



Prudential Pensions Limited

Incorporated in England and Wales Registered No. 992726
Abbey Gate, Kings Road, Reading RG1 3AB
Registered office 142 Holborn Bars, London EC1 2NH

**Annual FSA Insurance Returns for the year ended
31st December 2001**



Returns under the Accounts and Statements Rules

(Appendices 9.1 , 9.3 , 9.4 , 9.6)

Prudential Pensions Limited

Year ended 31st December 2001

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Statement of solvency

Printed 23rd APR 02 at 12:29

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Company
registration
number

GL/UK/CM

Period ended

day month year

Units

R9	992726	GL	31	12	2001	£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 INSURANCE BUSINESS**Available assets**

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

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

LONG TERM INSURANCE BUSINESS**Available assets**

Long term insurance business admissible assets	21	3442825	4080415	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	23568	16178	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	3406305	4033778	See instruction 4
Other insurance and non-insurance liabilities	24	32360	42477	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	27728	20338	

Implicit Items admitted under Rule 2.10 [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	27728	20338	
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Required minimum margin

Required minimum margin for long term insurance business	41	3616	3241	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	603	540	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	27125	19798	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	24112	17097	

CONTINGENT LIABILITIES

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

Covering sheet to Form 9

Printed 23rd APR 02 at 12:29

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**

..... **G M Wood** **Chief Executive**

..... **M J Moores** **Director**

..... **D J Belsham** **Director**

London 24 April 2002

Analysis of admissible assets

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	992726	GL	31	12	2001	£000	1
				As at the end of this financial year 1			As at the end of the previous year 2		
Investments									
Land and buildings				11					
Investments in group undertakings and participating interests	UK insurance business 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 insurer has a participating interest	30						
Total sheet 1 (11 to 30)				39					

Analysis of admissible assets

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	992726	GL	31	12	2001	£000	1
					day	month	year		
Investments (continued)					As at the end of this financial year		As at the end of the previous year		
Deposits with ceding undertakings					1		2		
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				
			Other		46				
		Variable interest	Approved securities		47				
			Other		48				
	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		31028		23106
		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		31028		23106	

Analysis of admissible assets

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	992726	GL	31	12	2001	£000	11
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 business 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 insurer has a participating interest		30				
Total sheet 1 (11 to 30)				39				

Analysis of admissible assets

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R13	992726	GL	31	12	2001	£000	10
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 business 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 insurer has a participating interest		30					
Total sheet 1 (11 to 30)					39				

Analysis of admissible assets

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	992726	GL	31	12	2001	£000	10
Investments (continued)					As at the end of this financial year		As at the end of the previous year		
Deposits with ceding undertakings					1		2		
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		2042		2132
			Other		46				
		Variable interest	Approved securities		47				
			Other		48				
	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		11972		16394	
		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		3419801		4058662		
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		3433815		4077188		

Analysis of admissible assetsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Total long term business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	992726	GL	31	12	2001	£000	10
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		4874			
	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		741		148
		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		3360			3073
	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		35			6
	Deferred acquisition costs		85					
	Other prepayments and accrued income		86					
Deductions (under rules 4.14(2)(b) and 4.14(3)) [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		9010			3227
Grand total of admissible assets (39+69+88)			89		3442825			4080415
Reconciliation to asset values determined in accordance with the shareholder accounts rules								
Total admissible assets (as per line 89 above)			91		3442825			4080415
Total assets in excess of the admissibility limits of Appendix 4.2, [Schedule 12 of the Insurance Companies Regulations 1994] (as valued in accordance with those Rules before applying admissibility limits)			92		170			
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		3442995			4080415
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance			100					

Analysis of admissible assets

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Ordinary Long Term**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		R13	992726	GL	31	12	2001	£000	11
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 business 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 insurer has a participating interest	30						
Total sheet 1 (11 to 30)					39				

Analysis of admissible assets

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Ordinary Long Term**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	992726	GL	31	12	2001	£000	11	
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	2042		2132		
			Other		46					
		Variable interest	Approved securities		47					
			Other		48					
	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	11972		16394	
		Withdrawal subject to a time restriction of more than one month				55				
Other				56						
Deposits with ceding undertakings										
Assets held to match linked liabilities	Index linked				58					
	Property linked				59	3419801		4058662		
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		3433815		
								4077188		

Analysis of admissible assetsName of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	992726	GL	31	12	2001	£000	11
Debtors								
Other assets								
						As at the end of this financial year 1		As at the end of the previous year 2
Debtors arising out of direct insurance operations	Policyholders		71			4874		
	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			741		148
		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			3360		3073
	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			35		6
	Deferred acquisition costs		85					
	Other prepayments and accrued income		86					
Deductions (under rules 4.14(2)(b) and 4.14(3)) [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			9010		3227
Grand total of admissible assets (39+69+88)			89			3442825		4080415
Reconciliation to asset values determined in accordance with the shareholder accounts rules								
Total admissible assets (as per line 89 above)			91			3442825		4080415
Total assets in excess of the admissibility limits of Appendix 4.2, [Schedule 12 of the Insurance Companies Regulations 1994] (as valued in accordance with those Rules before applying admissibility limits)			92			170		
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			3442995		4080415
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance			100					

Long term insurance business liabilities and margins

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Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Total long term business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
	R14	992726	GL	31	12	2001	£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	3406305	4033778		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	4160	4160		See Instruction 4		
Long term insurance business fund carried forward (11 to 13)	14	3410465	4037938		See Instruction 5		
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	2518	3769			
	Reinsurers' share	16					
	Net (15-16)	17	2518	3769			
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 insurance business	31		1392		
		Reinsurance accepted	32	10319	3906		
		Reinsurance ceded	33		1734		
	Debenture loans	Secured	34				
		Unsecured	35				
	Amounts owed to credit institutions	36					
	Other creditors	Taxation	37				
		Other	38	19523	31676		
Accruals and deferred income	39						
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]	41						
Total other insurance and non-insurance liabilities (17 to 41)	49	32360	42477				
Excess of the value of net admissible assets	51				See Instruction 6		
Total liabilities and margins	59	3442825	4080415				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	2055	1836				
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	3402945	4030363				
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		

Long term insurance business liabilities and margins

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Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**Category of assets **Ordinary Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R14	992726	GL	31	12	2001	£000	11
			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	3406305	4033778	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	4160	4160	See Instruction 4				
Long term insurance business fund carried forward (11 to 13)	14	3410465	4037938	See Instruction 5				
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	2518	3769				
	Reinsurers' share	16						
	Net (15-16)	17	2518	3769				
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 insurance business	31		1392			
		Reinsurance accepted	32	10319	3906			
		Reinsurance ceded	33		1734			
	Debenture loans	Secured	34					
		Unsecured	35					
	Amounts owed to credit institutions	36						
	Other creditors	Taxation	37					
		Other	38	19523	31676			
Accruals and deferred income	39							
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]	41							
Total other insurance and non-insurance liabilities (17 to 41)	49	32360	42477					
Excess of the value of net admissible assets	51			See Instruction 6				
Total liabilities and margins	59	3442825	4080415					
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	2055	1836					
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62	3402945	4030363					
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 insurance business)

