuary to 1 September 2000

In accordance with Regulation 31 of the above Regulations, W J Robertson, the Appointed Actuary of the Company, was requested to furnish and has provided the following information:

- (a) The Appointed Actuary was a paid-up member of the Scottish Amicable Staff Pension Scheme at 31 December 2000.

Statement required by Regulation 31 (continued)

G A Gallagher: Appointed Actuary from 1 September 2000

In accordance with Regulation 31 of the above Regulations, G A Gallagher, the Appointed Actuary of the Company, was requested to furnish and has provided the following information:

- (a) The Appointed Actuary had an interest in 1,255 and 8,046 shares in the ultimate parent company, Prudential plc, at the beginning and at the end of the year respectively.
- (b) The Appointed Actuary had an interest in shares in Prudential plc held in trust, representing the maximum award that could be made if performance requirements under the Prudential Restricted Share Plan were met, of 2,868 and 4,474 shares at the beginning and at the end of the year respectively. During the year, 1,606 shares were conditionally awarded to him under the 2000 scheme.
- (c) During the year the Appointed Actuary was granted options under the Prudential Savings-Related Share Option Scheme to subscribe for shares in Prudential plc as follows:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Exercise Dates</u>
898	751p	Between June 2005 and December 2005
1468	751p	Between June 2007 and December 2007

- (d) The appointed actuary also had an interest in nil and 470 shares in Egg plc, a subsidiary of Prudential plc, at the beginning and end of the year respectively.
- (e) The Appointed Actuary received aggregate remuneration from the Prudential Group of £107,748.

Additionally, the Appointed Actuary is a member of the Prudential Staff Pension Scheme and contributions in respect of the year were paid by the Prudential Group.

- (f) The following general insurance policies issued by the Prudential Group subsisted throughout the year:
 - (i) a home insurance policy covering buildings, household contents and personal effects.

PRUDENTIAL RETIREMENT INCOME LIMITED

Returns for the year ended 31 December 2000

Schedule 4

Valuation Report on Prudential Retirement Income Limited as at 31 December 2000

1. Date of investigation

The investigation relates to 31 December 2000.

2. Date of previous investigation

The previous investigation related to 31 December 1999.

3. Conformity with Regulation 64

The valuation of long term business liabilities shown in this report conforms with Regulation 64 of the Insurance Companies Regulations 1994 (as amended).

4. Description of non-linked contracts

(1) (c) Categories of in force non-linked business are as follows:

(i) Annuities in payment

These are non-profit annuities, written on either a single life or joint life and last survivor basis, which provide a level series of payments throughout the life of the annuitant(s), or incorporate a provision for payments to increase annually at a guaranteed rate. The annuity may incorporate a minimum guaranteed period of payment.

(ii) Deferred annuities

These are non-profit deferred annuities, written on either a single life or joint life and last survivor basis, which are either single premium or fully paid-up contracts. Benefits are expressed as amounts of deferred annuity per annum payable at retirement. The benefit at retirement may be a level series of payments throughout the life of the annuitant(s), or incorporate a provision for payments to increase annually at a guaranteed rate. The annuity may incorporate a minimum guaranteed period of payment starting at retirement. On death before the end of the deferred period, a lump sum or dependant's annuity may be payable.

5. Description of linked contracts

(1) (a) RPI-linked annuities.

Valuation Report (continued)

- (b) These contracts are classified as:
 - United Kingdom pension business;
 - Business is written directly, and reinsurance is accepted;
 - Non-profit annuities in payment and in deferment.
- (c) These are all single premium contracts.
- (d) These are non-profit annuities, written on either a single life or joint life and last survivor basis, which provide a series of payments throughout the life of the annuitant(s) which are revalued, annually, in line with the Retail Price Index. The annuity may incorporate a minimum guaranteed period of payment. In some cases, the revaluation may have a maximum and/or minimum percentage increase.
- (e) There are no guaranteed investment returns other than those implicit in the guaranteed annuity benefit.
- (f) The guaranteed annuity benefit is calculated incorporating an allowance for initial and renewal expenses and commission.
- (g) Not applicable.
- (h) Not applicable.
- (i) See (d) above.
- (j) None.
- (k) The contract was open to new business during the year to the valuation date.
- (l) Not applicable.
- (2) No linked contract contains a with-profits option.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.

6. Valuation principles and methods

- (1) The mathematical reserve for annuities in payment is the present value of the annuities.

