

Prudential (AN) Limited

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



(Appendices 9.1 , 9.3 , 9.4 , 9.6)

Prudential (AN) Limited

Year ended 31st December 2003

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Statement of solvencyName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

R9	Company registration number 1347088	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2003	
	As at the end of this financial year 1	As at the end of the previous year 2	Source			
			<	>	?	

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	386521	363172	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	22275	20879	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	382220	356890	See instruction 4
Other insurance and non-insurance liabilities	24	4301	6282	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	22275	20879	

Implicit Items admitted under Rule 2.10(5) as modified

Future profits	31			
Zillmerising	32			
Hidden reserves	33			

Total of available assets and implicit items (25+31+32+33)	34	22275	20879	
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Required minimum margin

Required minimum margin for long term insurance business	41	6095	4521	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	1016	754	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	21259	20125	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	16180	16358	

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

Name of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

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

..... **J W Jack** **Director**

..... **R C Everett** **Director**

London, 25 March 2004

Analysis of the effect of financial engineering on long-term available assetsName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

	R9A	Company registration number 1347088	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2003	
		As at the end of this financial year 1	As at the end of the previous year 2	Source			
Required minimum margin for long term insurance business	11	6095	4521	See instruction 2			
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	16180	16358	See instruction 3			
Total available assets and implicit items (11+12)	13	22275	20879				
Analysed as follows:							
Value of implicit items	14			See instruction 5			
Financial reinsurance- ceded	15			See instruction 6			
Financial reinsurance- accepted	16			See instruction 7			
Outstanding contingent loans	17			See instruction 8			
Any other charges on future profits	18			See instruction 9			
Sum of financial engineering adjustments (14+15-16+17+18)	19						
Other assets (13-19)	20	22275	20879				
Total available assets and implicit items (19+20)	21	22275	20879				

Statement of net assetsName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

	R10	Company registration number 1347088	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2003	
				As at the end of this financial year 1		As at the end of the previous year 2	Source < > ?
Long term insurance business - admissible assets	11	386521		363172		13 . 89 . 1	
Long term insurance business - liabilities and margins	12	386521		363172		14 . 59 . 1	

Other than Long term insurance business - admissible assets	21	24668		22155		13 . 89 . 1
Other than Long term insurance business - liabilities	22	2393		1276		15 . 69 . 1
Net admissible assets (21-22)	23	22275		20879		
Other assets allowed to be taken into account in covering the required minimum margin	24	Unpaid amounts (including share premium) on partly paid shares				
	25	Supplementary contributions for a mutual carrying on general insurance business				
Liabilities allowed to be left out of account in covering the required minimum margin	26	Subordinated loan capital				
	27	Cumulative preference share capital				
Available assets (23 to 27)	29	22275		20879		

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	18000		18000		
Amounts included in lines 24 to 27 above	52					
Amounts representing the balance of net assets	56	4275		2879		
Total (51 to 56) and equal to line 29 above	59	22275		20879		

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

Balance brought forward at the beginning of the financial year	61	2879		3245		10 . 56 . 2
Retained profit/(loss) for the financial year	62	1396		(366)		16 . 59 . 1
Movement in asset valuation differences	63					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	4275		2879		

Analysis of admissible assets

Name of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st 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	1347088	GL	31	12	2003	£000	1
					day	month	year		
Investments					As at the end of this financial year 1		As at the end of the previous year 2		
Land and buildings					11				
Investments in group undertakings and participating interests	UK insurance 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 assetsName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st 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	1347088	GL	31	12	2003	£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			10235		10004
	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			1250		1345
	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			73	102
		Other			53				
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54			12595	10059
		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			24153		21510	

Analysis of admissible assetsName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st 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			
	R13	1347088	GL	31	12	2003	£000	1
Debtors								
Other assets								
						As at the end of this financial year		As at the end of the previous year
						1		2
Debtors arising out of direct insurance operations	Policyholders			71				
	Intermediaries			72				
Salvage and subrogation recoveries				73				
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74				
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75				
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76				
		Due more than 12 months after the end of the financial year		77				
	Other	Due in 12 months or less after the end of the financial year		78				
		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		441		568
	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		74		77
	Deferred acquisition costs			85				
	Other prepayments and accrued income			86				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				87				
Total sheet 3 (71 to 86 less 87)				88		515		645
Grand total of admissible assets (39+69+88)				89		24668		22155
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets (as per line 89 above)				91		24668		22155
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				92				
Solvency margin deduction for subsidiary undertakings which are insurance undertakings				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 insurance accounts rules)				95				
Total assets determined in accordance with the insurance accounts rules (91 to 95)				99		24668		22155
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 (AN) Limited**

Global business

Financial year ended **31st December 2003**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	1347088	GL	31	12	2003	£000	10
						day	month	year	
Investments						As at the end of this financial year	1	As at the end of the previous year	2
Land and buildings						11			
Investments in group undertakings and participating interests	UK insurance 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 assetsName of insurer **Prudential (AN) Limited**

Global business

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	1347088	GL	31	12	2003	£000	10
					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				3670
			Other		46		12684		12695
		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			1706		5941
		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			365045		337033	
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			379435		359339	

Analysis of admissible assetsName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st 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	1347088	GL	31	12	2003	£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				
	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		2812		2283	
		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		4032	1285	
	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		242	265	
	Deferred acquisition costs			85				
	Other prepayments and accrued income			86				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets			87					
Total sheet 3 (71 to 86 less 87)			88		7086		3833	
Grand total of admissible assets (39+69+88)			89		386521		363172	
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets (as per line 89 above)			91		386521		363172	
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)			92					
Solvency margin deduction for subsidiary undertakings which are insurance undertakings			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 insurance accounts rules)			95					
Total assets determined in accordance with the insurance accounts rules (91 to 95)			99		386521		363172	
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 marginsName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st 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		
R14		1347088	GL	31	12	2003	£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	382220	356890				See Instruction 2
Cash bonuses which had not been paid to policyholders prior to end of the financial year		12						See Instruction 3
Balance of surplus/(valuation deficit)		13						See Instruction 4
Long term insurance business fund carried forward (11 to 13)		14	382220	356890				See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15	235	617				
	Reinsurers' share	16						
	Net (15-16)	17	235	617				
Provisions for other risks and charges	Taxation	21						
	Other	22	468					
Deposits received from reinsurers		23						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	99				
		Reinsurance accepted	32					
		Reinsurance ceded	33					
	Debenture loans	Secured	34					
		Unsecured	35					
	Amounts owed to credit institutions		36					
	Other creditors	Taxation	37					
		Other	38	3598	5566			
Accruals and deferred income		39						
Provision for adverse changes (calculated in accordance with rule 5.3)		41						
Total other insurance and non-insurance liabilities (17 to 41)		49	4301	6282				
Excess of the value of net admissible assets		51					See Instruction 6	
Total liabilities and margins		59	386521	363172				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance		61	2090	4265				
Amounts included in line 59 attributable to liabilities in respect of property linked benefits		62	365045	335808				
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)Name of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R15	1347088	GL	31	12	2003	£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			2393		1276
		Recommended dividend	48					
Other		49						
Accruals and deferred income			51					
Total (19 to 51)			59			2393	1276	
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			2393	1276	
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance			71					

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

Global business

Financial year ended **31st December 2003**

		Company registration number	GL/UK/CM	Period ended			Units	
		R16	1347088	GL	31	12	2003	£000
		This financial year		Previous year		Source		
		1		2		<	>	?
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	1434	(922)	40 . 26			
Investment income	Income	14	455	459				
	Value re-adjustments on investments	15	193					
	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						
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	2082	(463)				
Tax on profit or loss on ordinary activities		31	686	(97)				
Profit or loss on ordinary activities after tax (29-31)		39	1396	(366)				
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	1396	(366)				
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	1396	(366)				