Printed 23rd APR 02 at 12:29

Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**

		Company registration number	GL/UK/CM	Period ended			Units	
		R15	992726	GL	31	12	2001	£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 insurance business	41					
		Reinsurance accepted	42					
		Reinsurance ceded	43					
	Debenture loans	Secured	44					
		Unsecured	45					
	Amounts owed to credit institutions		46					
	Other creditors	Taxation	47			7804		8353
		Recommended dividend	48					
		Other	49					
Accruals and deferred income		51						
Total (19 to 51)		59			7804		8353	
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]		61						
Cumulative preference share capital		62						
Subordinated loan capital		63						
Total (59 to 63)		69			7804		8353	
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance		71					996	

Profit and loss account (non-technical account)

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Name of insurer **Prudential Pensions Limited**

Global business

Financial year ended **31st December 2001**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	992726	GL	31	12	2001	£000
					day	month	year	
		This financial year	Previous year		Source			
		1	2		Form	Line	Column	
Transfer (to)/from the general insurance business technical account	From Form 20	11			20 . 59			
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13	7776	7446	40 . 26			
Investment income	Income	14	797	662				
	Value re-adjustments on investments	15						
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17						
	Value re-adjustments on investments	18						
	Loss on the realisation of investments	19						
Allocated investment return transferred to the general insurance business technical account		20			20 . 51			
Other income and charges (particulars to be specified by way of supplementary note)		21		(3)				
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	8573	8105				
Tax on profit or loss on ordinary activities		31	1877	5143				
Profit or loss on ordinary activities after tax (29-31)		39	6696	2962				
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	6696	2962				
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	6696	2962				

Long term insurance business : Revenue account

Printed 23rd APR 02 at 12:29

Name of insurer Prudential Pensions Limited

Global business

Ordinary insurance business

Financial year ended 31st December 2001

Name and number of fund/Summary Summary

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R40	992726	GL	31	12	2001	£000	OB	99	0
Items to be shown net of reinsurance ceded							The financial year		Previous year	
							1		2	
Earned premiums						11	484260		764702	
Investment income receivable before deduction of tax						12	142423		151961	
Increase (decrease) in the value of non-linked assets brought into account						13	(89)		31	
Increase (decrease) in the value of linked assets						14	(430318)		(196406)	
Other income						15				
Total income (11 to 15)						19	196276		720288	
Claims incurred						21	803510		912118	
Expenses payable						22	10423		12099	
Interest payable before deduction of tax						23	659		736	
Taxation						24	1381		2787	
Other expenditure						25				
Transfer to (from) non technical account						26	7776		7446	
Total expenditure (21 to 26)						29	823749		935186	
Increase (decrease) in fund in financial year (19-29)						39	(627473)		(214898)	
Fund brought forward						49	4037938		4252836	
Fund carried forward (39+49)						59	3410465		4037938	

Long term insurance business : Revenue account

Printed 23rd APR 02 at 12:29

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Ordinary Long Term 1**

R40	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
	992726	GL	31	12	2001	£000	OB	1	0
Items to be shown net of reinsurance ceded							The financial year	Previous year	
							1	2	
Earned premiums						11	484260	764702	
Investment income receivable before deduction of tax						12	142423	151961	
Increase (decrease) in the value of non-linked assets brought into account						13	(89)	31	
Increase (decrease) in the value of linked assets						14	(430318)	(196406)	
Other income						15			
Total income (11 to 15)						19	196276	720288	
Claims incurred						21	803510	912118	
Expenses payable						22	10423	12099	
Interest payable before deduction of tax						23	659	736	
Taxation						24	1381	2787	
Other expenditure						25			
Transfer to (from) non technical account						26	7776	7446	
Total expenditure (21 to 26)						29	823749	935186	
Increase (decrease) in fund in financial year (19-29)						39	(627473)	(214898)	
Fund brought forward						49	4037938	4252836	
Fund carried forward (39+49)						59	3410465	4037938	

Long term insurance business : Analysis of premiums and expenses

Printed 23rd APR 02 at 12:29

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Ordinary 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	992726	GL	31	12	2001	£000	OB	1	0
							Gross 1	Payable to or recoverable from reinsurers 2	Net of reinsurance (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		482526			482526	
		Regular premium		14		1734			1734	
	Permanent health contracts	Single premium		15						
		Regular premium		16						
	Other contracts	Single premium		17						
		Regular premium		18						
	Total premiums	Single premium		19		482526			482526	
		Regular premium		29		1734			1734	
Total premiums at lines 19 and 29 attributable to	UK contracts		31		484260			484260		
	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		539			539	
	Management expenses in connection with maintenance of business			44		9243			9243	
	Other management expenses			45		641			641	
	Total expenses (41 to 45)			49		10423			10423	
	Total expenses at line 49 attributable to	UK contracts		51		10423			10423	
Overseas contracts			52							

Long term insurance business : Analysis of claims

Printed 23rd APR 02 at 12:29

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R42	992726	GL	31	12	2001	£000	OB	99	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		786				786
	By way of lump sums on vesting			22		13722				13722
	By way of vested annuity payments			23		15553	8092			7461
	On surrender or partial surrender			24		781541				781541
	Total pension business claims (21 to 24)			29		811602	8092			803510
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		811602	8092			803510
Total claims at line 59 attributable to	UK contracts			61		811602	8092			803510
	Overseas contracts			62						

Long term insurance business : Analysis of claims

Printed 23rd APR 02 at 12:29

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Ordinary 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	992726	GL	31	12	2001	£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		786			786	
	By way of lump sums on vesting			22		13722			13722	
	By way of vested annuity payments			23		15553	8092		7461	
	On surrender or partial surrender			24		781541			781541	
	Total pension business claims (21 to 24)			29		811602	8092		803510	
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		811602	8092		803510	
Total claims at line 59 attributable to	UK contracts			61		811602	8092		803510	
	Overseas contracts			62						

Long term insurance business : Summarised balance sheet for internal linked funds

Name of insurer Prudential Pensions Limited

Global business

Ordinary insurance business

Financial year ended 31st December 2001

Name and number of fund/Summary Summary

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	GL/JUK/CM			Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
				GL	31	12	2001	day	month				
1	2	3	4	5	6	7	8	99	0				
All Stocks Corporate Bond	186954		186954			28	186926						
Balanced Non Property		7937	7937			11	7926						
Cash	48560		48560			5	48555						
Consensus		12700	12700				12700						
Discretionary	5031	1261692	1266723			10237	1256486						
Emerging Markets	13230		13230			22	13208						
Equity	1042517	81394	1123911			7609	1116302						
UK Equity (passive)	189256		189256			14	189242						
Europe	227590		227590			133	227457						
Europe (passive)	34689		34689			206	34483						
Fixed Interest	205048	33298	238346			18	238328						
GEI	7		7				7						
Global Equity	3638	95268	98906			1395	97511						
Total													

