

# **Prudential Annuities Limited**

Incorporated and registered in England and Wales Registered number 2554213  
Registered Office 142 Holborn Bars London EC1N 2NH

**Annual FSA Insurance Returns for the year ended  
31st December 2003**

**(Appendices 1, 3, 4, 6 )**

# Prudential Annuities Limited

Year ended 31st December 2003

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**Statement of solvency**Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

R9	Company registration number	GL/UK/CM	Period ended			Units
			day	month	year	
	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>
	As at the end of this financial year	As at the end of the previous year	Source			
	<b>1</b>	<b>2</b>	Form	Line	Column	

**GENERAL INSURANCE BUSINESS****Available assets**

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

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

**LONG TERM INSURANCE BUSINESS****Available assets**

Long term insurance business admissible assets	<b>21</b>	13629581	13014470	10 11
towards long term insurance business required minimum margin	<b>22</b>	845559	782878	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	<b>23</b>	13488950	12622166	See instruction 4
Other insurance and non-insurance liabilities	<b>24</b>	90631	342304	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	<b>25</b>	895559	832878	

**Implicit Items admitted under Rule 2.10(5) as modified**

Future profits	<b>31</b>			
Zillmerising	<b>32</b>			
Hidden reserves	<b>33</b>			

Total of available assets and implicit items (25+31+32+33)	<b>34</b>	895559	832878	
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**Required minimum margin**

Required minimum margin for long term insurance business	<b>41</b>	539537	504866	60 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	<b>42</b>	89923	84144	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	<b>43</b>	805636	748734	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	<b>44</b>	356022	328012	

**CONTINGENT LIABILITIES**

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

Covering sheet to Form 9

Name of insure **Prudential Annuities Limited**  
Global business

Financial year **31st December 2003**

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

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

.....**T J W Tookey** **Director**

**London 24 March 2004**

## Analysis of the effect of financial engineering on long-term available assets

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**Company  
registration  
number

GL/UK/CM

Period ended  
day month year

Units

	<b>R9A</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>
		As at the end of this financial year	As at the end of the previous year	Source			
		<b>1</b>	<b>2</b>				
Required minimum margin for long term insurance business	<b>11</b>	539537	504866	See instruction 2			
Excess (deficiency) of available assets and implicit items over the required minimum margin	<b>12</b>	356022	328012	See instruction 3			
Total of available assets and implicit items (11+12)	<b>13</b>	895559	832878				

## Analysed as follows:

Value of implicit items	<b>14</b>			See instruction 5			
Financial reinsurance - ceded	<b>15</b>			See instruction 6			
Financial reinsurance - accepted	<b>16</b>			See instruction 7			
Outstanding contingent loans	<b>17</b>			See instruction 8			
Any other charges on future profits	<b>18</b>			See instruction 9			
Sum of financial engineering adjustments (14+15-16+17+18)	<b>19</b>						

Other assets (13-19)	<b>20</b>	895559	832878				
Total available assets and implicit items (19+20)	<b>21</b>	895559	832878				

**Statement of net assets**Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

	Company registration number	GL/UK/CM	Period ended			Units
	R10	2554213	GL	day	month	year
	As at the end of this financial year	As at the end of the previous year	Source			
	1	2	Form	Line	Column	
Long term insurance business - admissible assets	11	13629581	13014470	13	89	1
Long term insurance business - liabilities and margins	12	13629581	13014470	14	59	1

Other than Long term insurance business - admissible assets	21	857859	870502	13	89	1
Other than Long term insurance business - liabilities	22	12300	87624	15	69	1
Net admissible assets (21-22)	23	845559	782878			
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 insurance 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	845559	782878			

**Represented by:**

Paid up share capital (other than cumulative preference share capital)	51	550000	550000			
Amounts included in lines 24 to 27 above	52					
Amounts representing the balance of net assets	56	295559	232878			
Total (51 to 56) and equal to line 29 above	59	845559	782878			

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

Balance brought forward at the beginning of the financial year	61	232878	22322	10	56	2
Retained profit/(loss) for the financial year	62	62681	208886	16	59	1
Movement in asset valuation differences	63		1670	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	295559	232878			

**Analysis of admissible assets**

Name of insurer **Prudential Annuities Limited**  
 Global business  
 Financial year ended **31 December 2003**  
 Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	2554213	GL	31	12	2003	£000	1
							As at the end of this financial year	As at the end of the previous year	
							1	2	
<b>Investments</b>									
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 company has a participating interest	30						
Total sheet 1 (11 to 30)					39				