Long term insurance business : Revenue accountName of insurer **Prudential (AN) Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**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				
R40	1347088	GL	31	12	2003	£000	OB	1	0
Items to be shown net of reinsurance ceded						The financial year	Previous year		
							1	2	
Earned premiums					11	26429	31823		
Investment income receivable before deduction of tax					12	13535	14041		
Increase (decrease) in the value of non-linked assets brought into account					13	(103)	(53)		
Increase (decrease) in the value of linked assets					14	41564	(80008)		
Other income					15				
Total income (11 to 15)					19	81425	(34197)		
Claims incurred					21	50536	53429		
Expenses payable					22	4102	3873		
Interest payable before deduction of tax					23	23	6		
Taxation					24				
Other expenditure					25				
Transfer to (from) non technical account					26	1434	(922)		
Total expenditure (21 to 26)					29	56095	56386		
Increase (decrease) in fund in financial year (19-29)					39	25330	(90583)		
Fund brought forward					49	356890	447473		
Fund carried forward (39+49)					59	382220	356890		

Long term insurance business : Analysis of claimsName of insurer **Prudential (AN) Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**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	1347088	GL	31	12	2003	£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	148	148							
	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	1121	1121							
	Total life assurance and annuity claims (11 to 15)	19	1269	1269							
Pension business contracts	On death	21	2284		2284						
	By way of lump sums on vesting	22	21193		21193						
	By way of vested annuity payments	23	5118	5105	13						
	On surrender or partial surrender	24	27046		27046						
	Total pension business claims (21 to 24)	29	55641	5105	50536						
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	56910	6374	50536						
Total claims at line 59 attributable to	UK contracts	61	56910	6374	50536						
	Overseas contracts	62									

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

Global business

Ordinary insurance business

Financial year ended **31st December 2003**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)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
								R43	1347088	GL	31	12	2003	£000	OB	1
1	2	3	4	5	6	7	8			day	month	year				
Cash	25494		25494				25494									
Global Growth	943		943				943									
Equity Income	858		858				858									
Equity	27940		27940				27940									
European	10958		10958				10958									
Equity Unit Trust	44		44				44									
Fixed Interest	10453		10453			788	9665									
Global Equity	15184		15184				15184									
High Income	429		429				429									
Index Linked Gilt	3522		3522				3522									
Intl Small Companies	1368		1368				1368									
International Growth	1999		1999				1999									
Total																

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

Global business

Ordinary insurance business

Financial year ended **31st December 2003**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)	Provision for tax on unrealised capital gains	Secured and unsecured loans	Other liabilities	Net asset value (4-5-6-7)	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund
								R43	1347088	GL	31	12	2003	£000	OB	1
Japanese	3221		3221				3221									
Managed	229853	5232	235085				235085									
International Money	1449		1449				1449									
North American	4185		4185				4185									
Pacific Market	3743		3743				3743									
Property	17310		17310			568	16742									
Premier Income	45		45				45									
Small Companies	3131		3131				3131									
Special Situations	1597		1597				1597									
UK Growth	1319		1319				1319									
Total	365045	5232	370277			1356	368921									

Long term insurance business : Aggregate revenue account for internal linked fundsName of insurer **Prudential (AN) Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**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	1347088	GL	31	12	2003	£000	OB	1	0
Value of total creation of units						11			26442
Investment income attributable to the funds before deduction of tax						12			12537
Increase (decrease) in the value of investments in the financial year						13			41556
Other income						14			
Total income (11 to 14)						19			80535
Value of total cancellation of units						21			49211
Charges for management						22			3443
Charges in respect of tax on investment income						23			
Taxation on realised capital gains						24			
Increase (decrease) in amount set aside for tax on capital gains not yet realised						25			
Other expenditure						26			
Total expenditure (21 to 26)						29			52654
Increase (decrease) in funds in financial year (19-29)						39			27881
Internal linked funds brought forward						49			335808
Internal linked funds carried forward (39+49)						59			363689

Long term insurance business : Supplementary information for internal linked fundsName of insurer **Prudential (AN) Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2003**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	1347088	GL	31	12	2003	£000	OB	1	0
1	2	3	4	5	6					
Cash				52.54	3.91140					
Global Growth				0.35	1.93634					
Equity Income				1.08	3.90194					
Equity				(0.50)	18.21547					
European				(0.54)	2.98957					
Equity Unit Trust				0.05	1.53533					
Fixed Interest				89.95	13.09077					
Global Equity				0.73	5.13116					
High Income				0.22	3.24086					
Index Linked Gilt				99.18	5.35300					
Intl Small Companies				(0.46)	2.59770					
International Growth				(0.02)	2.44225					
Japanese				(0.31)	0.98201					
Managed				15.25	13.16064					
International Money				100.00	3.77460					
North American					2.64646					
Pacific Market				(0.04)	2.51505					
Property				13.21	8.49952					
Premier Income				0.29	1.83250					
Small Companies				(0.88)	2.73635					
Special Situations				0.21	2.23286					
UK Growth				0.51	2.13084					

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Prudential (AN) Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2003**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
			day	month	year				
	R46	1347088	GL	31	12	2003	£000	UK	NL
	Life assurance and general annuity		Pensions business		Permanent health		Other business		
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
	1	2	3	4	5	6	7	8	
In force at beginning of year	11	387	2145	27					
New business and increases	12	1646	185						
Net transfers and other alterations 'on'	13		12						
Total 'on' (12+13)	19	1646	197						
Deaths	21	8	36						
Other insured events	22								
Maturities	23								
Surrenders	24	6	17	4					
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26								
Net transfers, expiries and other alterations 'off'	27	7							
Total 'off' (21 to 27)	29	21	53	4					
In force at end of year (11+19-29)	39	2012	2289	23					

Long term insurance business : Summary of changes in ordinary long term businessName of insurer **Prudential (AN) Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2003**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	NL/LN	
			day	month	year				
	R46	1347088	GL	31	12	2003	£000	UK	LN
	Life assurance and general annuity		Pensions business		Permanent health		Other business		
	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	No of contracts	Annual premiums	
	1	2	3	4	5	6	7	8	
In force at beginning of year	11		17815	2039					
New business and increases	12		90	62					
Net transfers and other alterations 'on'	13		96	87					
Total 'on' (12+13)	19		186	149					
Deaths	21		140	23					
Other insured events	22								
Maturities	23		9	2					
Surrenders	24		1796	340					
Forfeitures	25								
Conversions to paid-up policies for reduced benefits	26			69					
Net transfers, expiries and other alterations 'off'	27		124	21					
Total 'off' (21 to 27)	29		2069	455					
In force at end of year (11+19-29)	39		15932	1733					

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

Name of insurer **Prudential (AN) Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

R47	1347088	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
UK DIRECT WRITTEN INSURANCE BUSINESS						
Life Assurance & General Annuity Insurance Business						
Accumulating With-Profits Policies						
Whole Life assurance	1646	44326	44326			
Sub total: Accumulating With-Profits Policies	1646	44326	44326			
Total: Life Assurance & General Annuity Insurance Business	1646	44326	44326			

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

Name of insurer **Prudential (AN) Limited**

Global business

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

GL/UK/CM

Period ended

day month year

Units

R47	1347088	GL	31	12	2003	£000
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Type of insurance 1	Single premium contracts			Regular premium contracts		
	No of contracts 2	Premiums 3	Sums assured, annuities per annum or other measures of benefit 4	No of contracts 5	Annual premiums 6	Sums assured, annuities per annum or other measures of benefit 7
Pension Insurance Business Non-Linked Non-Profit Policies						
Annuity in payment	185	4552	435 pa			
Sub total: Non-Linked Non-Profit Policies	185	4552	435 pa			
Index Linked Contracts						
Annuity in payment						
Sub total: Index Linked Contracts						
Other Linked Contracts						
Deferred Annuities	41	1599	1599	49	62	
Sub total: Other Linked Contracts	41	1599	1599	49	62	
Total: Pension Insurance Business	226	6151	1599 435 pa	49	62	
Total: UK Direct Written Insurance Business	1872	50477	45925 435 pa	49	62	