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Summary**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Company registration number	GL/JUK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
					day	month	year					
1	2	3	R43	992726	GL	31	12	2001	£000	OB	99	0
			Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)					
Global Equity (passive)	2231	100283	102514									102514
Index Linked	66087		66087			16						66071
Index Linked (passive)	21692		21692			1						21691
Internal Long Dated Corporate Bond	27628		27628			3						27625
Internal Medium Dated Corporate Bond	5434		5434									5434
Internal Short Dated Corporate Bond	24208		24208							1		24207
International	4115	390090	394205							2221		391984
International (passive)		862	862									862
International Bond	84326		84326							440		83886
Japan	76183		76183							1010		75173
Japan (passive)	25284		25284							5		25279
Light Green	3356		3356							26		3330
Long Dated Corporate Bond	143030		143030							22		143008
Total												

Long term insurance business : Summarised balance sheet for internal linked funds

Name of insurer Prudential Pensions Limited

Global business

Ordinary insurance business

Financial year ended 31st December 2001

Name and number of fund/Summary Summary

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	Provision for tax on unrealised capital gains	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
					day	month	year				
1	2	3	4	5	31	12	2001	£000	OB	99	0
					GL/UK/CM						
					R43						
Long Term Gilt	251338		251338						129		251209
Long term growth		663	663								663
Medium term balanced		1	1								1
North America	131653		131653						434		131219
North America (passive)	30411		30411						5		30406
Pacific Basin (excluding Japan)	78094		78094						36		78058
Pacific Markets (passive)	36708		36708						7		36701
Pre-Retirement		1	1								1
Property	349611		349611						7737		341874
Smaller Companies	81944		81944						24		81920
Specialist UK Equity	35152		35152						191		34961
MPP cash		7473	7473						2		7471
MPP discretionary		293872	293872						48		293824
Total											

Returns under the Accounts and Statements Rules 23042002:11:49:50
Long term insurance business : Summarised balance sheet for internal linked funds

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**

Name and number of fund/Summary **Summary**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	GL/UK/CM			Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
				R43	992726	GL	31	12	2001				
1	2	3	4	5	6	7	8						
MPP equity		36229	36229										
MPP equity (passive)		3003	3003										
MPP fixed interest		7278	7278										
MPP global equity		57585	57585										
MPP global equity (passive)		1292	1292										
MPP index linked		3768	3768										
MPP international		15749	15749										
MPP international bond		458	458										
MPP property		2556	2556										
MPP retirement protection		8144	8144										
MPP socially responsible		524	524										
Prulink cash		347	347										
Prulink managed		66014	66014										
Total													

Long term insurance business : Summarised balance sheet for internal linked funds

Name of insurer Prudential Pensions Limited

Global business

Ordinary insurance business

Financial year ended 31st December 2001

Name and number of fund/Summary Summary

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Company registration number	GL/UK/CM			Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
				R43	992726	GL	31	12	2001				
1	2	3	4	5	6	7	8						
			Total assets (2+3)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)						
MPP series II cash		1	1										
MPP series II discretionary		608	608			3	605						
MPP series II equity		327	327			1	326						
MPP series II fixed interest		49	49				49						
MPP series II index linked		18	18				18						
MPP series II international bond		29	29				29						
MPP series II property		27	27				27						
MPP series III cash fund		206	206				206						
MPP series III corporate bond		9	9				9						
MPP series III discretionary	1	512	513				513						
MPP series III fixed interest		5	5				5						
MPP series III index linked		6	6				6						
MPP series III light green		44	44				44						
Total													

Long term insurance business : Summarised balance sheet for internal linked funds

Name of insurer Prudential Pensions Limited

Global business

Ordinary insurance business

Financial year ended 31st December 2001

Name and number of fund/Summary Ordinary Long Term 1

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	GLUUK/CM			Units £000	OB/IB	No of fund/ Summary	No of part of Fund
				GL	31	12				
1	2	3	4	5	6	7	8	1	0	
				Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)			
All Stocks Corporate Bond	186954		186954			28	186926			
Balanced Non Property		7937	7937			11	7926			
Cash	48560		48560			5	48555			
Consensus		12700	12700				12700			
Discretionary	5031	1261692	1266723			10237	1256486			
Emerging Markets	13230		13230			22	13208			
Equity	1042517	81394	1123911			7609	1116302			
UK Equity (passive)	189256		189256			14	189242			
Europe	227590		227590			133	227457			
Europe (passive)	34689		34689			206	34483			
Fixed Interest	205048	33298	238346			18	238328			
GEI	7		7				7			
Global Equity	3638	95268	98906			1395	97511			
Total										

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Ordinary Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	GL/JUK/CM	Period ended		Units	OB/IB	No of fund/ Summary	No of part of Fund	
					day	month					year
1	2	3	4	5	31	12	2001	£000	OB	1	0
				Provision for tax on unrealised capital gains					Other liabilities		Net asset value (4-5-6-7)
Global Equity (passive)	2231	100283	102514								102514
Index Linked	66087		66087						16		66071
Index Linked (passive)	21692		21692						1		21691
Internal Long Dated Corporate Bond	27628		27628						3		27625
Internal Medium Dated Corporate Bond	5434		5434								5434
Internal Short Dated Corporate Bond	24208		24208						1		24207
International	4115	390090	394205						2221		391984
International (passive)		862	862								862
International Bond	84326		84326						440		83886
Japan	76183		76183						1010		75173
Japan (passive)	25284		25284						5		25279
Light Green	3356		3356						26		3330
Long Dated Corporate Bond	143030		143030						22		143008
Total											

Returns under the Accounts and Statements Rules 23042002:11:49:50

Long term insurance business : Summarised balance sheet for internal linked funds

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**

Name and number of fund/Summary **Ordinary Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	GL/UK/CM			Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
				GL	31	12	2001	day	month				
1	2	3	4	5	6	7	8	9	10	11	12	13	
				Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	£000					
Long Term Gilt	251338		251338			129	251209						
Long term growth		663	663				663						
Medium term balanced		1	1				1						
North America	131653		131653				131219						
North America (passive)	30411		30411			434	30406						
Pacific Basin (excluding Japan)	78094		78094			36	78058						
Pacific Markets (passive)	36708		36708			7	36701						
Pre-Retirement		1	1				1						
Property	349611		349611			7737	341874						
Smaller Companies	81944		81944			24	81920						
Specialist UK Equity	35152		35152			191	34961						
MPP cash		7473	7473			2	7471						
MPP discretionary		293872	293872			48	293824						
Total													

Long term insurance business : Summarised balance sheet for internal linked fundsName of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Ordinary Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	GL/JUK/CM			Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
				GL	31	12	2001	day	month				
1	2	3	4	5	6	7	8	£000					
MPP equity		36229	36229										
MPP equity (passive)		3003	3003										
MPP fixed interest		7278	7278										
MPP global equity		57585	57585										
MPP global equity (passive)		1292	1292										
MPP index linked		3768	3768										
MPP international		15749	15749										
MPP international bond		458	458										
MPP property		2556	2556										
MPP retirement protection		8144	8144										
MPP socially responsible		524	524										
Prulink cash		347	347										
Prulink managed		66014	66014										
Total													

Long term insurance business : Summarised balance sheet for internal linked funds