**Analysis of admissible assets**

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

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	2554213	GL	31	12	2003	£000	1
<b>Investments (continued)</b>							As at the end of this financial year	As at the end of the previous year	
<b>Deposits with ceding undertakings</b>							<b>1</b>	<b>2</b>	
<b>Assets held to cover linked liabilities</b>									
Other financial investments	Equity shares				<b>41</b>				
	Other shares and other variable yield securities				<b>42</b>				
	Holdings in collective investment schemes				<b>43</b>				
	Rights under derivative contracts				<b>44</b>				
	Debt securities and other fixed income securities	Fixed interest	Approved securities		<b>45</b>		464115	236176	
			Other		<b>46</b>		73398	82657	
		Variable interest	Approved securities		<b>47</b>		50443	75433	
			Other		<b>48</b>		207410	182439	
	Participation in investment pools				<b>49</b>				
	Loans secured by mortgages				<b>50</b>				
	Other loans	Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>			
		Loans secured by policies of insurance issued by the company				<b>52</b>			
		Other				<b>53</b>			
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less				<b>54</b>		4970	1122
		Withdrawal subject to a time restriction of more than one month				<b>55</b>			
Other				<b>56</b>					
Deposits with ceding undertakings				<b>57</b>					
Assets held to match linked liabilities	Index linked				<b>58</b>				
	Property linked				<b>59</b>				
Reinsurers' share of technical provisions	Provision for unearned premiums				<b>60</b>				
	Claims outstanding				<b>61</b>				
	Provision for unexpired risks				<b>62</b>				
	Other				<b>63</b>				
Total sheet 2 (41 to 63)				<b>69</b>		800336	577827		



**Analysis of admissible assets**

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

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

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	<b>R13</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>1</b>
<b>Debtors</b>							As at the end of this financial year	As at the end of the previous year
<b>Other assets</b>							<b>1</b>	<b>2</b>
Debtors arising out of direct insurance operations	Policyholders					<b>71</b>		
	Intermediaries					<b>72</b>		
Salvage and subrogation recoveries						<b>73</b>		
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted					<b>74</b>		
	Due from reinsurers and intermediaries under reinsurance contracts ceded					<b>75</b>		
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year					<b>76</b>	
		Due more than 12 months after the end of the financial year					<b>77</b>	
	Other	Due in 12 months or less after the end of the financial year					<b>78</b>	129
		Due more than 12 months after the end of the financial year					<b>79</b>	
Tangible assets						<b>80</b>		
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					<b>81</b>	51297	286052
	Cash in hand					<b>82</b>		
Other assets (particulars to be specified by way of supplementary note)						<b>83</b>		
Prepayments and accrued income	Accrued interest and rent					<b>84</b>	6097	6555
	Deferred acquisition costs					<b>85</b>		
	Other prepayments and accrued income					<b>86</b>		
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets						<b>87</b>		
Total sheet 3 (71 to 86 less 87)						<b>88</b>	57523	292675
Grand total of admissible assets (39+69+88)						<b>89</b>	857859	870502

**Reconciliation to asset values determined in accordance with the insurance accounts rules**

Total admissible assets (as per line 89 above)	<b>91</b>	857859	870502
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)	<b>92</b>		
Solvency margin deduction for subsidiary undertakings which are insurance undertakings	<b>93</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>94</b>		
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)	<b>95</b>		
Total assets determined in accordance with the insurance accounts rules (91 to 95)	<b>99</b>	857859	870502
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>100</b>		

**Analysis of admissible assets**

Name of insurer **Prudential Annuities Limited**  
 Global business  
 Financial year ended **31 December 2003**  
 Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	2554213	GL	31	12	2003	£000	10
							As at the end of this financial year	As at the end of the previous year	
							1	2	
<b>Investments</b>									
Land and buildings					<b>11</b>		280438	269315	
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	<b>21</b>						
		Debt securities issued by, and loans to, dependants	<b>22</b>						
	Other insurance dependants	Shares	<b>23</b>						
		Debt securities issued by, and loans to, dependants	<b>24</b>						
	Non-insurance dependants	Shares	<b>25</b>						
		Debt securities issued by, and loans to, dependants	<b>26</b>						
	Other group undertakings and participating interests	Shares	<b>27</b>						
		Debt securities issued by, and loans to, group undertakings	<b>28</b>						
		Participating interests	<b>29</b>						
		Debt securities issued by, and loans to, undertakings in which the company has a participating interest	<b>30</b>						
Total sheet 1 (11 to 30)					<b>39</b>		280438	269315	