Valuation Report (continued)

The mathematical reserve for RPI-linked annuities is, in general, determined without an explicit allowance for future increases in annuity payments, which is consistent with the treatment of the matching assets. The treatment of RPI-linked annuities which are subject to maximum and minimum percentage increases is described in 6 (1) (h) below.

The mathematical reserve for non-profit deferred annuities is the present value of the annuity secured to date.

In particular, the following principles have been observed:

- (a) Not applicable.
 - (b) Not applicable.
 - (c) The net premium method has not been used.
 - (d) There are no contracts where negative values could arise.
 - (e) No reserve for future bonuses is required.
 - (f) No provision for any prospective liability for tax on unrealised capital gains has been included in the mathematical reserves since the Company transacts pension business only and no capital gains tax liability is expected to arise.
 - (g) Not applicable.
 - (h) As described in 5(1)(d), some RPI-linked annuities are subject to maximum and minimum percentage increases. RPI-linked annuities subject to a minimum annual increase of 0% and a maximum annual increase of 5% are treated as being identical to normal RPI-linked annuities.
 - (i) Not applicable.
- (2) Not applicable.

7. Interest, mortality bases, resilience, etc.

- (1) See Forms 51 and 54. The '+2' in mortality basis C refers to a rating up by 2 years in age.
- (2) The mortality tables used are published tables.

Valuation Report (continued)

- (3) All business is written in the UK, and UK-based mortality tables have been used.
- (4) Annuities are generally valued using a percentage of the 92 series (year of birth) tables for annuitants and pensioners. The percentage is selected so that the valuation makes allowance for future mortality improvement at a faster rate than that implicit in the underlying tables. For some annuity contracts a calendar year table was used with a percentage adjustment, to the current level of mortality, equivalent to a suitable allowance for future mortality improvement.
- (5) No allowance is made or reserve is held, in addition to the assumptions in 7 (4) above, in respect of possible changes in the incidence of disease or development in medical science.
- (6) The scenarios tested were:
 - (a) an immediate decrease of 20% in the rates of interest obtainable on fixed interest securities, and an immediate decrease of 25% in the real yields on index-linked stocks.
 - (b) an immediate increase of 3 percentage points in the rates of interest obtainable on fixed interest securities, and an immediate increase of 25% in the real yields on index-linked stocks.

Scenario (b) was the more onerous.

These scenarios are more stringent than those specified by the Government Actuary's Department in May 2000.

- (7) The reserve required under Regulation 75(a) of the Insurance Company Regulations is calculated by projecting:
 - (a) the risk adjusted cashflows from the assets held (including the assets backing the additional reserve held under Regulation 75(a)), and;
 - (b) the future liability payments on the valuation assumptions.

The cashflow projection shows that there is expected to be an excess of income over outgo in the earlier years. These excess amounts are assumed to be invested in cash and accumulated to meet the shortfall of asset income in later years. The cash investment rate is assumed to be 4.04%. The additional reserve is set so that all liability cashflows can, on these assumptions, be met as they fall due.

Valuation Report (continued)

The reserve is calculated to be sufficient to ensure that there are no outstanding borrowings at the end of the projection period.

A total reserve of £8,386,000 was held at 31 December 2000.

- (8)
- (a) Valuation rates of interest are adjusted as shown in Form 57. No other assumptions are changed.
 - (b) Assets are hypothecated to liabilities as shown in Form 57. Yields on assets are adjusted by 0.3% and 0.2% to allow for defaults on fixed interest and RPI-linked assets (other than government securities) respectively.
 - (c) Under the scenario which produces the most onerous requirement:
 - (i) the aggregate amount of the long term liabilities decreased by £87,971,000 after allowing for the release of the cashflow mismatching reserve described in 7(7) above.
 - (ii) the aggregate amount of the assets backing these liabilities decreased by £83,799,000.

Hence the reserve shown in 7(7) is adequate to cover the provision required in respect of Regulations 75(a) and 75(b).

- (9) Liabilities are all in sterling.

8. Valuation of non-linked business

- (a) Not applicable.
- (b) See Forms 51.
- (c) Not applicable.
- (d) Not applicable.

9. Valuation of linked business

- (a) See Form 54 and 6 (1) above. Some assets not linked to RPI were allocated to match linked liabilities at 31 December 2000. These were replaced with RPI linked assets shortly after 31 December. The shortfall of linked assets reflects premiums received shortly before 31 December which could not be invested by 31 December. For the purposes of these returns, the nominal yield on the relevant fixed interest assets was converted to a real yield by assuming an inflation rate of 2.5% per annum.
- (b) The annuity loadings in 10 (1) are calculated without assuming any contribution from the loadings in new business written after the valuation date.