Name of insurer Prudential Pensions Limited

Global business

Ordinary insurance business

Financial year ended 31st December 2001

Name and number of fund/Summary Ordinary Long Term 1

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
					day	month	year				
1	2	3	4	5	31	12	2001	£000	OB	1	0
				Provision for tax on unrealised capital gains			Secured and unsecured loans	Other liabilities			Net asset value (4-5-6-7)
MPP series II cash		1	1								
MPP series II discretionary		608	608					3			605
MPP series II equity		327	327					1			326
MPP series II fixed interest		49	49								49
MPP series II index linked		18	18								18
MPP series II international bond		29	29								29
MPP series II property		27	27								27
MPP series III cash fund		206	206								206
MPP series III corporate bond		9	9								9
MPP series III discretionary	1	512	513								513
MPP series III fixed interest		5	5								5
MPP series III index linked		6	6								6
MPP series III light green		44	44								44
Total											

Long term insurance business : Summarised balance sheet for internal linked funds

Name of insurer

Prudential Pensions Limited

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Ordinary Long Term 1**

Name of fund	Directly held assets	Investment in other internal linked funds of the insurer	Total assets (2+3)	GL/UK/ICM	Period ended		Units	OB/IB	No of fund/ Summary	No of part of Fund
					day	month				
1	2	3	4	GL	31	12	2001			
MPP series III property		5	5							
MPP series III retirement protection		187	187							187
MPP series III UK equity passive	2	1488	1488							1488
MPP series III UK smaller companies		3	3							3
MPP series III UK specialist equity		13	13							13
Total	3435008	2492016	5927024							5894961
										32063

Long term insurance business : Aggregate revenue account for internal linked funds

Printed 23rd APR 02 at 12:30

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
			day	month	year				
R44	992726	GL	31	12	2001	£000	OB	99	0
Value of total creation of units						11			484578
Investment income attributable to the funds before deduction of tax						12			140457
Increase (decrease) in the value of investments in the financial year						13			(430319)
Other income						14			
Total income (11 to 14)						19			194716
Value of total cancellation of units						21			803407
Charges for management						22			12252
Charges in respect of tax on investment income						23			1381
Taxation on realised capital gains						24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			
Other expenditure						26			5094
Total expenditure (21 to 26)						29			822134
Increase (decrease) in funds in financial year (19-29)						39			(627418)
Internal linked funds brought forward						49			4030363
Internal linked funds carried forward (39+49)						59			3402945

Long term insurance business : Aggregate revenue account for internal linked funds

Printed 23rd APR 02 at 12:30

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund/Summary **Ordinary 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				
R44	992726	GL	31	12	2001	£000	OB	1	0
Value of total creation of units						11		484578	
Investment income attributable to the funds before deduction of tax						12		140457	
Increase (decrease) in the value of investments in the financial year						13		(430319)	
Other income						14			
Total income (11 to 14)						19		194716	
Value of total cancellation of units						21		803407	
Charges for management						22		12252	
Charges in respect of tax on investment income						23		1381	
Taxation on realised capital gains						24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			
Other expenditure						26		5094	
Total expenditure (21 to 26)						29		822134	
Increase (decrease) in funds in financial year (19-29)						39		(627418)	
Internal linked funds brought forward						49		4030363	
Internal linked funds carried forward (39+49)						59		3402945	

Long term insurance business : Supplementary information for internal linked funds

Printed 23rd APR 02 at 12:30

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund **Ordinary Long Term 1**

Name of fund	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of Fund	
			day	month	year					
	R45	992726	GL	31	12	2001	£000	OB	1	0
1	2	3	4	5	6					
All Stocks Corporate Bond				6.67	11.8587					
Balanced Non Property				(0.13)	8.7951					
Cash				53.33	54.6906					
Consensus				0.00	8.6122					
Discretionary				(0.41)	460.0544					
Emerging Markets				0.86	11.3367					
Equity				1.08	580.2898					
UK Equity (passive)				0.45	10.7114					
Europe				2.02	13.5530					
Europe (passive)				0.25	9.8298					
Fixed Interest				84.62	245.1166					
GEI				99.95	0.1269					
Global Equity				2.30	25.0575					
Global Equity (passive)				2.18	9.4137					
Index Linked				87.63	165.5216					
Index Linked (passive)				99.10	13.1256					
Internal Long Dated Corporate Bond				3.13	11.5830					
Internal Medium Dated Coporate Bond				2.99	11.0571					
Internal Short Dated Corporate Bond				0.40	11.1047					
International				0.21	58.3282					
International (passive)				0.04	8.6227					
International Bond				0.23	28.1505					
Japan				3.27	5.2861					

Long term insurance business : Supplementary information for internal linked funds

Printed 23rd APR 02 at 12:30

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund **Ordinary Long Term 1**

Name of fund	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of Fund	
			day	month	year					
	R45	992726	GL	31	12	2001	£000	OB	1	0
1	2	3	4	5	6					
Japan (passive)				0.17	7.2142					
Light Green				3.23	8.4256					
Long Dated Corporate Bond				5.38	14.0328					
Long Term Gilt				99.25	20.9843					
Long term growth				(0.04)	8.2945					
Medium term balanced				0.00	9.3470					
North America				0.04	12.7404					
North America (passive)				0.32	9.5270					
Pacific Basin (excluding Japan)				0.61	8.7495					
Pacific Markets (passive)				7.92	10.5486					
Pre-Retirement				0.03	10.2881					
Property				3.51	277.5206					
Smaller Companies				2.27	7.6024					
Specialist UK Equity				4.32	13.8064					
MPP cash				(0.02)	1.7948					
MPP discretionary				(0.02)	2.4034					
MPP equity				(0.02)	2.7204					
MPP equity (passive)				(0.02)	0.8321					
MPP fixed interest				(0.02)	2.6218					
MPP global equity				(0.02)	2.4377					
MPP global equity (passive)				0.00	0.7940					
MPP index linked				(0.02)	2.2395					
MPP international				(0.02)	1.8309					

Long term insurance business : Supplementary information for internal linked funds

Printed 23rd APR 02 at 12:30

Name of insurer **Prudential Pensions Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2001**Name and number of fund **Ordinary Long Term 1**

Name of fund	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund	No of part of Fund	
			day	month	year					
	R45	992726	GL	31	12	2001	£000	OB	1	0
1	2	3	4	5	6					
		Amount of taxable unrealised capital gain or loss	Percentage provision for tax on unrealised capital gains	Percentage provision for tax on realised capital gains	Liquidity percentage	Valuation price per unit				
MPP international bond					(0.02)	1.8915				
MPP property					(0.02)	2.4359				
MPP retirement protection					(0.02)	1.7309				
MPP socially responsible					(0.01)	0.7707				
Prulink cash					0.00	4.7407				
Prulink managed					0.00	9.9061				
MPP series II cash					(0.61)	1.1819				
MPP series II discretionary					(0.42)	0.9327				
MPP series II equity					(0.37)	0.8671				
MPP series II UK equity (passive)					(1.32)	0.8563				
MPP series II fixed interest					(0.39)	1.2110				
MPP series II global equity					(1.06)	0.8113				
MPP series II index linked					(0.36)	1.1725				
MPP series II index linked (passive)					(1.10)	1.0360				
MPP series II international bond					(0.35)	1.1807				
MPP series II international equity					(1.15)	0.8406				
MPP series II property					(0.30)	1.2738				
MPP series II retirement protection					(1.03)	1.0966				
MPP series III cash fund					0.00	1.0440				
MPP series III corporate bond					0.00	1.0526				
MPP series III discretionary					0.00	0.9609				
MPP series III equity					0.00	0.9319				
MPP series III fixed interest					0.00	1.0275				

Prudential Pensions Limited

Appendix 9.4

Valuation Report as at 31 December 2001

1. The investigation relates to 31 December 2001.
2. The previous investigation related to 31 December 2000.
3. The valuation of long term insurance business liabilities shown in this report conforms with Rule 5.6 of the Interim Prudential Sourcebook for Insurers [IPRU(INS)].
4. Non-linked business arises from annuities purchased under the option available in the linked contracts; see Form 51.
5. (1) Categories of in force linked business are as follows:

A. The Group Investment Linked Plan (GILP)

- (a) The Group Investment Linked Plan (GILP).
- (b) The contract type is: United Kingdom insurance business, pension insurance business, direct insurance business and reinsurance accepted, non-profit policies, group pension.
- (c) Premiums are payable as single premiums.
- (d) The benefits are the realisation values of the units held in the internal linked funds.