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

Name of insurer **Prudential (AN) Limited**
 Global business
 Financial year ended **31st December 2003**
 Category of assets **Total long term business assets**

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	1347088	GL	31	12	2003	£000	10
			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3	
Land and buildings		11						
Fixed interest securities	Approved securities	12						
	Other	13	12926		495		3.83	
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15						
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17						
All other assets	Producing income	18	5737		209		3.64	
	Not producing income	19	2813					
Total (11 to 19)		29	21476		704		3.28	

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 benefitsName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st 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

R49	1347088	GL	31	12	2003	£000	10
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Redemption period in years			Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3		Value of admissible assets as shown on Form 13 4	Gross redemption yield % 5	Value of admissible higher yielding assets 6
One year or less	11	Fixed interest approved securities				Variable interest and variable yield approved securities excluding equities			
More than one year but not more than five years	12								
More than five years but not more than ten years	13								
More than ten years but not more than fifteen years	14								
More than fifteen years but not more than twenty years	15								
More than twenty years but not more than twenty five years	16								
More than twenty five years	17								
Irredeemable	18								
Total (11 to 18)	19								
One year or less	21	Other fixed interest securities	12926	3.83		Other variable interest and variable yield securities excluding equities			
More than one year but not more than five years	22								
More than five years but not more than ten years	23								
More than ten years but not more than fifteen years	24								
More than fifteen years but not more than twenty years	25								
More than twenty years but not more than twenty five years	26								
More than twenty five years	27								
Irredeemable	28								
Total (21 to 28)	29		12926	3.83					

PRUDENTIAL (AN) LIMITED

Appendix 9.4

VALUATION REPORT ON PRUDENTIAL (AN) LIMITED

1. The investigation relates to 31 December 2003.
2. The previous investigation related to 31 December 2002.
3. The valuation conforms with rule 5.6 of the Interim Prudential Sourcebook for Insurers.
4. (1)
 - (a) The only accumulating with profits contract is as follows:

With Profits Bond

This policy is a single life, joint life or joint life last survivor single premium whole life assurance.

Policyholders can invest in either of two notional accumulating with-profits funds: the Optimum Return Fund and the Optimum Bonus Fund. The Optimum Return Fund, by having a higher proportion of assets invested in equities, aims to provide a higher overall return than the Optimum Bonus Fund, which aims to provide a higher annual bonus.

Premiums are allocated to secure units in one or both of the notional accumulating with-profits funds. Allocation rates and charges are set out in the tables below. The minimum initial investment is £10,000.

The percentage of premium invested varies with the size of the premium. The allocation rates are:

Initial investment	Allocation rate
£	%
10,000 to 19,999	102.00
20,000 to 49,999	102.25
50,000 to 74,999	103.00
≥75,000	103.25

The offer prices of units in both funds are calculated daily and incorporate reversionary bonus interest. The bid price of units equals the offer price. A terminal bonus may be added when units are realised.

The death benefit is 101% of the bid value of units, except for lives aged 75 and over at commencement where the death benefit is 100.1% of the surrender value.

Loyalty bonus is payable on the With Profits Bond. It is added on the second and subsequent anniversaries of each tranche of premium, provided there have been no withdrawals during the preceding year. The loyalty bonus is 0.35% of the terminal bonus fund on the tranche anniversary. For this purpose each tranche of premium is treated as a separate policy.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

The following exit charges apply to withdrawals (other than regular withdrawals) on With Profit Bond business:

Year of exit (based on date of initial investment)	Proportion of fund value %
1	9
2	7
3	5
4	3
5	1
6 and over	0

An adjustment to reflect market conditions may also be applied to withdrawals, other than regular Withdrawals, or on a switch of units from the fund.

(b) As stated in 5.(1) below, linked policies have the option of investing in the Guaranteed Fund.

(c) Annuities in payment arise from the options available in the linked contracts.

Descriptions of non-linked contracts not fully described by the entry in column 1 of Form 51 are as follows:-

Level term assurance

This benefit is available under the Personal Pension Account and Executive Pension Plan, and consists of a fixed amount of temporary life assurance terminating not later than the normal retirement date of the member.

For temporary assurance in conjunction with the Executive Pension Plan, there is an option to increase the sum assured annually in line with increases in the Retail Prices Index without further evidence of health.

Waiver of premium benefit

This is available only to holders of a Flexible Retirement Plan or Personal Pension Account payable by regular premiums, in return for an additional premium. The waiver operates in the event of incapacity to work through accident or illness, the first six months of incapacity being excluded. Benefits normally cease at age 60.

5. (1) Categories of in force linked business are as follows:-

(i) Flexible Retirement Plan

(a) Flexible Retirement Plan

(b) These policies are United Kingdom, pension, direct written, unit linked deferred annuity contracts.

(c) Frequency of premiums can be regular or single.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

- (d) A percentage of each premium paid (excluding any service charge) is invested in the Guaranteed Fund or in units of one or more of the linked funds.

In the event of death before the commencement of the pension, the full bid value of the linked fund units allocated and the Guaranteed Fund value held (including accumulated interest) is paid.

Under Mark 2 regular premium contracts, after 10 yearly (or 120 monthly) premiums have been paid, all benefits otherwise payable under the policy are increased by a guaranteed bonus of 2.5%.

Under Mark 1 regular premium contracts effected prior to 1 January 1999, on retirement before the selected retirement age specified in the policy the accumulated fund is reduced by an amount equivalent to a percentage of the fund value purchased by the first year's contribution. Specimen percentages are:

Number of years to selected retirement age	Percentage of fund value purchased by first year's premium
1	5.6
2	10.7
3	15.4
4	19.8
5	24.0
10	41.6
15	54.9
20	65.2

This reduction does not apply to top-ups effected on or after 1 January 1999.

Under Mark 2 regular premium contracts policies effected prior to 1 January 1999, on retirement before the annuity date specified in the policy, the accumulated fund is reduced by an amount equivalent to a percentage of the fund value purchased by premiums in the first two years. Specimen percentages are:

Number of years to annuity date	Percentages of fund value purchased by first two years' premiums
1	3.5
2	6.9
3	10.1
4	13.3
5	16.4

This reduction does not apply to top-ups effected on or after 1 January 1999.

The Guaranteed Fund is a non-unitised fund currently invested in short dated securities and loans. A rate of interest is published daily and money allocated to the fund is increased appropriately after one year. No other guarantees are given.

The reserve for the Guarantee Fund is shown in column 14 of Form 53.

- (e) There are no guaranteed investment returns other than that described in (d) above in respect of the Guaranteed Fund.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

- (f) For the internal linked funds there is an initial charge equal to the difference between the bid price and the offer price (the 'bid/offer spread') which is never greater than 5% of the offer price plus a rounding adjustment not exceeding 0.1p. The Company deducts from each of the internal linked funds a fund management charge equal to a percentage of the bid value of the units of that fund, excluding the bid value of any units held by that fund in any other fund. This percentage for all funds is 1/12% per month. The management charge of each of these funds can be varied at the discretion of the Company up to a maximum of 9/96% per month in respect of units attributed to the Flexible Retirement Plan Mark 1 policies and without limitation in respect of units attributed to other policies.

For the Guaranteed Fund any portion of premium deemed invested in the fund is reduced by 5% as an initial management charge.

Under Mark 1 regular premium contracts, 5% of the units allocated (or investment resulting from premiums paid into the Guaranteed Fund) in the first policy year are cancelled at each policy anniversary during deferment, as an initial management charge.