Valuation Report (continued)

10. Expenses

- (1) A real discount rate of 2% p.a. was used to convert prudent per policy renewal expenses into percentage of annuity loadings.

For immediate annuities, the implicit per policy loadings at the end of 2000, before inflation, were approximately £9 p.a.

Deferred annuities costs were assumed to be £1 p.a. per life during deferment and then as for IFA/Group Immediate Annuities in possession.

Investment expenses are allowed for by deducting 0.1% p.a. from the valuation rates of interest. The valuation rates of interest in Forms 51, 54 and 57 (and the asset yields in Forms 48 and 57) are shown before this deduction.

- (2) Based on the annualised annuity amounts in payment and deferment at 31 December 2000, the amount released to meet renewal expenses over 2001 will be £189,000. In addition, £371,000 will be released to meet investment expenses.
- (3) New business premium rates incorporate a charge to cover acquisition and set-up costs. The annuity loadings in 10 (1) are calculated without assuming any contribution from the loadings in new business written after the valuation date.
- (4) An allowance for expenses arising from the closure to new business, if closure occurred twelve months after the valuation date, has been compared with the margins in expense loadings arising from the in force business. As the costs are covered by the margins, no additional reserve is required.

11. Currency matching

- (1) Not applicable.
- (2) Not applicable.

12. Reinsurance

Not applicable

13. to 16. Not applicable.

17. Changes in long term business

See Form 46.

Group non-profit deferred annuities are not included in Form 46. These consist of 207 individual arrangements for linked contracts at 31 December 2000.

Valuation Report (continued)

18. New business

See Form 47.

19. Assets covering long term liabilities

(1) See Forms 48 and 49.

(2) Not applicable.

20. Valuation summaries

See Forms 51 and 54.

On Form 54 the figures shown in column 7 are the amounts of annuity per annum in payment; the figures in columns 11 and 12 are the total net liability including allowance for future mortality and expenses.

21. Matching rectangle

(1) See Form 57.

(2) Aggregate yields have been adjusted by 0.3% and 0.2% to allow for potential defaults within the fixed interest and RPI-linked asset portfolios respectively. These adjustments have been determined having regard to the proportion of non government securities in the portfolio and credit rating agency default probabilities. Regard is also paid to the yield differential between risk free corporate and government bonds, and prevailing economic circumstances. The non-linked yields shown in Form 48 column 3 were calculated using the method of the section 68 order. The aggregate non-linked yields on the portfolio using the method of the section 68 order were also used to derive the valuation rates of interest in Form 57 Row 31.

(3) No such assets were held.

22. Valuation results

See Form 58.

23. Required minimum margin

See Form 60.

G A Gallagher, Appointed Actuary

Long term business : Summary of changes in ordinary long term business

Name of company **Prudential Retirement Income Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2000**

		Company registration number	GL/UK/CM	Period ended			Units	UK/OS	N/L/N	
		R46	47842	GL	31	12	2000	£000	UK	NL
		Life assurance and general annuity		Pensions business		Permanent health		Other business		
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
		1	2	3	4	5	6	7	8	
In force at beginning of year	11									
New business and increases	12			20199						
Net transfers and other alterations 'on'	13			72						
Total 'on' (12+13)	19			20271						
Deaths	21			56						
Other insured events	22									
Maturities	23									
Surrenders	24			9						
Forfeitures	25									
Conversions to paid-up policies for reduced benefits	26									
Net transfers, expiries and other alterations 'off'	27									
Total 'off' (21 to 27)	29			65						
In force at end of year (11+19-29)	39			20206						

Long term business : Summary of changes in ordinary long term business

Name of company **Prudential Retirement Income Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2000**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

UK/OS

NL/LN

R46	47842	GL	31	12	2000	£000	UK	LN
-----	-------	----	----	----	------	------	----	----

		Life assurance and general annuity		Pensions business		Permanent health		Other business	
		No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums
		1	2	3	4	5	6	7	8
In force at beginning of year	11								
New business and increases	12			353					
Net transfers and other alterations 'on'	13			7					
Total 'on' (12+13)	19			360					
Deaths	21								
Other insured events	22								
Maturities	23								
Surrenders	24								
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27								
Total 'off' (21 to 27)	29								
In force at end of year (11+19-29)	39			360					

Long term business : Analysis of new ordinary long term business

Name of company Prudential Retirement Income Limited

Global business

Financial year ended 31st December 2000

Company registration number	Period ended			Units		
	GL/UK/CM	day	month		year	
R47	47842	GL	31	12	2000	£000