**Analysis of admissible assets**

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
				day	month	year		
R13		2554213	GL	31	12	2003	£000	10
<b>Investments (continued)</b>							As at the end of this financial year	As at the end of the previous year
<b>Deposits with ceding undertakings</b>							<b>1</b>	<b>2</b>
<b>Assets held to cover linked liabilities</b>								
Other financial investments	Equity shares				<b>41</b>			
	Other shares and other variable yield securities				<b>42</b>	8	8	
	Holdings in collective investment schemes				<b>43</b>			
	Rights under derivative contracts				<b>44</b>	76064	70055	
	Debt securities and other fixed income securities	Fixed interest	Approved securities		<b>45</b>	2624089	2082594	
			Other		<b>46</b>	8041245	8148299	
		Variable interest	Approved securities		<b>47</b>			
			Other		<b>48</b>	44277	46992	
	Participation in investment pools				<b>49</b>			
	Loans secured by mortgages				<b>50</b>	271232	282627	
	Other loans	Loans to public or local authorities and nationalised industries or undertakings				<b>51</b>	4728	5081
		Loans secured by policies of insurance issued by the company				<b>52</b>		
		Other				<b>53</b>	51087	50145
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less				<b>54</b>	43140	4233
		Withdrawal subject to a time restriction of more than one month				<b>55</b>		
	Other				<b>56</b>			
Deposits with ceding undertakings				<b>57</b>				
Assets held to match linked liabilities	Index linked				<b>58</b>	1953437	1823112	
	Property linked				<b>59</b>			
Reinsurers' share of technical provisions	Provision for unearned premiums				<b>60</b>			
	Claims outstanding				<b>61</b>			
	Provision for unexpired risks				<b>62</b>			
	Other				<b>63</b>			
Total sheet 2 (41 to 63)				<b>69</b>	13109307	12513146		

**Analysis of admissible assets**

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

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

		Company registration number	GL/UK/CM	Period ended day month year			Units	Category of assets	
		<b>R13</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>10</b>
							As at the end of this financial year <b>1</b>	As at the end of the previous year <b>2</b>	
<b>Debtors</b>									
<b>Other assets</b>									
Debtors arising out of direct insurance operations	Policyholders					<b>71</b>	202	188	
	Intermediaries					<b>72</b>			
Salvage and subrogation recoveries						<b>73</b>			
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted					<b>74</b>	13994	17247	
	Due from reinsurers and intermediaries under reinsurance contracts ceded					<b>75</b>			
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year					<b>76</b>		
		Due more than 12 months after the end of the financial year					<b>77</b>		
	Other	Due in 12 months or less after the end of the financial year					<b>78</b>	6659	
		Due more than 12 months after the end of the financial year					<b>79</b>		
Tangible assets						<b>80</b>			
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					<b>81</b>			
	Cash in hand					<b>82</b>			
Other assets (particulars to be specified by way of supplementary note)						<b>83</b>			
Prepayments and accrued income	Accrued interest and rent					<b>84</b>	194946	193768	
	Deferred acquisition costs					<b>85</b>			
	Other prepayments and accrued income					<b>86</b>	24035	13187	
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets						<b>87</b>			
Total sheet 3 (71 to 86 less 87)						<b>88</b>	239836	232009	
Grand total of admissible assets (39+69+88)						<b>89</b>	13629581	13014470	

**Reconciliation to asset values determined in accordance with the insurance accounts rules**

Total admissible assets (as per line 89 above)	<b>91</b>	13629581	13014470
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)	<b>92</b>		
Solvency margin deduction for subsidiary undertakings which are insurance undertakings	<b>93</b>		
Other differences in the valuation of assets (other than for assets not valued above)	<b>94</b>	4882	4239
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)	<b>95</b>		
Total assets determined in accordance with the insurance accounts rules (91 to 95)	<b>99</b>	13634463	13018709
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	<b>100</b>		10