Under Mark 2 regular premium contracts, 3.5% of the units allocated (or investment resulting from premiums paid into the Guaranteed Fund) in the first and second policy years are cancelled at each policy anniversary during deferment, as an initial management charge. Reductions in premium before two full years' premiums have been paid, but where at least one year's premiums have been paid, will give rise to a discontinuance charge of up to 25% of the fund secured by the discontinued element of the premium.

Specimen percentages of premium invested prior to April 2001 are as follows:

Mark 1 - single premium 99%

Mark 1 - regular premium

Investment Allocation	Premium payment term (in years)					
	10 or more	9	8	7	6	5
Annual	100%	99%	98%	97%	96%	95%
Monthly	97%	96%	95%	94%	93%	92%

From the 11th year onwards, 105% (102% for monthly plans) of each premium paid (excluding any service charge) is invested, provided that premiums have been maintained at the initial level for the first 10 years.

If premiums are continued after the selected retirement age, 100% of each premium is invested (97% for monthly plans).

Mark 2A - single premium

Premium under £2,500	98%
Premium of £2,500 or more	99%

From 1 October 1984, the allocation is 100% for premiums of £5,000 or more.

Mark 2B - single premium

Premium under £2,500	97%
Premium £2,500 or more	98%

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

Mark 2 - regular premium (excluding service charge)

	Age next birthday at entry					
	up to 55	56	57	58	59	60-65
Investment Allocation	100%	99%	98%	97%	96%	95%

All premiums received on or after 1 April 2001 have 105.27% invested.

The following premium charges apply to premiums invested prior to 1 April 2001: FRP1 : £10 p.a. per plan if the premium per plan is between £100 p.a. and £299.99 p.a. or £1 per month per plan if the premium per plan is between £10 per month and £29.99 per month. FRP2 : £1.50 per month per plan or £15 p.a. per plan if the premium is below £500p.a.

All premium charges were removed from 1 April 2001.

- (g) The bid offer spread is limited to 5%. The fund management charge can be varied at the company's discretion up to a maximum of 9/96% per month in respect of units attributed to the Flexible Retirement Plan Mark 1 policies and without limitation in respect of units attributed to other policies.
- (h) See (d) above. The treatment of transfer values is the same as for early retirements.
- (i) The Company maintains the following internal linked funds:

Cash Pension
Equity Income Pension
Equity Pension
Equity Unit Trust Pension
European Pension
Fixed Interest Pension
Global Equity Pension
Global Growth Pension
High Income Pension
Index-Linked Gilt Pension
International Growth Pension
International Money Pension
International Small Companies Pension
Japanese Pension
Managed Pension
North American Pension
Pacific Markets Pension
Premier Income Pension
Property Pension
Small Companies Pension
Special Situations Pension
UK Growth Pension

The general nature of the investments of each Prudential (AN) Limited internal linked fund is as follows.

Cash Pension:	Direct investment in short term money market deposits and instruments.
Equity Pension:	Ordinary shares of companies in the United Kingdom either directly or through Prudential Unit Trusts.
Fixed Interest Pension:	Direct investment in UK Government gilt-edged securities and other fixed-interest securities.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

Global Equity Pension:	Ordinary shares quoted on international stock exchanges through Prudential Unit Trusts.
Index Linked Gilt Pension:	Direct investment in UK Government index-linked securities.
International Money Pension:	Cash and short term deposits in foreign currencies through AIB Grofund Currency Funds Limited Sterling Managed Currency Fund.
Managed Pension:	Ordinary shares in companies in the UK and overseas, fixed interest and index-linked securities, property and cash either directly or through other Prudential Pension Funds or Prudential Unit Trusts.
Property Pension:	Direct investment in commercial, industrial and agricultural properties, development projects and property modernisation programmes.

The following funds invest in Prudential Unit Trusts:

Equity Income Pension:	UK stocks and shares and fixed interest securities
Equity Unit Trust Pension:	Principally UK stocks and shares
European Pension:	Stocks and shares of European companies (excluding UK)
Global Growth Pension:	Ordinary stocks and shares of international companies
High Income Pension:	UK stocks and shares and fixed interest securities
International Growth Pension:	Mainly international stocks and shares
International Small Companies Pension:	Mainly international stocks and shares
Japanese Pension:	Japanese stocks and shares
North American Pension:	United States and Canadian stocks and shares
Pacific Market Pension:	Investment primarily in the major Pacific markets (excluding Japan)
Premier Income Pension:	Mainly fixed interest securities
Small Companies Pension:	Stocks and shares of relatively small companies, principally in the UK
Special Situations Pension:	Principally UK stocks and shares
UK Growth Pension:	Principally UK stocks and shares

Investment dealing costs are charged to the respective funds.

- (j) For regular premium contracts under the Flexible Retirement Plan Mark 1, units (or investments in the Guaranteed Fund) are created in respect of the first year's premiums by multiplying the allocated units (or investments) by an endowment assurance factor with a term equal to the number of years to the selected retirement age and a rate of interest of 5%. For premiums paid after the first year the units created equal the allocated units.

For regular premium contracts under Flexible Retirement Plan Mark 2, units are created in respect of

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

the first two years premiums by multiplying the allocated units by an endowment assurance factor with a term equal to the number of years to the annuity date specified in the policy and a rate of interest of 3.5%. For premiums paid after the first two years the units created equal the allocated units.

For single premium contracts, units (or investments) are created in respect of all units allocated.

- (k) The contract was not open to new business, except for top-ups, in the year to the valuation date.
- (l) There were no increases to rates of charges applied generally to contracts during the report period.

(ii) Personal Pension Account

- (a) Personal Pension Account
- (b) These policies are United Kingdom, pension, direct written, unit linked deferred annuity contracts.
- (c) Frequency of premium can be regular or single.
- (d) Mark 1 policies are similar to policies written under the Flexible Retirement Plan Mark 2 except that:

The guaranteed bonus after 10 yearly (or 120 monthly) premiums have been paid is 2% of the benefits otherwise payable.

The reduction in fund value in the event of early retirement for policies effected prior to 1 January 1999 is as for Flexible Retirement Plan Mark 1. The reduction does not apply to top-ups effected on or after 1 January 1999.

For Mark 2 policies the guaranteed bonus after 10 yearly premiums have been paid does not apply. There is no reduction in fund value in the event of early retirement.

- (e) There are no guaranteed investment returns other than those described in 5(1)(i)(d) above in respect of the Guaranteed Fund.
- (f) For details of the initial charges and fund management charges see 5(1)(i)(f).

For Mark 1 policies effected prior to 1 January 1999 the initial management charge is as for the Flexible Retirement Plan Mark 1. A charge does not apply to top-ups effected on or after 1 January 1999.

For Mark 2 policies there is no initial management charge.

Specimen percentages of premium invested prior to 1 April 2001 are as follows:

Mark 1 - regular premium

Yearly Premiums	Monthly Premiums	Term to retirement (years)					
		10 or more	9	8	7	6	5
£500-£2499	£25-£249	100%	99.5%	99%	98.5%	98%	97.5%
£2500-£4999	£250-£499	101%	100.5%	100%	99.5%	99%	98.5%
£5000 & over	£500 & over	102%	101.5%	101%	100.5%	100%	99.5%

The allocation is applied to all premiums excluding service charge.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

Mark 1 single premium and Mark 2 regular premium

£500 - £2499	-	98%
£2500 - £4999	-	99%
£5000 & over	-	100%

All premiums received on or after 1 April 2001 have 105.27% invested.

Single premium top-ups effected on or after 1 January 2000 and regular premium top-ups effected on or after 1 October 2000 have 105.27% invested.

The following premium charges apply to premiums invested prior to 1 April 2001:

PPA1: £15 per annum per plan if the total premium is reduced below £500 or £1.50 per month per plan.