Units are surrendered to release cash to provide benefits for members of the pension schemes for which the policyholders are trustees.

Units may also be surrendered on the same terms if premiums are discontinued.

All policies contain an open market option and an option to secure an annuity on the then current annuity rates.

- (e) There are no guaranteed investment returns.
- (f) The charges made by the Company are:

a continuing investment charge of a percentage of the value of units, deducted as 1/365 of the annual amount each day, of:-

Smaller Companies Fund	0.75% p.a.
Balanced Non Property Fund	0.50% p.a.
Specialist UK Equity Fund	0.50% p.a.
Light Green Fund	0.35% p.a.
All Stocks Corporate Bond Fund	0.30% p.a.
Emerging Markets Fund	0.30% p.a.
Equity Fund	0.30% p.a.
Europe Fund	0.30% p.a.
Global Equity Fund	0.30% p.a.
International Fund	0.30% p.a.
Japan Fund	0.30% p.a.
Long Dated Corporate Bond Fund	0.30% p.a.
North America Fund	0.30% p.a.

Valuation Report as at 31 December 2001 (cont.)

Pacific Basin (excluding Japan) Fund	0.30% p.a.
Property Fund	0.30% p.a.
Fixed Interest Fund	0.25% p.a.
Index Linked Fund	0.25% p.a.
International Bond Fund	0.25% p.a.
Long Term Growth Fund	0.20% p.a.
Consensus Fund	0.15% p.a.
UK Equity (Passive) Fund	0.15% p.a.
Europe (Passive) Fund	0.15% p.a.
Global Equity (Passive) Fund	0.15% p.a.
International (Passive) Fund	0.15% p.a.
Japan (Passive) Fund	0.15% p.a.
North America (Passive) Fund	0.15% p.a.
Pacific Markets (Passive) Fund	0.15% p.a.
Cash Fund	0.10% p.a.
Index Linked (Passive) Fund	0.10% p.a.
Long Term Gilt Fund	0.10% p.a.
GEI Fund	0.00% p.a.
Internal Long Dated Corporate Bond Fund	0.00% p.a.
Internal Medium Dated Corporate Bond Fund	0.00% p.a.
Internal Short Dated Corporate Bond Fund	0.00% p.a.

Discretionary Fund, Medium Term Balanced Fund and Pre-Retirement Fund charges are a weighted average of their constituent sector fund charges. For Medium Term Balanced Fund and Pre-Retirement Fund this is approximately 0.20% p.a.

(investment charges are allowed for in the offer and bid prices)

an annual scheme investment charge of £500

additional services are charged on a cost basis

- (g) The Company may increase these charges at any time upon giving six months notice.
- (h) See (d) above.
- (i) Benefits are determined by reference to the value of internal linked funds. The following funds are available:

Fund

All Stocks Corporate Bond Fund
 Balanced Non Property Fund
 Cash Fund
 Consensus Fund
 Discretionary Fund
 Emerging Markets Fund
 Equity Fund
 UK Equity (Passive) Fund
 Europe Fund
 Europe (Passive) Fund
 Fixed Interest Fund
 GEI Fund
 Global Equity Fund
 Global Equity (Passive) Fund
 Index Linked Fund
 Index Linked (Passive) Fund

Valuation Report as at 31 December 2001 (cont.)

Internal Long Dated Corporate Bond Fund
Internal Medium Dated Corporate Bond Fund
Internal Short Dated Corporate Bond Fund
International Fund
International (Passive) Fund
International Bond Fund
Japan Fund
Japan (Passive) Fund
Light Green Fund
Long Dated Corporate Bond Fund
Long Term Gilt Fund
Long Term Growth Fund
Medium Term Balanced Fund
North America Fund
North America (Passive) Fund
Pacific Basin (excluding Japan) Fund
Pacific Markets (Passive) Fund
Pre-Retirement Fund
Property Fund
Smaller Companies Fund
Specialist UK Equity Fund

The general nature of the investments of each Prudential Pensions Limited internal linked fund is as follows:

All Stocks Corporate Bond Fund: Predominantly high quality sterling corporate debt, with a longer than average maturity.

Balanced Non Property Fund: Holdings currently in the following funds:

Cash Fund
Emerging Markets Fund
Europe Fund
Fixed Interest Fund
Index Linked Fund
International Bond Fund
Japan Fund
North America Fund
Pacific Basin (excluding Japan) Fund
Specialist UK Equity Fund

Cash Fund: Short term money market deposits and instruments.

Consensus Fund: Holdings currently in the following funds:

Cash Fund
Emerging Markets Fund
Europe (Passive) Fund
Index Linked (Passive) Fund
International Bond Fund
Japan (Passive) Fund
Long Term Gilt Fund
North America (Passive) Fund
Pacific Markets (Passive) Fund
Property Fund
UK Equity (Passive) Fund

Valuation Report as at 31 December 2001 (cont.)

Discretionary Fund:	Holdings currently in the following funds: Cash Fund Equity Fund Fixed Interest Fund International Fund International Bond Fund Light Green Fund Long Dated Corporate Bond Fund Property Fund
Emerging Markets Fund:	Stocks and shares of companies in South America and South Africa.
Equity Fund:	Stocks and shares of companies in the United Kingdom and investments in the UK Equity (Passive) and Smaller Companies Funds.
UK Equity (Passive) Fund:	Stocks and shares of companies in the United Kingdom.
Europe Fund:	Stocks and shares of European companies and holdings of European currencies.
Europe (Passive) Fund:	Stocks and shares of European companies and holdings of European currencies.
Fixed Interest Fund:	Fixed interest securities issued by the UK Government and UK companies and units of the Long Dated Corporate Bond and All Stocks Corporate Bond Funds.
GEI Fund:	UK listed securities of GEI International plc
Global Equity Fund:	Units of the Equity and International Funds.
Global Equity (Passive) Fund:	Units of the UK Equity (Passive), Europe (Passive), Japan (Passive), North America (Passive), Pacific Markets (Passive) and Emerging Markets Funds.
Index Linked Fund:	Index linked securities.
Index Linked (Passive) Fund:	Index linked securities.
Internal Long Dated Corporate Bond Fund:	Predominantly high quality sterling corporate debt with a maturity date of over 15 years.
Internal Medium Dated Corporate Bond Fund:	Predominantly high quality sterling corporate debt with a maturity date of between 5 and 15 years.
Internal Short Dated Corporate Bond Fund:	Predominantly high quality sterling corporate debt with a maturity date of less than 5 years.