## Long term insurance business liabilities and margins

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
				day	month	year			
		<b>R14</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>10</b>
				As at the end of this financial year <b>1</b>	As at the end of the previous year <b>2</b>			Source	
Mathematical reserves, after distribution of surplus		<b>11</b>	13488950		12622166			See Instruction 2	
Cash bonuses which had not been paid to policyholders prior to the end of the financial year		<b>12</b>						See Instruction 3	
Balance of surplus/(valuation deficit)		<b>13</b>	50000		50000			See Instruction 4	
Long term insurance business fund carried forward (11 to 13)		<b>14</b>	13538950		12672166			See Instruction 5	
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	<b>15</b>	13051						
	Reinsurers' share	<b>16</b>							
	Net (15-16)	<b>17</b>	13051						
Provisions for other risks and charges	Taxation	<b>21</b>							
	Other	<b>22</b>							
Deposits received from reinsurers		<b>23</b>							
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	<b>31</b>	3288		4429			
		Reinsurance accepted	<b>32</b>	1		1616			
		Reinsurance ceded	<b>33</b>						
	Debenture loans	Secured	<b>34</b>						
		Unsecured	<b>35</b>						
	Amounts owed to credit institutions		<b>36</b>	27218		224556			
	Other creditors	Taxation	<b>37</b>	5287		4633			
		Other	<b>38</b>	39912		95329			
Accruals and deferred income		<b>39</b>	1874		11741				
Provision for adverse changes (calculated in accordance with rule 5.3)		<b>41</b>							
Total other insurance and non-insurance liabilities(17 to 41)		<b>49</b>	90631		342304				
Excess of the value of net admissible assets		<b>51</b>					See Instruction 6		
Total liabilities and margins		<b>59</b>	13629581		13014470				

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	<b>61</b>	1495		2131		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	<b>62</b>					

Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate	<b>63</b>					See Instruction 7
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**Liabilities (other than long term insurance business)**Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

		Company registration number	GL/UK/CM	Period ended			Units
		<b>R15</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>
		<b>2554213</b>		<b>day</b>	<b>month</b>	<b>year</b>	
				<b>1</b>	<b>12</b>	<b>2003</b>	<b>2</b>
				As at the end of this financial year			As at the end of the previous year
Technical provisions (gross amount)	Provision for unearned premiums		<b>11</b>				
	Claims outstanding		<b>12</b>				
	Provision for unexpired risks		<b>13</b>				
	Equalisation provisions	Credit business	<b>14</b>				
		Other than credit business	<b>15</b>				
	Other		<b>16</b>				
	Total (11 to 16)		<b>19</b>				
Provisions for other risks and charges	Taxation		<b>21</b>				
	Other		<b>22</b>				
Deposits received from reinsurers			<b>31</b>				
Creditors	Arising out of insurance operations	Direct business	<b>41</b>				
		Reinsurance accepted	<b>42</b>				
		Reinsurance ceded	<b>43</b>				
	Debenture loans	Secured	<b>44</b>				
		Unsecured	<b>45</b>				
	Amounts owed to credit institutions		<b>46</b>				
	Other creditors	Taxation	<b>47</b>			10778	79056
		Recommended dividend	<b>48</b>				
		Other	<b>49</b>			1522	8568
Accruals and deferred income			<b>51</b>				
Total (19 to 51)			<b>59</b>		12300	87624	
Provision for adverse changes calculated in accordance with Rule 5.3 [regulation 61 of the Insurance Companies Regulations 1994]			<b>61</b>				
Cumulative preference share capital			<b>62</b>				
Subordinated loan capital			<b>63</b>				
Total (59 to 63)			<b>69</b>		12300	87624	
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance			<b>71</b>				

**Profit and loss account (non-technical account)**Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

		Company registration number	GL/UK/CM	Period ended			Units			
		R16	2554213	GL	31	12	2003	£000		
				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	49413			255839		40	26	
Investment income	Income	14	35072			26833				
	Value re-adjustments on investments	15				22117				
	Gains on the realisation of investments	16	11857			1851				
Investment charges	Investment management charges, including interest	17	496			484				
	Value re-adjustments on investments	18	5460							
	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	(255)			(151)				
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	90131			306005				
Tax on profit or loss on ordinary activities		31	27450			97119				
Profit or loss on ordinary activities after tax (29-31)		39	62681			208886				
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	62681			208886				
Dividends (paid and proposed)		51								
Profit or loss retained for the financial year (49-51)		59	62681			208886				