All premium charges were removed from 1 April 2001.

- (g) The bid offer spread is limited to 5%. The fund management charge can be varied at the company's discretion.
- (h) See (d) above. The treatment of transfer values is the same as for early retirements.
- (i) See 5(1)(i)(i)
- (j) Units are created for Mark 1 policies as for Flexible Retirement Plan Mark 1.
- (k) The contract was not open to new business, except for top-ups, in the year to the valuation date.
- (l) There were no increases in the rates of charges applied generally to contracts during the report period.

(iii) Executive Pension Plan

- (a) Executive Pension Plan
- (b) These policies are United Kingdom, pension, direct written, unit linked deferred annuity contracts.
- (c) Frequency of premiums can be regular or single.
- (d) A percentage of each premium paid (excluding any service charge) is invested in the Guaranteed Fund or units of one or more of the linked funds.

In the event of death before the commencement of the pension the full bid value of internal fund units allocated and the Guaranteed Fund value held (including accumulated interest) is paid.

For Mark 1 regular premium contracts, after 10 yearly (or 120 monthly) premiums have been paid, all benefits otherwise payable under the policy will be increased by a guaranteed bonus of 2%. The reduction in fund value in the event of early retirement is as for Flexible Retirement Plan Mark 1 by regular premiums.

For Mark 1 recurrent single premium, the guaranteed bonus after 10 yearly premiums have been paid does not apply and there is no reduction in fund value in the event of early retirement.

- (e) There are no guaranteed investment returns other than that described in (d) above in respect of the Guaranteed Fund.
- (f) For details of the initial charge and fund management charge see 5(1)(i)(f).

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

For Mark 1 regular premium contracts, the initial management charge is as for the Flexible Retirement Plan Mark 1 by regular premiums.

For Mark 1 recurrent single premium policies there is no initial management charge.

Specimen percentages of premium invested are as follows:

Mark 1 - single premium

Premium	Term to Retirement (years)				
	6 or more	5	4	3	2 or 1
Under £5000	99%	98.5%	98%	97.5%	97%
£5,000 & over	100%	99.5%	99%	98.5%	98%

For single premiums paid in conjunction with regular premiums, the regular premium investment allocation applies if higher.

Mark 1 – regular premium

Yearly Premium	Monthly Premium	Term to retirement (years)								
		10 or more	9	8	7	6	5	4	3	2 or 1
< £2,500	< £250	100%	99.5%	99%	98.5%	98%	97.5%	97.0%	96.5%	96%

For larger premiums there is an additional allocation as follows:

Yearly premiums	Monthly premiums	Additional allocation
£2,500 - £4,999	£250 - £499	1%
£5,000 & over	£500 & over	2%

If premiums are continued after the normal retirement date, 100% of each premium (excluding service charge) is invested.

For all policies issued prior to 6 April 1983 the investment allocations are increased by a further 1%.

Mark 1 - recurrent single premium

Premium under £5,000 -	99%
Premium of £5,000 & over -	100%

- (g) The bid offer spread is limited to 5%. The fund management charge can be varied at the company's discretion.
- (h) See (d) above. The treatment of transfer values is the same as for early retirements.
- (i) See 5(1)(i)(i)
- (j) Units are created for Mark 1 regular premium contracts as for Flexible Retirement Plan Mark 1.
- (k) The contract was not open to new business, except for top-ups, in the year to the valuation date.
- (l) There were no increases in the rates of charges applied generally to contracts during the report period.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

(iv) Exempt Investment Bond

- (a) Exempt Investment Bond
- (b) These policies are United Kingdom, pension, direct written, unit-linked deferred annuity contracts.
- (c) Single premium only
- (d) A percentage of each premium is invested in the Guaranteed Fund or units of one or more of the linked Funds.

Except as shown below, the benefit is the bid value of the linked fund units allocated and the Guaranteed Fund value held (including accumulated interest).

Mark 2 single premium policies have a discontinuance charge if surrender occurs within 10 years of inception. The discontinuance charge reduces the surrender value to that payable had the initial unit allocation been in accordance with the following scale:

Completed years to surrender	Percentage deduction from Initial unit allocation
Under 2	5.0
2	4.0
3	3.5
4	3.0
5	2.5
6	2.0
7	1.5
8	1.0
9	0.5

- (e) There are no guaranteed investment returns other than described in (d) above in respect of the Guaranteed Fund.
- (f) For details of the initial charge and fund management charge see 5(1)(i)(f).

Specimen percentages of premium invested are as follows:

Mark 1 - single premium

£10,000 - £49,999	-	101%
£50,000 - £99,999	-	101.5%
£100,000 & over	-	102%

Mark 2 - single premium

£10,000 - £49,999	-	106%
£50,000 - £99,999	-	106.5%
£100,000 & over	-	107%

The allocation rates in excess of 105% are funded from future annual management charges. The valuation allows for immediate allocation of the full value of units.

- (g) The bid offer spread is limited to 5%. The fund management charge can be varied at the company's discretion.
- (h) See (d) above
- (i) See 5(1)(i)(i)
- (j) Not applicable.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

- (k) The contract was not open to new business in the year to the valuation date.
- (l) There were no increases in the rates of charges applied generally to contracts during the report period.
- (v) Reassurance accepted from The Prudential Assurance Company Limited (PACL)
 - (a) Reassurance accepted from The Prudential Assurance Company Limited (PACL)
 - (b) This reassurance is of unit linked Pension Business which is linked to Prudential (AN) Limited (PANL) internal linked funds, i.e. United Kingdom, pension, reassurance accepted, unit linked deferred annuity contracts.
 - (c) Frequency of premiums can be regular or single. The reassurance premiums paid to PANL are treated as single premiums.
 - (d) The benefits payable are the bid value of units credited to the agreement together with a death benefit which arises as follows. The original regular premium policies are subject to the cancellation, on each policy anniversary during deferment, of a percentage of the units allocated or investment resulting from premiums paid in the first policy year. The reassured death benefit is the value of the unit cancellations that would otherwise have been due following the date of death.
 - (e) There are no guaranteed investment returns other than that described in 5(1)(i)(d) above in respect of the Guaranteed Fund.
 - (f) The premiums receivable are: the bid value of the units credited to the agreement; the value, on A67/70 Ultimate mortality rated down one year, of the death benefits; and the administration and maintenance expenses of the business.
 - (g) Mortality charges cannot be varied at the company's discretion.
 - (h) See (d) above.
 - (i) See 5(1)(i)(i)
 - (j) Not applicable.
 - (k) The contract was open to new business in the year.
 - (l) There were no increases in the rates of charges applied generally to contracts during the report period.
- (2) Not applicable.
- (3) No categories of contract have been included under the miscellaneous heading in Forms 53 or 54.
- (4) A smoothed equity approach is taken to unit pricing. Current practice is as follows.

While the trend in the number of units in a unit fund is believed to be upward, the bid price is the creation price. While the trend in the number of units is believed to be downward, the bid price is the cancellation price. Where the trend is unclear or changing, the bid price may be between the creation price and the cancellation price. The offer price is then set equal to the bid price plus the initial charge plus a rounding adjustment not exceeding 0.1p.

The creation price is the cash cost of purchasing an identical portfolio of assets to that in the unit fund including all the costs that would be incurred in purchasing such assets, divided by the number of units in existence. The cancellation price is the cash amount for which the assets of the unit fund can be sold net of all costs that would be incurred in disposing of the assets, divided by the number of units in existence.