Valuation Report as at 31 December 2001 (cont.)

International Fund:	Stocks and shares of overseas companies and holdings of foreign currencies and investments in the Emerging Markets, Europe, Japan, North America, International (Passive), Pacific Basin (excluding Japan), North America (Passive), Europe (Passive), Japan (Passive) and Pacific Markets (Passive) Funds.
International (Passive) Fund:	Units of the Europe (Passive), Japan (Passive), North America (Passive) and Pacific Markets (Passive) Funds.
International Bond Fund:	Fixed interest securities issued by UK and overseas governments and corporations.
Japan Fund:	Stocks and shares of Japanese companies and holdings of Japanese currencies.
Japan (Passive) Fund:	Stocks and shares of Japanese companies and holdings of Japanese currencies.
Light Green Fund:	Stocks and shares of companies in the United Kingdom.
Long Dated Corporate Bond Fund:	High quality sterling corporate debt.
Long Term Gilt Fund:	UK Government fixed interest securities with outstanding terms of 15 years or more.
Long Term Growth Fund:	Units of the UK Equity (Passive), North America (Passive), Europe (Passive), Pacific Markets (Passive), Emerging Markets and Japan (Passive) Funds.
Medium Term Balanced Fund:	Units of the Long Term Growth and Pre-Retirement Funds.
North America Fund:	Stocks and shares of North American companies and holdings of North American currencies.
North America (Passive) Fund:	Stocks and shares of North American companies and holdings of North American currencies.
Pacific Basin (excluding Japan) Fund:	Stocks and shares of Pacific Basin (excluding Japanese) companies and holdings of Pacific Basin (excluding Japanese) currencies.
Pacific Markets (Passive) Fund:	Stocks and shares of Pacific Basin (excluding Japanese) companies and holdings of Pacific Basin (excluding Japanese) currencies.
Pre-Retirement Fund:	Units of the Long Term Gilt and Long Dated Corporate Bond Funds.

Valuation Report as at 31 December 2001 (cont.)

Property Fund:	Office, shop, industrial and agricultural properties in the UK.
Smaller Companies Fund:	Shares of UK Smaller Companies.
Specialist UK Equity Fund:	Shares of UK quoted companies.

The policyholder may invest in any or all of these funds except that:

- the GEI Fund is only available to the trustees of the GEI Pension Scheme.
- The Internal Short, Medium and Long Dated Corporate Bond Funds are only available to segregated fund schemes managed by M&G Investment Management Limited.

Expenses incurred by M&G in the maintenance of assets are charged to the respective funds. M&G charge PPL a management fee for their services.

- (j) None.
- (k) The contract was open to new business during the year to the valuation date.
- (l) There were no increases to the rates of charge applied to these contracts during the reporting period.

B. The Pensions Investment Account (PIA)

- (a) The Pensions Investment Account (PIA)
- (b) The contract type is: United Kingdom, pensions business, direct written business, non-profit, group pension.
- (c) Premiums are payable as single premiums.
- (d) The benefits are the realisation values of the units held in the internal linked funds.

Units are surrendered to release cash to provide benefits for members of the pension scheme for which the policyholders are trustees.

Units may also be surrendered on the same terms if premiums are discontinued.

All policies contain an open market option and an option to secure an annuity on the then current annuity rates.

- (e) There are no guaranteed investment returns.
- (f) The charges made by the Company are:

an initial investment charge of 5% of each premium paid

a continuing investment charge of 0.75% p.a. of the value of the units, deducted as 1/365 of 0.75% each day

(the initial and continuing investment charges are allowed for in the offer and bid prices)

Valuation Report as at 31 December 2001 (cont.)

the percentage of premium applied to the purchase of units, assuming 4% commission is payable, is derived as follows:

<u>Amount Invested</u>	<u>Unit Allocation</u>
£5,000 - £49,000	99.0%
£50,000 - £99,000	100.0%
£100,000 +	100.5%

If a new investment increases the total amount invested into a higher unit allocation band, then the whole of the new investment will qualify for the increased unit allocation.

Higher allocations have been granted in appropriate circumstances with a maximum allocation rate of 102%.

- (g) The Company may increase these charges at any time upon giving six months notice.
- (h) See (d) above.
- (i) Benefits are determined by reference to the value of internal linked funds. The following funds are available:

Fund
MPP Cash Fund
MPP Discretionary Fund
MPP Equity Fund
MPP Fixed Interest
MPP Global Equity Fund
MPP Index Linked
MPP International Fund
MPP Property Fund

These funds are wholly invested in the GILP funds of the same name. See 5(1)(A)(i) above.

- (j) None.
- (k) The contract was open to new business during the year to the valuation date.
- (l) There were no increases to the rates of charge applied to these contracts during the reporting period.

C. The Pru-Link Retirement Plan (PLRP)

- (a) The Pru-Link Retirement Plan (PLRP).
- (b) The contract type is: United Kingdom, pensions business, direct written business, non-profit, deferred annuity.
- (c) Regular and single premiums are accepted.

Valuation Report as at 31 December 2001 (cont.)

- (d) On retirement the bid value of units allocated will be available to purchase a pension from Prudential Pensions Limited (PPL) and to provide cash (subject to Inland Revenue Limits). Alternatively the open market option can be taken where the cash value of units allocated would be transferred to purchase a pension from another life office.

On death the bid value of units allocated is payable.

On discontinuance of premiums under a Regular Premium Plan policy, the Plan will be made paid-up. The units remaining will provide benefits on either death or retirement.

- (e) There is a guarantee that the unit price of the Pru-Link Cash Fund will not go down.
- (f) Since 1 April 2001, the charges made by the Company are a continuing investment charge of 0.75% p.a. of the offer value of the fund, deducted as 1/365 of 0.75% each day. 100% of premiums are applied to the purchase of units.

Prior to 1 April 2001, the charges made by the Company were:

an initial investment charge of 4% of each premium paid

a continuing investment charge of 0.75% p.a. of the offer value of the fund, deducted as 1/365 of 0.75% each day

(the initial and continuing investment charges are allowed for in the offer and bid prices)

Further charges are made depending on whether the plan is a single premium plan or a regular premium plan or a top-up to an existing plan:

Single Premium Plan

100% of the premium after deduction of a policy fee was invested. The latest policy fee was £75 in 1988.

Regular Premium Plan

After deducting the policy fees the following percentages of premiums will be invested in units. For ages other than those shown, the percentage is obtained by interpolation.

Age next birthday At commencement	Premiums payable in the first year of the plan		Premiums payable in the second and subsequent years
	Monthly, quarterly, or half-yearly premiums (%)	Yearly premiums (%)	Monthly, quarterly, half-yearly or yearly premiums (%)
46 and below	25.0	32.50	100
50	35.0	41.50	100
55	47.5	52.75	100
60	60.0	64.00	100
65	72.5	75.25	100
70	85.0	86.50	100

Valuation Report as at 31 December 2001 (cont.)