Type of insurance	Single premium contracts			Regular premium contracts			
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit	
1	2	3	4	5	6	7	
UK DIRECT WRITTEN BUSINESS							
Pension Business							
Non-Linked Non-Profit Policies	160	6337	430				
Annuity in payment							
Deferred annuity							
Sub total: Non-Linked Non-Profit Policies	160	6337	430				
Index Linked Contracts	156	9838	424				
Annuity in payment	207	11734	347				
Deferred annuity							
Sub total: Index Linked Contracts	363	21572	771				
Total: Pension Business	523	27909	1201				
Total: UK Direct Written Business	523	27909	1201				

Long term business : Analysis of new ordinary long term business

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**

Company registration number	Period ended			Units	
	GL/JUK/CM	day	month		year
R47	47842	31	12	2000	£000

Type of insurance	Single premium contracts			Regular premium contracts		
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit
1	2	3	4	5	6	7
UK REINSURANCE ACCEPTED						
Pension Business						
Non-Linked Non-Profit Policies						
Annuity in payment	20039	316743	25965			
Deferred annuity						
Sub total: Non-Linked Non-Profit Policies	20039	316743	25965			
Index Linked Contracts						
Annuity in payment	197	3223	131			
Deferred annuity						
Sub total: Index Linked Contracts	197	3223	131			
Total: Pension Business	20236	319966	26096			
Total: UK Reinsurance Accepted	20236	319966	26096			

Long term business : Expected income from admissible assets not held to match liabilities in respect of linked benefits

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**

Category of assets **Total long term business assets**

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	47842	GL	31	12	2000	£000	10
			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3	
Land and buildings		11						
Fixed interest securities	Approved securities	12	111598		6265		5.31	
	Other	13	220342		14314		6.52	
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18	3670		211		5.75	
	Not producing income	19	9181					
Total (11 to 19)		29	344791		20790		6.09	

Long term business : Analysis of admissible fixed interest and variable interest and variable yield securities not held to match liabilities in respect of linked benefits

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**Category of assets **Total long term business assets**

Redemption period in years	Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3	GLUK/CM GL	Period ended			Gross redemption yield % 5	Value of admissible higher yielding assets 6
					day	month	Year		
					31	12	2000	£000	
11									
12	3243	5.16		Variable interest and					
13	27679	5.45		variable yield					
14	22946	5.49		approved securities					
15	7756	5.60		excluding equities					
16	36612	5.20							
17	13362	5.13							
18									
19	111598	5.31							
21									
22	4083	5.91		Other variable interest and					
23	31114	6.39		variable yield securities					
24	21533	6.75		excluding equities					
25	35340	6.54							
26	61237	6.77	5901						
27	64918	6.25							
28	2117	7.29							
29	220342	6.52	5901						

Long Term business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)

Name of company Prudential Retirement Income Limited

Global business

United Kingdom business

Financial year ended 31st December 2000

Category of surplus 11 : Global business issued in the UK

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits		Value of sums assured or annuities per annum, including vested reversionary bonuses			Value of annual premiums		Amount of mathematical reserves	
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums	GL	31	12	2000	Office premiums	Net premiums	UK		Pens
1	2	3	4	5	6	7	8	9	10	11	12				
Direct written business : Group															
Annuities in payment	5.70	B(a)	160	430 pa				5505					5505		
Direct written sub-total			160	26404 pa				5505					5505		
Reinsurance accepted : Individual															
Annuities in payment	5.70	A(b)	20046	25974 pa				325651					325651		
Reinsurance accepted sub-total			20046	25974 pa				325651					325651		
Total direct and reinsured			20206	26404 pa				331156					331156		
Mismatching reserves								8139					8139		
Additional reserves								2441					2441		
NET TOTAL			20206	26404 pa				341736					341736		

a Expense loading of 1.75%

b Expense loading of 1%

A 72% PMA92 (c=2001) / 72% PFA92 (c=2001)

B 82% PMA92 (U=2001)+2 / 82% PFA92 (U=2001)+2

Returns under Insurance Companies Legislation

Long Term business : Valuation summary of index linked contracts

Name of company Prudential Retirement Income Limited

Global business

United Kingdom business

Financial year ended 31st December 2000

Type of business Pension business

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link	Investment liability			Other liabilities			Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options & guarantees other than investment performance guarantees			
													UK	Pens	UK	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
Direct written business : Group																
Annuities in payment	2.70	B (d)	156			424 pa					10863				10863	
Deferred annuities	2.70	C (c)	207			347 pa					14844				14844	
Direct written sub-total			363			771 pa					25707				25707	
Reinsurance accepted : Individual																
Annuities in payment	2.70	A (b)	204			136 pa					2802				2802	
Reinsurance accepted sub-total			204			136 pa					2802				2802	
Direct and reinsured total			567			907 pa					28509				28509	
Mismatching reserves																
Additional reserves															247	
Total pension business			567			907 pa					28509				28807	
Deduct reinsurances																
NET TOTAL			567			907 pa					28509				28807	

a Expense loading of 1.75%
 b Expense loading of 1%
 c Expense loading of 15%
 d Expense loading of 1.3%