Unit prices are calculated and allocations to policies made daily. The associated cash is invested or withdrawn from the unit fund the day following the allocation.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

- (5) Not applicable.
- (6) Where investments are in Prudential Unit Trusts the purchase price is the underlying creation price and stamp duty charge. In the case of disinvestments the sale price is the underlying cancellation price. Prudential Unit Trusts rebate the fund management charge deducted from the unit trusts less a share of investment management expenses of the unit trusts. The full rebate (without deduction for the investment management expenses of the unit trusts) is credited to the respective linked funds with the deduction for investment management expenses being met by non linked funds.
6. (1) The general principles and methods adopted in the valuation were as follows:
- (a) Not applicable.
- (b) For linked business the company reserves the right to increase the annual management charge in some cases. The calculation of non unit reserves takes no credit for such increases.
- (c) The net premium method has been used to value certain classes of temporary benefit. For each policy the actual net premium used has been limited to a maximum of 95% of the office premium to provide a margin for future expenses.
- (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) The guaranteed bonus additions available for regular premium contracts under the Flexible Retirement Plan Mark 2, Personal Pension Account Mark 1 and Executive Pension Plan Mark 1 after 10 years' premiums have been paid are matched by a further reserve of 2.5%, 2% and 2% respectively of all created units currently allocated to those Plans which have not been paid up.
- In addition, the investment proportion of future premiums assumed to be paid under these contracts has been increased by 2.5%, 2% and 2% respectively as a provision for the prospective cost of the further guaranteed bonus secured by these premiums.
- (f) No reserve for tax on unrealised capital gains is necessary as the Company writes only pension business.
- (g) Interest guarantees of investments in the Guaranteed Fund are covered by matching assets to liabilities.
- (h) No explicit reserve has been made for the guarantee that the annuity rates used in calculating pensions will not be less than those quoted by The Prudential Assurance Company Limited for similar contracts or for the guaranteed insurability option available under life assurance benefits of the Executive Pension Plan.

The only other guarantee is the return in the event of death of all units currently allocated to the policy; for the regular premium plans the mortality risk for the excess of allocated over created units is effectively reserved for as a temporary assurance using the mortality stated in 9(a) below.

An additional reserve of £5,124,000 is held in respect of:-

	£
AIDS	100,000
Cashflow Mismatch	724,000
Resilience (rule 5.17(b))	600,000
Exceptional development costs	1,000,000
Other contingencies	2,700,000
Total	5,124,000

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

6. (2) Not applicable.
7. (1) See Forms 51, 53 and 54.
7. (2) Not applicable.
7. (3) All business is issued in the United Kingdom, and United Kingdom tables of morbidity and mortality have been used.
7. (4) Annuities are valued using a percentage of the 92 series (year of birth) tables for annuitants and pensioners. In order to allow for mortality improvement, the CMIR 17 mortality improvement factors are applied up to and including 2004 and future improvement factors from 2005 are in line with the CMI medium cohort projections. Male future improvement factors are subject to a minimum improvement of 2%.
7. (5) An additional reserve of £100,000 is held in respect of AIDS. The provision for AIDS has been assessed on the assumptions underlying Projection R6A of the Institute of Actuaries Working Party Bulletin No. 5, but modified so that mortality rates are assumed not to decline from their peak values. The only guaranteed insurability options are where there is a right to increase life assurance cover in line with the Retail Prices Index. The additional provision for these options in respect of AIDS mortality is not significant.
7. (6) The scenarios tested were:
- (a) a 19% fall in equity values and a 20% fall in property values , and a rise of 2% in cash yields and in gilt yields at all durations. No adjustment has been made to yields on short-term deposits backing guaranteed interest liabilities
 - (b) a 19% fall in equity values and a 20% fall in property values , and a rise of 1% in cash yields and in gilt yields at all durations. No adjustment has been made to yields on short-term deposits backing guaranteed interest liabilities
 - (c) a 19% fall in equity values and a 20% fall in property values , and a fall of 1% in cash yields and in gilt yields at all durations. No adjustment has been made to yields on short-term deposits backing guaranteed interest liabilities
- All three scenarios were tested against the actual asset allocation and against a hypothetical allocation. The hypothetical allocation was chosen to reflect the expected actual allocation for 2004.
- Scenario (a) with the hypothetical asset allocation proved to be the most onerous.
7. (7) The assets backing the non-unit liabilities are shown in Form 57 and are primarily short term deposits. A comparison was made of the cashflows required on the valuation basis shown in 7(8) below and the actual cashflows from these assets, with any surplus asset cashflows being placed on short term deposit. An additional reserve of £724,000 is required to cover the years where the actual cashflow from the assets is insufficient to match the cashflow from the liabilities.
7. (8) A further additional reserve of £600,000 has been made. This was calculated as follows:
- (a) No changes in assumptions other than those stated in 7(6)(a) above, and interest rate changes as shown in Form 57 were made.
 - (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 £21,000 increase in the aggregate amount of the long term liabilities.
 - (ii) The assets allocated to match such liabilities decreased in value by £510,000.
7. (9) Not applicable.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

8. (a) See Form 51.
- (b) Immediate annuity values were increased by 2% as a provision for expenses of payment.
- (c) Not applicable.
- (d) Not applicable.
9. (a) For unit linked policies, the liability has been taken as the sum of:
- (i) The value of created units at bid price plus the value of investments in the Guaranteed Fund with accrued interest.
- (ii) The value of future expenses and renewal commission.
- (iii) Less the value of future management charges.
- (iv) Less the value of that portion of future premiums not attributed to units.

Where necessary, (iv) and then (iii) were adjusted to ensure that the reserve for an individual policy both currently and at any future date was not less than the value of created units plus, in the case of regular premium policies under the Flexible Retirement Plan Mark 1, Personal Pension Account Mark 1 and Executive Pension Plan Mark 1, an allowance for unpaid initial commission. This allowance is the balance of initial commission on policies on which the first year's premiums have been completed. For policies paid monthly under which the first year's premiums have not been completed the allowance is the amount of initial commission that will be payable in the second year multiplied by the proportion of the first year's premiums paid to the valuation date.

In the case of regular premium contracts, in calculating (iii) and (iv) premiums are assumed to continue in payment for the remaining term of the contract unless a higher reserve is obtained by assuming immediate cessation of premiums and paid up expenses are incurred in calculating (ii).

Valuation Rate 3.35%

Mortality For business written by PANL: A49/52 Ultimate, applied to the difference between policyholder and created units.

For business written by PACL and reassured to PANL: A67/70 Ultimate - 1.

AM/AF92 - 3 are used in projecting cashflows for determining sterling reserves.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

Renewal expenses (gross) in respect of direct written cases	Self-Employed Deferred Annuities	Executive Pensions
Single premium business:		
per policy	£45.50	£138.50
Regular premium business		
Premium paying		
per policy	£72.35	£628.15
Non-premium paying		
per policy	£45.50	£138.50

Inflation: 3.5% pa throughout

Fund charge: 1.0% pa. less rebate of the full fund management charge to The Prudential Assurance Company Limited in respect of reinsurance accepted business.

Investment expenses: 0.26% pa in respect of direct written business

In calculating future management charges and investment expenses the internal linked funds and investments have been assumed to grow at 5% pa (before allowance for the above fund charge).

Index Linked Annuities in payment (wholly reassured)

Mortality	102% PMA92 (U=2004) medium cohort improvement table with 2% floor, 84% PFA92 (U=2004) medium cohort improvement table
Expenses (per payment)	2.00%
Interest	2.17%

Annuities in payment (wholly reassured)

Mortality	102% PMA92 (U=2004) medium cohort improvement table with 2% floor, 84% PFA92 (U=2004) medium cohort improvement table
Expenses (per payment)	2.00%
Interest	5.14%

Waiver of premium benefit (self employed Deferred Annuity)

The liability is calculated as twice the annual office premium

Level Term assurance (Self Employed & Executive Pension)

Mortality	AM/AF92 + 1
Interest	4.00%

In the case of reinsurance accepted from PACL, the reinsurance agreement provides for PACL to meet the administration and maintenance expenses. Reserves are set up within PANL to cover the value of units at bid price and the mortality risk for the excess of allocated over created units.