The policy fee deducted from the regular premiums paid depends on the original year of issue of the policy and both the frequency and method of premium payments. In December 2000 the policy fee for monthly premium payments (by standing order or direct debit) ranged from 50p to £1.20.

Top Ups

When additional single premiums are paid or regular premiums commence no further policy fees will be charged.

- (g) The allocation rates for future top-ups are not guaranteed. The Company may increase the continuing investment charge upon giving six months notice.
- (h) See (d) above.
- (i) Benefits are determined by reference to the value of internal linked funds. The following funds are available:

Fund

Pru-Link Managed Fund

Pru-Link Cash Fund

The Pru-Link Managed Fund is wholly invested in the MPP Discretionary Fund. The Pru-Link Cash Fund is wholly invested in the MPP Cash Fund. See 5(1)(B)(i) above.

- (j) None.
- (k) The Pru-Link Retirement Plan was closed to new business with effect from 1 July 1988. Top ups to existing policies are allowed.
- (l) There were no increases to the rates of charge applied to these contracts during the reporting period.

D. PACL Group Business Reassurance accepted

- (a) Group pension investment-linked unit liabilities reassured from Prudential Assurance Company Limited (PACL).
- (b) The contract type is: United Kingdom, pensions business, reassurance accepted, non-profit, group pension.
- (c) The underlying contracts in PACL accept regular and single premiums.
- (d) Cover is granted in respect of:
 - retirement benefits;
 - transfer benefits;
 - death benefits; and,
 - sums representing transfer values of investment redispersions; to the extent that, in each case, the value therefore is determined by reference to the realisation value of notionally realised units of the Funds or is met by the cancellation of such units.
- (e) There are no guaranteed investment returns.

Valuation Report as at 31 December 2001 (cont.)

(f) The charges made by the Company are:

a continuing investment charge of a percentage of the value of units, deducted as 1/365 of the annual amount each day, of:-

MPP Cash Fund	0.75% p.a.
MPP Discretionary Fund	0.75% p.a.
MPP Equity Fund	0.75% p.a.
MPP Fixed Interest Fund	0.75% p.a.
MPP Global Equity Fund	0.75% p.a.
MPP Index Linked Fund	0.75% p.a.
MPP International Fund	0.75% p.a.
MPP International Bond Fund	0.75% p.a.
MPP Property Fund	0.75% p.a.
MPP Retirement Protection Fund	0.75% p.a.
MPP Socially Responsible Fund	0.75% p.a.
MPP Equity (Passive) Fund	0.65% p.a.
MPP Global Equity (Passive) Fund	0.15% p.a.
MPP Series II Cash Fund	1.00% p.a.
MPP Series II Discretionary Fund	1.00% p.a.
MPP Series II Equity Fund	1.00% p.a.
MPP Series II Fixed Interest Fund	1.00% p.a.
MPP Series II Global Equity Fund	1.00% p.a.
MPP Series II Index Linked Fund	1.00% p.a.
MPP Series II International Bond Fund	1.00% p.a.
MPP Series II International Equity Fund	1.00% p.a.
MPP Series II Property Fund	1.00% p.a.
MPP Series II Index Linked (Passive) Fund	0.90% p.a.
MPP Series II UK Equity (Passive) Fund	0.90% p.a.
MPP Series II Retirement Protection Fund	0.90% p.a.
MPP Series III UK Smaller Companies Fund	0.75% p.a.
MPP Series III UK Specialist Equity Fund	0.50% p.a.
MPP Series III Socially Responsible Fund	0.35% p.a.
MPP Series III All Stocks Corporate Bond Fund	0.30% p.a.
MPP Series III Equity Fund	0.30% p.a.
MPP Series III Global Equity Fund	0.30% p.a.
MPP Series III International Equity Fund	0.30% p.a.
MPP Series III Property Fund	0.30% p.a.
MPP Series III Discretionary Fund	0.29% p.a.
MPP Series III Fixed Interest Fund	0.25% p.a.
MPP Series III Index Linked Fund	0.25% p.a.
MPP Series III International Bond Fund	0.25% p.a.
MPP Series III Global Equity (Passive) Fund	0.15% p.a.
MPP Series III UK Equity (Passive) Fund	0.15% p.a.
MPP Series III Cash Fund	0.10% p.a.
MPP Series III Index Linked (Passive) Fund	0.10% p.a.
MPP Series III Retirement Protection Fund	0.10% p.a.

which is reflected in the offer and bid prices; this charge is then refunded to PACL

the charge payable to PPL by PACL under the reinsurance agreement is a continuing investment charge of 0.25% p.a. of the value of the units

(g) The Company may increase these charges upon giving three months notice.

(h) See (d) above.

Valuation Report as at 31 December 2001 (cont.)

- (i) Benefits are determined by reference to the value of internal linked funds. The following funds are available:

Fund

MPP Cash Fund
MPP Discretionary Fund
MPP Equity Fund
MPP Equity (Passive) Fund
MPP Fixed Interest Fund
MPP Global Equity Fund
MPP Global Equity (Passive) Fund
MPP Index Linked Fund
MPP International Fund
MPP International Bond Fund
MPP Property Fund
MPP Retirement Protection Fund
MPP Socially Responsible Fund

These funds are wholly invested in the GILP funds of the same name (MPP Retirement Protection Fund invests in the GILP Long Term Gilt Fund and MPP Socially Responsible Fund invests in the GILP Light Green Fund). See 5(1)(A)(i) above.

The following funds (Series II) are wholly invested in the MPP funds of the same name shown above.

MPP Series II Cash Fund
MPP Series II Discretionary Fund
MPP Series II Equity Fund
MPP Series II Fixed Interest Fund
MPP Series II Index Linked Fund
MPP Series II International Bond Fund
MPP Series II Property Fund

The following funds (Series II) are wholly invested in the GILP funds of the same name (International Equity Fund invests in the GILP International Fund and Retirement Protection Fund invests in the GILP Long Term Gilt Fund). See 5(1)(A)(I) above.

MPP Series II UK Equity (Passive) Fund
MPP Series II Global Equity Fund
MPP Series II Index Linked (Passive) Fund
MPP Series II International Equity Fund
MPP Series II Retirement Protection Fund

The following funds (Series III) are wholly invested in the MPP funds of the same name shown above.

MPP Series III Cash Fund
MPP Series III Discretionary Fund
MPP Series III Equity Fund
MPP Series III Fixed Interest Fund
MPP Series III Index Linked Fund
MPP Series III International Bond Fund
MPP Series III Property Fund

Valuation Report as at 31 December 2001 (cont.)

6. (1) The mathematical reserve for non-linked business (annuities in payment) is the present value of the benefits with provision for the expenses of payment. The mathematical reserve for linked business consists of the unit liability together with a non unit liability. A discounted cashflow method of valuation is used to determine the non-unit liability.