A 72% PMA92 (c=2001) / 72% PFA92 (c=2001)
 B 82% PMA92 (U=2001)+2 / 82% PFA92 (U=2001)+2
 C (AM / AF92) - 3 (in deferral); 82% PMA92 (U=2001)+2 / 82% PFA92 (U=2001)+2 (in possession)

Long term business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits

Name of company **Prudential Retirement Income Limited**

Global business

United Kingdom business

Financial year ended **31st December 2000**

Category of surplus **11: Global Business (Issued in the United Kingdom)**

Type of assets and liabilities	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of Surplus	
			day	month	year				
	R56	47842	GL	31	12	2000	£000	UK	11
			Name of index link			Value of assets or liabilities		Gross derivative value	
			1			2		3	
Government and public body index linked bonds			RPI			8565			
Corporate index linked bonds			RPI			12671			
Government and public body non-linked bonds			RPI			2452			
Corporate non-linked bonds			RPI			4821			
Sub total assets						28509			
Sub total liabilities									
Sub total net assets						28509			
Total assets						28509			
Total liabilities									
Net total assets						28509			

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**

Sterling liabilities

Valuation rate(s) of interest **0.00%**

Type of business

Pension Business

Non profit

Category of assets **Total long term business assets**

Company registration number	GL	UK	CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&GA/Pens/ PHI/Other	WP/NP	Category of assets																																																																																																																																																																																																																																															
				day	month	year																																																																																																																																																																																																																																																					
R57	47842	GL		31	12	2000	£000	Stg	0.00	Pens	NP	10																																																																																																																																																																																																																																															
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Sterling liabilities

Name of company **Prudential Retirement Income Limited**

Valuation rate(s) of interest **2.70%**

Global business

Type of business **Pension Business**

Financial year ended **31st December 2000**

Non profit

Category of assets **Total long term business assets**

Company registration number	GL/JUK/ICM	Period ended			Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets		
		day	month	year								
R57	47842	GL	31	12	2000	£000	Stg	2.70	Pens	NP	10	
The valuation												
Type of asset notionally allocated												
		Value of asset notionally allocated	Risk adjusted yield %			Value of assets notionally allocated			Risk adjusted yield %			
		1	2			3			6			
						Increase or decrease			Total under resilience scenario			
						4			5			
						The resilience scenario						
11												
		Land and buildings										
12		Approved securities	2452	2.45			1871	1871			5.45	
13		Other	4821	3.63			3663	3663			6.63	
14		Approved securities	8565	1.77			7409	7409			2.77	
15		Other	12671	3.44			11118	11118			4.44	
16		Equity shares and holdings in collective investment schemes										
17		Loans secured by mortgages										
18		Producing income				1563			1563		8.45	
19		Not producing income				328			328			
29		Total (11 to 19)	28509	2.89			24061	1891			4.53	
31		Gross valuation interest rate %	2.70								3.70	
32		Net valuation interest rate % (where appropriate)										
33		Mathematical reserve or other liability, net of reinsurance	28509							25952		

Name of company **Prudential Retirement Income Limited**

Sterling liabilities

Valuation rate(s) of interest **5.70%**

Global business

Type of business

Pension Business

Financial year ended **31st December 2000**

Non profit

Category of assets **Total long term business assets**

Company registration number	GLUK/CM	Period ended			Units	Stg/ NonStg	Valuation rate of interest	L&G/Pens/ PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	47842	GL	31	12	2000	£000	Stg	5.70	Pens	NP	10
The valuation											
Type of asset notionally allocated		Value of asset notionally allocated	Risk adjusted yield %		Value of assets notionally allocated			Risk adjusted yield %			
		1	2	3	4	5	6				
The resilience scenario											
Land and buildings	11										
Fixed interest securities	12	110814	5.01	84548	598	85146	8.01				
	13	220342	6.22	167443		167443	9.22				
Variable interest and Variable yield securities (excluding items shown at line 16)	14										
	15										
Equity shares and holdings in collective investment schemes											
Loans secured by mortgages											
All other assets	18		5.45		2107	2107	8.45				
	19										
Total (11 to 19)											
Gross valuation interest rate %		331156	5.82	251991	2705	254696	8.81				
Net valuation interest rate % (where appropriate)			5.70				8.60				
Mathematical reserve or other liability, net of reinsurance		331156				254696					