In calculating the net liability in respect of investments in the Guaranteed Fund, allowance was made for accrued interest to the valuation date.

(b) Not applicable.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

10. (1) See answer to paragraph 9.
10. (2) The aggregate amount of expense allowance arising in the next twelve months from the loadings described in paragraph 9 is £1,587,000. This excludes the annual management charge rebated to PACL, where the amount due to PACL is that arising from the associated linked funds. In 2003 this amounted to £1,996,000 which is included in line 44 of Form 41.
10. (3) None of the directly written contracts is open to new business other than top-ups.
10. (4) None of the directly written contracts is open to new business other than top-ups.
11. (1) All mathematical reserves are matched by assets in the same currency.
11. (2) Not applicable.
12. (1) The Company has no reinsurance ceded on a facultative basis to a reinsurer who is not authorised to carry on insurance business in the United Kingdom.
12. (2)
- (i)
- (a) The Company has entered into agreements with Swiss Re Life & Health plc:
- (b) The reinsurer is permitted to carry on insurance business in the United Kingdom.
- (c) The reinsurer is not a connected company.
- (d) Under an agreement with the reinsurer the Company agrees to cede to the reinsurer, and the latter is obliged to accept, the excess of the amount at risk under temporary benefits of the Personal Pension Account and Executive Pension Plan on any one life over £10,000 up to a maximum amount of £400,000. Prior to October 1984 these limits were £7,500 and £250,000 respectively.
- Under a separate agreement the Company has arranged to cede to the reinsurer, and the latter is obliged to accept, the excess of the amount at risk under the waiver of premium benefit on any one life over £1,500 pa up to a maximum amount of £10,000 pa.
- Premiums for such reinsurances are payable annually on the original terms.
- Policies for larger benefits are offered to the reinsurer on a facultative basis.
- (e) The net office premiums payable to the reinsurer for the year ended 31 December 2003 amounted to nil.
- (f) Not applicable.
- (g) No specific provision has been made for commission refunds arising as a result of lapse, any amounts payable would be met by corresponding refunds to the Company on the gross business.
- (h) The treaties are open to new business.
- (ii)
- (a) The Company has entered into agreements with Prudential Annuities Limited (PAL),
- (b) The reinsurer is permitted to carry on insurance business in the United Kingdom.
- (c) The reinsurer is a connected company.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

- (d) Under an agreement with the reinsurer the Company agrees to cede to the reinsurer, and the latter is obliged to accept, pensions in payment business. The current liability reassured is £65,726,000. The reinsurer is a member of the Prudential group of companies and the reinsurance is not covered by first charges on any assets.
 - (e) The office premiums payable to the reinsurer for the year ended 31 December 2003 amount to £4,552,000.
 - (f) Not applicable.
 - (g) Not applicable.
 - (h) The treaty is open to new business.
- (iii)
- (a) The Company has entered into agreements with The Prudential Assurance Company Limited.
 - (b) The reinsurer is permitted to carry on insurance business in the United Kingdom.
 - (c) The reinsurer is a connected company.
 - (d) Under an agreement with the reinsurer the Company agrees to cede to the reinsurer, and the latter is obliged to accept, with profits bond business. The current liability reassured is £55,155,000. The reinsurer is a member of the Prudential group of companies and the reinsurance is not covered by first charges on any assets.
 - (e) The office premiums payable to the reinsurer for the year ended 31 December 2003 amount to £44,164,000.
 - (f) Not applicable
 - (g) Not applicable
 - (h) The treaty is open to new business.
12. (3) Not applicable.
13. Not applicable as the with profits business is fully reassured.
14. (1) The only with profits business is the With Profits Bond. Surplus arising on the With Profits Bond business is, in accordance with its policy document, applied solely for the benefit of With Profits Bond policyholders. Other profits accrue to shareholders.
- (2) The With Profits Bond is reassured to PACL. PACL's with profit policy is described in their FSA returns.
 - (3) As (2) above.
15. With Profit Bond policies were allocated reversionary bonuses on the following basis:
- in the case of Optimum Return policies, at a rate of 4% pa from 1st January 2003 to 28th February 2003 and at a rate of 3.25% pa thereafter.
- in the case of Optimum Bonus policies, at a rate of 5% pa from 1st January 2003 to 28th February 2003 and at a rate of 4% pa thereafter.
- The terminal bonus paid in 2003 amounted to £4,406.

PRUDENTIAL (AN) LIMITED

Appendix 9.4 (continued)

16. The facility exists to vary bonuses at any time.
17. See Form 46.
18. See Form 47.
- 19.(1) See Forms 48 and 49.
 - (2) Not applicable.
 - (3) Not applicable.
 - (4) Not applicable.
20. See Forms 51, 52, 53, 54 and 55.
- 21.(1) See Form 57.
 - (2) The yield on assets other than equity shares and land was adjusted as follows:
 - (i) Certificates of deposit and cash deposits - 0.05% reduction to take account of risk of default
 - (3) Not applicable.
22. See Form 58.
23. See Form 60.

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D J Belsham
Appointed Actuary
March 2004

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

Name of insurer **Prudential (AN) Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
DIRECT WRITTEN INSURANCE BUSINESS											
Non-Profit Policies											
Term assurance											
Personal Pension Account	4.00%	(c)	45	1493	6	4	0.289	61	36	25	36
Executive Pension Plan	4.00%	(c)	49	3115	13	10	0.271	109	79	53	56
Annuities in Payment	5.14%	(b)	2195	5231 pa				64589			64589
Waiver of Premium Benefit				142 pa	4	2	0.377	21	17	10	11
Sub total: Non-Profit Policies			2289	4608 5373 pa	23	16		64780	132	88	64692
Sub total: Direct Written Insurance Business			2289	4608 5373 pa	23	16		64780	132	88	64692

Long term insurance business : Valuation summary of non-linked contracts (other than accumulating with-profit policies)Name of insurer **Prudential (AN) Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**

Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses	Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Value of sums assured or annuities per annum, including vested reversionary bonuses	Value of annual premiums		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table			Office premiums	Net premiums			Office premiums	Net premiums	
1	2	3	4	5	6	7	8	9	10	11	12
REASSURANCE CEDED											
Non-Profit Policies											
Term assurance											
Personal Pension Account	4.00%	(c)		1046	4	3	0.291	41	24	17	24
Executive Pension Plan	4.00%	(c)		2638	11	8	0.269	94	68	47	47
Annuities in Payment	5.14%	(b)	2195	5231 pa				64589			64589
Waiver of Premium Benefit				10 pa			0.303	2	1	1	1
Sub total: Non-Profit Policies			2195	3684 5241 pa	15	11		64726	93	65	64661
Sub total: Reassurance Ceded			2195	3684 5241 pa	15	11		64726	93	65	64661
Net total: Pension Insurance Business			2289	924 132 pa	8	5		54	39	23	31
Net total: United Kingdom Insurance Business			2289	924 132 pa	8	5		54	39	23	31

Long term insurance business : Valuation summary of accumulating with-profit policies

Name of insurer **Prudential (AN) Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**

Type of business **Life Assurance & General Annuity Insurance Business**

Category of surplus **Ordinary Long Term**

Company registration number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of business

Category of surplus

R52	1347088	GL	31	12	2003	£000	UK	L&GA	11
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Type of insurance or name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Proportion of office premiums reserved for expenses and profits	Liability in respect of current benefits including vested bonuses		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS														
With profits bond optimum return	3.20%	(c)	495	11105	11105					10995	10469			10469
With profits bond optimum bonus	3.20%	(c)	1517	47424	47424					46955	44686			44686
Sub total: Direct Written Insurance Business			2012	58529	58529					57950	55155			55155
REASSURANCE CEDED														
With profits bond optimum return				11105	11105					10995	10469			10469
With profits bond optimum bonus				47424	47424					46955	44686			44686
Sub total: Reassurance Ceded				58529	58529					57950	55155			55155
Net total: Life Assurance & General Annuity Insurance Business			2012											
Net total: United Kingdom Insurance Business			2012											