**Analysis of derivative contracts**Name of insurer **Prudential Annuities Limited**

Global business

Business: **Other than long term**Financial year ended **31 December 2003**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets
		R17	GL	31	12	2003	£000	1
		As at the end of this financial year			As at the end of the previous year			
		Assets		Liabilities		Assets		Liabilities
		1		2		3		4
<b>Derivative contracts</b>								
Futures contracts	Fixed-interest securities	11						
	Equity shares	12						
	Land	13						
	Currencies	14						
	Other	15						
Options	Fixed-interest securities	21						
	Equity shares	22						
	Land	23						
	Currencies	24						
	Other	25						
Contracts for differences	Fixed-interest securities	31						
	Equity shares	32						
	Land	33						
	Currencies	34						
	Other	35				1487		8535
Adjustments for variation margin		41						
Total (11 to 41)		49				1487		8535



**Analysis of derivative contracts**

Name of insurer **Prudential Annuities Limited**

Global business

Business: **Long term**

Financial year ended **31 December 2003**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	2554213	GL	31	12	2003	£000	10
		As at the end of this financial year				As at the end of the previous year			
		Assets		Liabilities		Assets		Liabilities	
		1		2		3		4	
<b>Derivative contracts</b>									
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							4388
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34		20886		2449		4881	28590
	Other	35		55178		35865		65174	45338
Adjustments for variation margin		41							
Total (11 to 41)		49		76064		38314		70055	78316

**Long term insurance business : Revenue account**Name of insurer **Prudential Annuities Limited**

Global business

Ordinary Business

Financial year ended **31 December 2003**Name and number of fund **Ordinary Branch Long Term**

	Company registration number	GL/UK/CM	period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	<b>R40</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>0</b>
<b>Items to be shown net of reinsurance ceded</b>								The financial year	Previous year	
								<b>1</b>	<b>2</b>	
Earned premiums								<b>11</b>	836764	814336
Investment income receivable before deduction of tax								<b>12</b>	795837	781609
Increase (decrease) in the value of non-linked assets brought into account								<b>13</b>	201946	359904
Increase (decrease) in the value of linked assets								<b>14</b>		
Other income								<b>15</b>		117
Total income (11 to 15)								<b>19</b>	1834547	1955966
Claims incurred								<b>21</b>	879546	825240
Expenses payable								<b>22</b>	38797	34897
Interest payable before deduction of tax								<b>23</b>	7	1
Taxation								<b>24</b>		
Other expenditure								<b>25</b>		
Transfer to (from) non technical account								<b>26</b>	49413	255839
Total expenditure (21 to 26)								<b>29</b>	967763	1115977
Increase (decrease) in fund in financial year (19-29)								<b>39</b>	866784	839989
Fund brought forward								<b>49</b>	12672166	11832177
Fund carried forward (39+49)								<b>59</b>	13538950	12672166

**Long term insurance business : Revenue account**Name of insurer **Prudential Annuities Limited**

Global business

Ordinary Business

Financial year ended **31 December 2003**Name and number of fund **Summary**

	Company registration number	GL/UK/CM	period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	<b>R40</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>
<b>Items to be shown net of reinsurance ceded</b>								The financial year	Previous year	
								<b>1</b>	<b>2</b>	
Earned premiums								<b>11</b>	836764	814336
Investment income receivable before deduction of tax								<b>12</b>	795837	781609
Increase (decrease) in the value of non-linked assets brought into account								<b>13</b>	201946	359904
Increase (decrease) in the value of linked assets								<b>14</b>		
Other income								<b>15</b>		117
Total income (11 to 15)								<b>19</b>	1834547	1955966
Claims incurred								<b>21</b>	879546	825240
Expenses payable								<b>22</b>	38797	34897
Interest payable before deduction of tax								<b>23</b>	7	1
Taxation								<b>24</b>		
Other expenditure								<b>25</b>		
Transfer to (from) non technical account								<b>26</b>	49413	255839
Total expenditure (21 to 26)								<b>29</b>	967763	1115977
Increase (decrease) in fund in financial year (19-29)								<b>39</b>	866784	839989
Fund brought forward								<b>49</b>	12672166	11832177
Fund carried forward (39+49)								<b>59</b>	13538950	12672166