Long term business : Matching rectangle

Sterling/Non sterling liabilities

Name of company Prudential Retirement Income Limited

Valuation rate(s) of interest Total

Global business

Type of business

Financial year ended 31st December 2000

With profits/Non profit

Category of assets Total long term business assets

Company registration number	GLUK/ICM	Period ended			Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets	
		day	month	year							
R57	47842	GL	31	12	2000	£000	99			10	
The valuation											
The resilience scenario											
Type of asset notionally allocated		Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %				
		1	2	On original allocation	Increase or decrease	Total under resilience scenario	5	6			
Land and buildings				3	4						
Fixed interest securities											
Approved securities		11		87017		87017		7.95			
Other		12		171106		171106		9.16			
Variable interest and Variable yield securities (excluding items shown at line 16)											
Approved securities		13		7409		7409		2.77			
Other		14		11118		11118		4.44			
Equity shares and holdings in collective investment schemes		15									
Loans secured by mortgages		16									
All other assets											
Producing income		17		3670		3670		8.45			
Not producing income		18		6424		6424					
Total (11 to 19)		19		370543		286744		8.21			
Gross valuation interest rate %		29									
Net valuation interest rate % (where appropriate)		31									
Mathematical reserve or other liability, net of reinsurance		32		370543		282572					
		33									

Long term business : Valuation result and distribution of surplus

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Category
of surplusCategory of surplus **11: Global Business (Issued in the United Kingdom)**

	R58	47842	GL	Period ended			Units	Category of surplus	
				day	month	year			
				31	12	2000	£000	11	
Valuation result	Fund carried forward			11				370543	
	Bonus payments made to policyholders in anticipation of a surplus			12					
	Transfers out of fund/ parts of fund	Transfer to non-technical account			13				(10535)
		Transfer to other funds/parts of funds			14				
	Net transfer out of funds/parts of funds (13+14)			15				(10535)	
	Total (11+12+15)			16				360008	
	Mathematical reserves for accumulating with profit policies			17					
	Mathematical reserves for other non linked contracts			18				341736	
	Mathematical reserves for property linked contracts			19					
	Mathematical reserves for index linked contracts			20				28807	
	Total (17 to 20)			21				370543	
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)			29				(10535)		
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation			31					
	Transfers into fund/part of fund	Transfer from non-technical account			32				
		Transfer from other funds/parts of fund			33				
	Net transfer into fund/part of fund (32+33)			34					
	Surplus arising since the last valuation			35				(10535)	
Total (31+34+35)			39				(10535)		
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus			41					
	Allocated to policyholders by way of	Cash bonuses			42				
		Reversionary bonuses			43				
		Other bonuses			44				
		Premium reductions			45				
	Total allocated to policyholders (41 to 45)			46					
	Net transfer out of fund/part of fund			47				(10535)	
	Total distributed surplus (46+47)			48				(10535)	
Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated			49						
Total (48+49)			59				(10535)		
Percentage of distributed surplus allocated to policyholders of fund/part of fund			61						
Corresponding percentage at three immediately previous valuations	Latest (year of valuation 1999)			62					
	Earlier (year of valuation 1998)			63					
	Earliest (year of valuation 1997)			64					

Returns under Insurance Companies Legislation

Long term business : Required minimum margin

Name of company **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2000**

Company registration number **R60** GL/UK/CM **47842** Period ended day month year **31 12 2000** Units **£000**