In particular the following principles have been observed:

- (a) No derivatives were held outside of the internal linked funds.
- (b) No allowance has been made for increasing fund management charges, however, the Company reserves the right to do so after the appropriate period of notice and to a level consistent with industry practice.
- (c) The net premium method has not been used.
- (d) Negative values have been eliminated from the liability. Additionally, all negative values which would arise at future valuations using the current basis projected forward have also been eliminated.
- (e) No reserve for future bonuses is required.
- (f) No reserve for tax on unrealised capital gains is required, as only pension business is written
- (g) No reserve for investment performance guarantees is held as the only investment performance guarantee is that the unit price of the Pru-Link Cash Fund will not go down. Units of this fund are ultimately invested in units of the GILP Cash Fund, where the practice is to invest only in short term assets.
- (h) An additional reserve of £1,850,000 is held in respect of:

Resilience (Rule 5.17(b))	£
Cashflow Mismatching (Rule 5.17(a))	500,000
Other contingencies	470,000
	<u>880,000</u>
Total	1,850,000

- (2) Not applicable.
7. (1) The rates of interest and tables of mortality assumed in the valuation are shown in 9(a) below and Note 5101.
- (2) The mortality tables used are published tables.
 - (3) All business is written in the UK and UK based mortality tables have been used.
 - (4) All annuity business is wholly reassured (see 12 below). The mortality assumptions for annuities in payment allow for future mortality improvement as follows :

Business reassured with PAL : At the rates in the published mortality tables used (year of birth tables are used).

Business reassured with PACL : Using the mortality table on a calendar year basis, the calendar year being 2002.

Valuation Report as at 31 December 2001 (cont.)

- (5) No allowance has been made or reserve 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 are:
- (a) A combination of
- (i) a fall in equity and property values of 10%
- (ii) for fixed interest securities
- of less than five years outstanding term to redemption and for short term deposits, a 20% fall in the risk free yield
 - of fifteen or more years outstanding term to redemption, a 10% fall in the risk free yield
 - of more than five but less than fifteen years outstanding term to redemption, a fall in the risk free yield of $(25 - \{\text{outstanding term in years and part years}\})\%$
- (iii) a 25% fall in the real yield on index-linked gilts.
- (b) A combination of
- (i) a fall in equity values of 25% and property values of 20%
- (ii) for fixed interest securities
- of less than five years outstanding term to redemption, and for short term deposits, a fall in the risk free yield to the maximum reinvestment rate permitted under Rule 5.11
 - of fifteen or more years outstanding term to redemption, no change in the risk free yield
 - of more than five but less than fifteen years outstanding term to redemption, a fall in the risk free yield calculated by interpolation between the Rule 5.11 rate at term five years and the 15-year gilt yield at duration fifteen years.
- (iii) a 10% increase in the real yield on index-linked gilts.
- (c) an immediate increase of 3 percentage points in the rates of interest per annum obtainable on fixed interest securities, an immediate increase of 1 percentage point in the real yields on index-linked gilts, a 25% fall in the market value of equities and a 20% fall in the market value of property, together with a corresponding rise in the dividend and rental yield.

Scenario (c) proved to be the most onerous.

- (7) An amount of £470,000 is included in the sterling reserves for cashflow mismatching. This has been determined by assuming that the redemption proceeds from existing assets can be reinvested, where necessary, at a yield of 80% of the current yield, and then comparing the expense reserve outgo against the resultant asset income to check that the additional reserve is sufficient to fund any shortfalls.
- (8) An additional reserve of £500,000 has been made. This was calculated as follows:
- (a) No changes in assumptions other than those stated in 7(6)(b) above, and interest rate changes as shown in Form 57 were made.

Valuation Report as at 31 December 2001 (cont.)

- (b) The non unit reserves were recalculated at the revised valuation interest rates and levels of fund management charge income.
- (c) (i) There was a £83,000 increase in the aggregate amount of the long term liabilities.
- (ii) The assets allocated to match such liabilities have reduced in value by £417,000.
- (9) Not applicable.
- 8. (a) Not applicable.
- (b) Specific allowance is made for expenses of payment for all immediate annuities as indicated in note 5102.
- (c) Not applicable.
- (d) Not applicable.
- 9. (a) For group and individual linked business the unit liability has been obtained by valuing those units allocated to policyholders at the valuation unit price. This price is based on the mid-market price of the assets and includes investment income received.

The non unit liability in respect of PACL Group Business reinsurance accepted is that amount required to cover the loss likely to arise in the period of notice required before any increase in charges can take effect.

In determining the non-unit liability for GILP and PIA business, and Pru-Link Retirement Plan (PLRP) policies, the following parameters were used:

Valuation interest:	4.75%
Fund growth rate:	4.50% (before reduction for fund charge)
Renewal expenses:	<p>GILP* £3,000,000 p.a. plus £900 p.a. per scheme (of which £900,000 p.a. is covered by charges for additional administration services)</p> <p>* includes reinsurance from Schroder Pensions Limited</p> <p>PIA £45,000 p.a. plus £120 p.a. per scheme</p> <p>PLRP - per policy for premium-paying policies £40.00 p.a. - per policy for other policies £27.00 p.a. - per claim £45.00</p> <p>Reinsurance from PACL £450,000 p.a.</p>
Expense inflation:	3.25%
Fund charge:	<p>The actual charged rate less 0.1% for actively managed funds (0.035% for passively managed funds) in respect of M&G investment management fees charged to PPL.</p> <p>The charged rate is 0.75% p.a. for PIA and PLRP, 0.25% for reassured business, and varies by fund for GILP (in the range 0.0% to 0.75%)</p>
Other income:	GILP: A charge of £500 p.a. per scheme.

Valuation Report as at 31 December 2001 (cont.)

- (5) No allowance has been made or reserve 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 are:
- (a) A combination of
- (i) a fall in equity and property values of 10%
- (ii) for fixed interest securities
- of less than five years outstanding term to redemption and for short term deposits, a 20% fall in the risk free yield
 - of fifteen or more years outstanding term to redemption, a 10% fall in the risk free yield
 - of more than five but less than fifteen years outstanding term to redemption, a fall in the risk free yield of $(25 - \{\text{outstanding term in years and part years}\})\%$
- (iii) a 25% fall in the real yield on index-linked gilts.
- (b) A combination of
- (i) a fall in equity values of 25% and property values of 20%
- (ii) for fixed interest securities
- of less than five years outstanding term to redemption, and for short term deposits, a fall in the risk free yield to the maximum reinvestment rate permitted under Rule 5.11
 - of fifteen or more years outstanding term to redemption, no change in the risk free yield
 - of more than five but less than fifteen years outstanding term to redemption, a fall in the risk free yield calculated by interpolation between the Rule 5.11 rate at term five years and the 15-year gilt yield at duration fifteen years.
- (iii) a 10% increase in the real yield on index-linked gilts.
- (c) an immediate increase of 3 percentage points in the rates of interest per annum obtainable on fixed interest securities, an immediate increase of 1 percentage point in the real yields on index-linked gilts, a 25% fall in the market value of equities and a 20% fall in the market value of property, together with a corresponding rise in the dividend and rental yield.

Scenario (c) proved to be the most onerous.

- (7) An amount of £470,000 is included in the sterling reserves for cashflow mismatching. This has been determined by assuming that the redemption proceeds from existing assets can be reinvested, where necessary, at a yield of 80% of the current yield, and then comparing the expense reserve outgo against the resultant asset income to check that the additional reserve is sufficient to fund any shortfalls.
- (8) An additional reserve of £500,000 has been made. This was calculated as follows:
- (a) No changes in assumptions other than those stated in 7(6)(b) above, and interest rate changes as shown in Form 57 were made.