## Long term insurance business : Analysis of premiums and expenses

Name of insurer **Prudential Annuities Limited**

Global business

Ordinary Business

Financial year ended **31 December 2003**Name and number of fund **Ordinary Branch Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	<b>R41</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>0</b>
								Gross	Payable to or recoverable from reinsurers	Net of reinsurance (1-2)
								<b>1</b>	<b>2</b>	<b>3</b>
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		<b>11</b>						
		Regular premium		<b>12</b>						
	Pension business contracts	Single premium		<b>13</b>		836764			836764	
		Regular premium		<b>14</b>						
	Permanent health contracts	Single premium		<b>15</b>						
		Regular premium		<b>16</b>						
	Other contracts	Single premium		<b>17</b>						
		Regular premium		<b>18</b>						
	Total premiums	Single premium		<b>19</b>		836764			836764	
		Regular premium		<b>29</b>						
Total premiums at lines 19 and 29 attributable to	UK contracts		<b>31</b>		836764			836764		
	Overseas contracts		<b>32</b>							
Expenses payable in the financial year	Commission payable in connection with acquisition of business			<b>41</b>		1			1	
	Other commission payable			<b>42</b>						
	Management expenses in connection with acquisition of business			<b>43</b>		10774			10774	
	Management expenses in connection with maintenance of business			<b>44</b>		23244			23244	
	Other management expenses			<b>45</b>		4778			4778	
	Total expenses (41 to 45)			<b>49</b>		38797			38797	
	Total expenses at line 49 attributable to	UK contracts		<b>51</b>		38797			38797	
Overseas contracts		<b>52</b>								

## Long term insurance business : Analysis of premiums and expenses

Name of insurer **Prudential Annuities Limited**

Global business

Ordinary Business

Financial year ended **31 December 2003**Name and number of fund **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
<b>R41</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>
							Gross <b>1</b>	Payable to or recoverable from reinsurers <b>2</b>	Net of reinsurance (1-2) <b>3</b>
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		<b>11</b>					
		Regular premium		<b>12</b>					
	Pension business contracts	Single premium		<b>13</b>		836764			836764
		Regular premium		<b>14</b>					
	Permanent health contracts	Single premium		<b>15</b>					
		Regular premium		<b>16</b>					
	Other contracts	Single premium		<b>17</b>					
		Regular premium		<b>18</b>					
	Total premiums	Single premium		<b>19</b>		836764			836764
		Regular premium		<b>29</b>					
Total premiums at lines 19 and 29 attributable to	UK contracts		<b>31</b>		836764			836764	
	Overseas contracts		<b>32</b>						
Expenses payable in the financial year	Commission payable in connection with acquisition of business			<b>41</b>		1		1	
	Other commission payable			<b>42</b>					
	Management expenses in connection with acquisition of business			<b>43</b>		10774		10774	
	Management expenses in connection with maintenance of business			<b>44</b>		23244		23244	
	Other management expenses			<b>45</b>		4778		4778	
	Total expenses (41 to 45)			<b>49</b>		38797		38797	
	Total expenses at line 49 attributable to	UK contracts		<b>51</b>		38797			38797
Overseas contracts		<b>52</b>							

## Long term insurance business : Analysis of claims

Name of insurer **Prudential Annuities Limited**

Global business

Ordinary Business

Financial year ended **31 December 2003**Name and number of fund **Ordinary Branch Long Term**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	<b>R42</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>1</b>	<b>0</b>
<b>Claims incurred in the financial year</b>							Gross	Recoverable from reinsurers	Net of reinsurance (1-2)	
							<b>1</b>	<b>2</b>	<b>3</b>	
Life assurance and annuity contracts	On death					<b>11</b>				
	By way of lump sums on maturity					<b>12</b>				
	By way of annuity payments					<b>13</b>				
	By way of payments arising from other insured events					<b>14</b>				
	On surrender or partial surrender					<b>15</b>				
	Total life assurance and annuity claims (11 to 15)					<b>19</b>				
Pension business contracts	On death					<b>21</b>	1127		1127	
	By way of lump sums on vesting					<b>22</b>	3626		3626	
	By way of vested annuity payments					<b>23</b>	871174	282	870892	
	On surrender or partial surrender					<b>24</b>	3901		3901	
	Total pension business claims (21 to 24)					<b>29</b>	879828	282	879546	
Permanent health contracts	By way of lump sums					<b>31</b>				
	By way of periodical payments					<b>32</b>				
	Total permanent health claims (31+32)					<b>39</b>				
Other contracts	By way of lump sums					<b>41</b>				
	By way of periodical payments					<b>42</b>				
	Total claims (41+42)					<b>49</b>				
Total claims (19+29+39+49)						<b>59</b>	879828	282	879546	
Total claims at line 59 attributable to	UK contracts					<b>61</b>	879828	282	879546	
	Overseas contracts					<b>62</b>				