Class	Relevant factor (Instruction 1)	Classes I, II & IX		Class III business with relevant factor of				Class IV and VI				Classes VII and VIII business with relevant factor of				Total for all classes	
		4%	1%	4%	1%	4%	1%	4%	1%	4%	1%	4%	1%	4%	1%	The financial year	The previous year
		1	3	2	3	4	3	5	6	7	8	9	10	11	12	13	14
11	Mathematical reserves before deduction of reinsurance	331156		28509				28509						10878		370543	
12	Reserves for bonus allocated to policyholders																
13	Reserves after distribution of surplus	331156		28509				28509						10878		370543	
14	Mathematical reserves before deduction of reinsurance	331156		28509				28509						10878		370543	
15	Reserves for bonus allocated to policyholders																
16	Reserves after distribution of surplus	331156		28509				28509						10878		370543	
17	Ratio of 16 to 13 or 0.85 if greater (see instruction 2)	1.00						1.00						1.00			
19	Required margin of solvency - first result = (line 13) * (line 17) * relevant factor	13246						1140						435		14821	
21	Non negative capital at risk before reinsurance (see instruction 3)																
22	Non negative capital at risk before reinsurance (see instruction 3)																
23	Ratio of line 31 to line 29, or 0.50 if greater																
29	Sum of first and second results (19+39)	13246						1140						435		14821	
31	Required margin of solvency for supplementary Accident & Sickness Insurance & Class V business																
32	Ratio of line 31 to line 29, or 0.50 if greater																
39	Required margin of solvency - second result (see instruction 4)																
49	Sum of first and second results (19+39)	13246						1140						435		14821	
51	Required margin of solvency for long term business (49+51)																
59	Total required margin of solvency for long term business (49+51)																
61	Minimum guarantee fund															465	511
69	Required minimum margin (greater of lines 59 and 61)															14821	511

PRUDENTIAL RETIREMENT INCOME LIMITED

Returns for the year ended 31 December 2000

Supplementary notes to Schedule 4

Form 48

4801 The amounts of accrued interest included in the value of admissible assets is :

Line	Description	2000 £'000
12	Fixed interest – approved securities	2,296
13	Fixed interest – other securities	5,464

These amounts are included in line 84 on form 13.

PRUDENTIAL RETIREMENT INCOME LIMITED

Returns for the year ended 31 December 2000

Directors' Certificate pursuant to Regulation 28(a) of the Insurance Companies (Accounts and Statements) Regulations 1996

We certify that:

1. (a) in relation to the part of this return comprising Forms 9, 10, 13 to 17 and 40 to 42 (and the supplementary notes thereto) and statements required by Regulations 23 and 24 of the Insurance Companies (Accounts and Statements) Regulations 1996:
 - (i) the return has been prepared in accordance with the Regulations as modified by the order referred to in supplementary note 0903 on Page 17 issued under Section 68 of the Insurance Companies Act 1982;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by the Company; and
 - (iii) an appropriate system of control has been established and maintained by the Company over its transactions and records;
- (b) in respect of the Company's business which is not excluded by Regulation 32 of the Insurance Companies Regulations 1994, the assets held throughout the financial year enabled the company to comply with regulations 27 to 31 (matching and localisation) of those Regulations; and
- (c) in relation to the statement required by regulation 31 of the Insurance Companies (Accounts and Statements) Regulations 1996 that:
 - (i) for the purpose of preparing the statement, proper accounts and records have been maintained; and
 - (ii) the information given has been ascertained in conformity with that Regulation.

Certificate required by Regulation 28(a) (continued)

2. the margin of solvency required by section 32 of the Insurance Companies Act 1982 has been maintained throughout the financial year.
3.
 - (a) the requirements of sections 28 to 31 of the Insurance Companies Act 1982 have been fully complied with and in particular that, subject to the provisions of section 29(2) to (4) and section 30, assets attributable to long term business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long term business funds have not been applied otherwise than for the purpose of the long term business;
 - (b) any amount payable from or receivable by the long term business funds in respect of services rendered by or to any other business carried on by the Company or by a person who, for the purposes of section 31 of the Insurance Companies Act 1982, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to those funds, and any exchange of assets representing such funds for other assets of the Company has been made at fair market value;
 - (c) no guarantees have been given by the Company of the performance by a related company of a contract binding on the related company which would fall to be met by any long term business fund;
 - (d) no internal linked funds are maintained;
 - (e) the return in respect of long term business is not distorted by agreements with any other company carrying on insurance business with which the Company has financial, commercial or administrative links or by any arrangements which could affect the apportionment of expenses and income; and
 - (f) the Company has fully complied with the requirement of section 31A of the Insurance Companies Act 1982.

Certificate required by Regulation 28(a) (continued)

4. (a) the systems of control established and maintained by the Company in respect of its business complied at the end of the financial year with the following published guidance:

- (i) Prudential Guidance Note 1994/6 - Systems of control over the investments (and counterparty exposure) of insurance companies with particular reference to the use of derivatives; and
- (ii) Money Laundering - Guidance Notes for the Financial Sector (revised and consolidated April 1999)

and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in future;

(b) the return has been prepared in accordance with the following published guidance:

- (i) Prudential Guidance Note 1995/1 - Guidance for insurance companies and auditors on the Valuation of Assets Regulations;
- (ii) Prudential Guidance Note 1995/3 - The use of derivatives in insurance funds; and
- (iii) Prudential Guidance Note 1998/1 - The preparation of annual returns.

.....
K Lerche-Thomsen
Director

.....
G A Gallagher
Director

.....
T Lee
Secretary

22 June 2001

PRUDENTIAL RETIREMENT INCOME LIMITED

Returns for the year ended 31 December 2000

Appointed Actuary's Certificate pursuant to Regulation 31 of the Insurance Companies (Accounts and Statements) Regulations 1996

I certify that:

- (a) (i) in my opinion proper records have been kept by the Company adequate for the purpose of the valuation of the liabilities of its long term business;
 - (ii) the mathematical reserves as shown in Form 14 constitute proper provision at 31 December 2000 for the liabilities (other than the liabilities which had fallen due before 31 December 2000) arising under or in connection with contracts for long term business including the increase in those liabilities arising from the distribution of surplus as a result of the investigation as at 31 December 2000 into the financial condition of the long term business;
 - (iii) for the purposes of sub-paragraph (ii) above, the liabilities have been assessed in accordance with Part IX of The Insurance Companies Regulations 1994 (as amended) in the context of assets valued in accordance with Part VIII of those Regulations, as shown in Form 13;
 - (iv) the valuation complies with the guidance notes "GN1: Actuaries and Long Term Insurance Business" issued by the Faculty and Institute of Actuaries dated 1 December 1998 and "GN8: Additional Guidance for Appointed Actuaries and Appropriate Actuaries" issued by the Faculty and Institute of Actuaries, dated 12 March 2001;
 - (v) in my opinion, premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions, and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of these contracts and, in particular, to establish adequate mathematical reserves.
- (b) the amount of the required minimum solvency margin applicable to the Company's long term business immediately following 31 December 2000 (including the amount resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long term business) is £14,821,000.

G A Gallagher
Appointed Actuary
22 June 2001

PRUDENTIAL RETIREMENT INCOME LIMITED

Financial Year ended 31 December 2000

Report of the auditors to the directors pursuant to Regulation 29 of the Insurance Companies (Accounts and Statements) Regulations 1996

We have examined the documents prepared by the Company pursuant to section 17 of the Insurance Companies Act 1982 (the Act) and the Insurance Companies (Accounts and Statements) Regulations 1996 (the Regulations);

- Forms 9, 10, 13 to 17 and 40 to 42 (including the supplementary notes thereto) (“the Forms”);
- the statement required by Regulation 23 on pages 21 to 22 (“the statement”); and
- the certificate signed in accordance with Regulation 28(a) on pages 49 to 51 (“the certificate”).

In the case of the certificate, our examination did not extend to:

- (a) Paragraph 1 in relation to the statements required by Regulations 24 and 31;
- (b) Paragraph 4(d) to Schedule 6 concerning the investment policy and practice of internal linked funds, and;
- (c) Paragraph 5 to Schedule 6 in so far as it relates to controls with respect to Money Laundering.

Respective responsibilities of the Company and its auditors

The Company is responsible for the preparation of an annual return (including the forms, statements and the certificate) under the provisions of the Act and the Regulations. The requirements of the Regulations have been modified by an Order issued under section 68 of the Act in December 2000, referred to in supplementary note 0903 on page 17. Under regulation 5 the Forms and statements are required to be prepared in the manner specified by the Regulations and to state fairly the information provided on the basis required by the Regulations.

It is our responsibility to form an independent opinion as to whether the Forms and statements meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinions to you.

Basis of opinions

We conducted our work in accordance with Practice Note 20: ‘The Audit of Insurers in the United Kingdom’ issued by the Auditing Practices Board. Our work included examination, on

a test basis, of evidence relevant to the amounts and disclosures in the Forms and statements. The evidence included that previously obtained by us relating to the audit of the financial statements of the company for the financial year on which we reported on 7 March 2001. It also included an assessment of the significant estimates and judgements made by the Company in the preparation of the Forms and statements.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statements are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with Regulation 5.

In the case of the certificate, the work performed involved a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

In giving our opinion we have, in accordance with the provisions of Part II of Schedule 6 to the aforesaid regulations, relied on the certificate of the appointed actuary on page 52 given pursuant to Regulation 31 of those regulations with respect to the mathematical reserves and the required minimum margin for long term business.

Opinions

In our opinion:

- (a) the Forms and statements fairly state the information provided on the basis required by the Regulations as modified and have been properly prepared in accordance with the provisions of those Regulations; and
- (b) according to the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Regulations; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London EC4Y 8BB

22 June 2001