## Long term insurance business : Analysis of claims

Name of insurer **Prudential Annuities Limited**

Global business

Ordinary Business

Financial year ended **31 December 2003**Name and number of fund **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	<b>R42</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>OB</b>	<b>99</b>	<b>0</b>
<b>Claims incurred in the financial year</b>							Gross	Recoverable from reinsurers	Net of reinsurance (1-2)	
							<b>1</b>	<b>2</b>	<b>3</b>	
Life assurance and annuity contracts	On death					<b>11</b>				
	By way of lump sums on maturity					<b>12</b>				
	By way of annuity payments					<b>13</b>				
	By way of payments arising from other insured events					<b>14</b>				
	On surrender or partial surrender					<b>15</b>				
	Total life assurance and annuity claims (11 to 15)					<b>19</b>				
Pension business contracts	On death					<b>21</b>	1127		1127	
	By way of lump sums on vesting					<b>22</b>	3626		3626	
	By way of vested annuity payments					<b>23</b>	871174	282	870892	
	On surrender or partial surrender					<b>24</b>	3901		3901	
	Total pension business claims (21 to 24)					<b>29</b>	879828	282	879546	
Permanent health contracts	By way of lump sums					<b>31</b>				
	By way of periodical payments					<b>32</b>				
	Total permanent health claims (31+32)					<b>39</b>				
Other contracts	By way of lump sums					<b>41</b>				
	By way of periodical payments					<b>42</b>				
	Total claims (41+42)					<b>49</b>				
Total claims (19+29+39+49)						<b>59</b>	879828	282	879546	
Total claims at line 59 attributable to	UK contracts					<b>61</b>	879828	282	879546	
	Overseas contracts					<b>62</b>				

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

Name of insurer **Prudential Annuities Limited**

Global business

United Kingdom business/Overseas business

Non-linked/Linked

Financial year ended **31 December 2003**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN
		<b>R46</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>NL</b>
		day month year								
		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	
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	
In force at beginning of year	<b>11</b>			577183						
New business and increases	<b>12</b>			47449						
Net transfers and other alterations 'on'	<b>13</b>			29						
Total 'on' (12+13)	<b>19</b>			47478						
Deaths	<b>21</b>			18407						
Other insured events	<b>22</b>									
Maturities	<b>23</b>									
Surrenders	<b>24</b>									
Forfeitures	<b>25</b>									
Conversions to paid-up policies for reduced benefits	<b>26</b>									
Net transfers, expiries and other alterations 'off'	<b>27</b>			1415						
Total 'off' (21 to 27)	<b>29</b>			19822						
In force at end of year (11+19-29)	<b>39</b>			604839						



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

Name of insurer **Prudential Annuities Limited**

Global business

United Kingdom business/Overseas business

Non-linked/Linked

Financial year ended **31 December 2003**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN
		<b>R46</b>	<b>2554213</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2003</b>	<b>£000</b>	<b>UK</b>	<b>LN</b>
		day month year								
		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	
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	
In force at beginning of year	<b>11</b>			33346						
New business and increases	<b>12</b>			2298						
Net transfers and other alterations 'on'	<b>13</b>			972						
Total 'on' (12+13)	<b>19</b>			3270						
Deaths	<b>21</b>			1534						
Other insured events	<b>22</b>									
Maturities	<b>23</b>									
Surrenders	<b>24</b>									
Forfeitures	<b>25</b>									
Conversions to paid-up policies for reduced benefits	<b>26</b>									
Net transfers, expiries and other alterations 'off'	<b>27</b>			75						
Total 'off' (21 to 27)	<b>29</b>			1609						
In force at end of year (11+19-29)	<b>39</b>			35007						

Long term insurance business : Analysis of new ordinary long term business

Name of insurer Prudential Annuities Limited

Global business

Financial year ended 31 December 2003

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
<b>UK DIRECT WRITTEN INSURANCE BUSINESS</b>						
<b>Non-Linked Non-Profit Policies</b>						
Annuity in payment	1446	9859	880 pa			
Group deferred annuity	9	4877	98 pa			
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>1455</b>	<b>14736</b>	<b>978 pa</b>			
<b>Index Linked Contracts</b>						
Annuity in payment	1257	1763	139 pa			
Group deferred annuity		150				
<b>Sub total: Index Linked Contracts</b>	<b>1257</b>	<b>1913</b>	<b>139 pa</b>			
<b>Total: Pension Insurance Business</b>	<b>2712</b>	<b>16649</b>	<b>1117 pa</b>			
<b>Total: UK Direct Written Insurance Business</b>	<b>2712</b>	<b>16649</b>	<b>1117 pa</b>			

**Long term insurance business : Analysis of new ordinary long term business**

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

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
<b>UK REINSURANCE ACCEPTED</b>						
<b>Pension Business</b>						
<b>Non-Linked Non-Profit Policies</b>						
Annuity in payment	46003	811598	49849 pa			
Group deferred annuity	59	1063	92 pa			
<b>Sub total: Index Linked Contracts</b>	<b>46062</b>	<b>812661</b>	<b>49941 pa</b>			
<b>Non-Linked Non-Profit Policies</b>						
Annuity in payment	1041	7244	1252 pa			
Deferred annuities	22	210	11 pa			
<b>Sub total: Non-Linked Non-Profit Policies</b>	<b>1063</b>	<b>7454</b>	<b>1263 pa</b>			
<b>Total: Pension Insurance Business</b>	<b>47125</b>	<b>820115</b>	<b>51204 pa</b>			
<b>Total: UK Reinsurance Accepted</b>	<b>47125</b>	<b>820115</b>	<b>51204 pa</b>			

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

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

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

		Company registration number	GL/UK/CM	Period ended day month year	Units	Category of assets	
		<b>R48</b>	<b>2554213</b>	<b>GL</b>	<b>31 12 2003</b>	<b>£000</b>	<b>10</b>
<b>Type of asset</b>				Value of admissible assets as shown on Form 13 <b>1</b>	Expected income from admissible assets <b>2</b>	Yield % <b>3</b>	
Land and buildings		<b>11</b>		280438	18168	6.02	
Fixed interest securities	Approved securities	<b>12</b>		2661055	146345	5.00	
	Other	<b>13</b>		8196167	524775	6.07	
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	<b>14</b>					
	Other	<b>15</b>		44957	1976	4.54	
Equity shares and holdings in collective investment schemes		<b>16</b>					
Loans secured by mortgages		<b>17</b>		273851	19988	6.19	
All other assets	Producing income	<b>18</b>		176721	2224	4.39	
	Not producing income	<b>19</b>		42955			
Total (11 to 19)		<b>29</b>		11676144	713476	5.75	

**Long term insurance 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 insurer **Prudential Annuities Limited**

Global business

Financial year ended **31 December 2003**

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

Company registration number

GL/UK/CM

Period ended  
day month year

Units

Category of assets

				<b>R49</b>	<b>2554213</b>	<b>GL</b>	<b>31 12 2003</b>	<b>£000</b>	<b>10</b>
<b>Redemption period in years</b>			Value of admissible assets as shown on Form 13 <b>1</b>	Gross redemption yield % <b>2</b>	Value of admissible higher yielding assets <b>3</b>		Value of admissible assets as shown on Form 13 <b>4</b>	Gross redemption yield % <b>5</b>	Value of admissible higher yielding assets <b>6</b>
One year or less	<b>11</b>	Fixed interest approved securities	6695	4.17		Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	<b>12</b>		28054	5.52					
More than five years but not more than ten years	<b>13</b>		90179	5.15					
More than ten years but not more than fifteen years	<b>14</b>		373397	5.18					
More than fifteen years but not more than twenty years	<b>15</b>		585453	5.12					
More than twenty years but not more than twenty five years	<b>16</b>		896559	5.00					
More than twenty five years	<b>17</b>		504885	4.82					
Irredeemable	<b>18</b>		175833	5.02					
Total (11 to 18)	<b>19</b>		2661055	5.00					
One year or less	<b>21</b>	Other fixed interest securities	14922	5.41	2406	Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	<b>22</b>		149867	6.04	10044				
More than five years but not more than ten years	<b>23</b>		845081	6.03	32356				
More than ten years but not more than fifteen years	<b>24</b>		984446	6.14	106983				
More than fifteen years but not more than twenty years	<b>25</b>		1930978	6.18	127055		44957	4.54	
More than twenty years but not more than twenty five years	<b>26</b>		1594679	6.11	97381				
More than twenty five years	<b>27</b>		2232300	5.72	46535				
Irredeemable	<b>28</b>		443894	6.99					
Total (21 to 28)	<b>29</b>		8196167	6.07	422760	44957	4.54		