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Prudential (AN) Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

R53	1347088	GL	31	12	2003	£000	UK	Pens	11
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Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies														
Deferred Annuity														
Flexible Retirement Plan Mk 1 by Single Premium	3.35%	(a)	649		9395				Internal Fund	8360	8360	48	1035	9443
Flexible Retirement Plan Mk 1 by Regular Premium, First year units	3.35%	(a)	4346		5618				Internal Fund	5255	4599		340	4939
Flexible Retirement Plan Mk 1 by Regular Premium, Other	3.35%	(a)			47415		384			45583	45583	334	1832	47749
Flexible Retirement Plan Mk 2A by Single Premium	3.35%	(a)	1913		17813				Internal Fund	16587	16587	472	1226	18286
Flexible Retirement Plan Mk 2B by Single Premium	3.35%	(a)	317		5849				Internal Fund	4555	4555	17	1294	5866
Flexible Retirement Plan Mk 2 by Regular Premium, First and second year units	3.35%	(a)	2439		4530				Internal Fund	4302	3857		206	4063
Flexible Retirement Plan Mk 2 by Regular Premium, Other	3.35%	(a)			14513		223			14037	14037	288	476	14801
Guaranteed Bonus Reserve										330	330		10	341
Personal Pension Account Mk 1 by Single Premium	3.35%	(a)	605		7366				Internal Fund	6969	6969	62	396	7427

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Prudential (AN) Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

R53	1347088	GL	31	12	2003	£000	UK	Pens	11
------------	----------------	-----------	-----------	-----------	-------------	-------------	-----------	-------------	-----------

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Personal Pension Account Mk 1 by Regular Premium, First year units	3.35%	(a)	3315		1573				Internal Fund	1550	1198		22	1220
Personal Pension Account Mk 1 by Regular Premium, Other	3.35%	(a)			13769		581			13705	13705	858	64	14627
Guaranteed Bonus Reserve										232	232			232
Personal Pension Account Mk 1 by Increasing Regular Premium, First year units	3.35%	(a)	117		23				Internal Fund	23	15			15
Personal Pension Account Mk 1 by Increasing Regular Premium, other	3.35%	(a)			233		8			233	233	46		278
Guaranteed Bonus Reserve														
Personal Pension Account Mk 2 by Regular Premium	3.35%	(a)	34		489		7		Internal Fund	489	489	2		490
Executive Pension Plan and Exempt Investment Bond Mk 1 & 2 by Single Premium	3.35%	(a)	559		7591				Internal Fund	7115	7115	318	477	7910
Executive Pension Plan Mk 1 by Regular Premium, First year units	3.35%	(a)	1571		5715				Internal Fund	5528	3931		159	4090

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Prudential (AN) Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

R53	1347088	GL	31	12	2003	£000	UK	Pens	11
------------	----------------	-----------	-----------	-----------	-------------	-------------	-----------	-------------	-----------

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Executive Pension Plan Mk1 by Regular Premium, Other	3.35%	(a)			21040		529			20479	20479	2244	561	23284
Guaranteed Bonus Reserve										298	298		5	303
Executive Pension Plan Mk 1 by Recurrent Single Premium	3.35%	(a)	20		1229		1		Internal Fund	846	846	4	383	1233
Annuities in Payment	2.17%	(b)	13						Internal Fund	258	258	100		358
Additional Reserve													5124	5124
Sub total: Non-Profit Policies			15898		164161		1733			156734	153676	4793	13610	172079
Sub total: Direct Written Insurance Business			15898		164161		1733			156734	153676	4793	13610	172079
REASSURANCE ACCEPTED Non-Profit Policies														
Deferred annuity PPA First year units	3.35%	(a)			1026				Internal Fund	1026	740			740

Long term insurance business : Valuation summary of property linked contracts

Name of insurer **Prudential (AN) Limited**

Global business

United Kingdom business

Financial year ended **31st December 2003**Type of business **Pension Insurance Business**Category of surplus **Ordinary Long Term**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

UK/OS

Type of
businessCategory
of surplus

R53	1347088	GL	31	12	2003	£000	UK	Pens	11
------------	----------------	-----------	-----------	-----------	-------------	-------------	-----------	-------------	-----------

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Category of unit link	Unit liability		Other liabilities		Amount of mathematical reserves
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums	Net premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
PPA Other	3.35%	(a)			19133					19133	19133		97	19230
EPP Series 2,3 and 4 First year units	3.35%	(a)			7354				Internal Fund	7354	4195			4195
EPP Series 2,3 and 4 Other	3.35%	(a)			70826					70826	70826			70826
Exempt Investment Bond	3.35%	(a)			4602				Internal Fund	4602	4602			4602
PPP First year units	3.35%	(a)			5541				Internal Fund	5541	3670			3670
PPP Other	3.35%	(a)			101774					101774	101774			101774
FS AVC First year units	3.35%	(a)			597				Internal Fund	597	407			407
FS AVC Other	3.35%	(a)			4666					4666	4666			4666
Sub total: Non-Profit Policies					215519					215519	210013		97	210110
Sub total: Reassurance Accepted					215519					215519	210013		97	210110
Net total: Pension Insurance Business			15898		379680		1733			372253	363689	4793	13707	382189
Net total: United Kingdom Insurance Business			15898		379680		1733			372253	363689	4793	13707	382189

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential (AN) Limited**

(Sheet 2)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)										
							Gross	Reinsurance ceded											
1	2	3	4	5	6	7	8	9	10										
<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:15%;">R55</td> <td style="width:15%;">1347088</td> <td style="width:10%;">GL</td> <td style="width:5%;">31</td> <td style="width:5%;">12</td> <td style="width:10%;">2003</td> <td style="width:10%;">£000</td> <td style="width:10%;">UK</td> <td style="width:10%;">11</td> <td style="width:10%;">ILH</td> </tr> </table>										R55	1347088	GL	31	12	2003	£000	UK	11	ILH
R55	1347088	GL	31	12	2003	£000	UK	11	ILH										
Sub total: Fixed Interest				9666		9666	9666												
Global Equity	series 1	5.13116	2959143	15184		15184	15184												
Sub total: Global Equity				15184		15184	15184												
High Income	series 1	3.24086	132393	429		429	429												
Sub total: High Income				429		429	429												
Index Linked Gilt	series 1	5.35300	658015	3522		3522	3522												
Sub total: Index Linked Gilt				3522		3522	3522												
Intl Small Companies	series 1	2.59770	526618	1368		1368	1368												
Sub total: Intl Small Companies				1368		1368	1368												
International Growth	series 1	2.44225	818683	1999		1999	1999												
Sub total: International Growth				1999		1999	1999												
Japanese	series 1	0.98201	3279482	3220		3220	3220												
Sub total: Japanese				3220		3220	3220												

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential (AN) Limited**

(Sheet 3)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)
							Gross	Reinsurance ceded	
1	2	3	4	5	6	7	8	9	10
Managed	series 1	13.16064	17862720	235086		235086	235086		
Sub total: Managed				235086		235086	235086		
International Money	series 1	3.77460	383803	1449		1449	1449		
Sub total: International Money				1449		1449	1449		
North American	series 1	2.64646	1581384	4185		4185	4185		
Sub total: North American				4185		4185	4185		
Pacific Market	series 1	2.51505	1488389	3743		3743	3743		
Sub total: Pacific Market				3743		3743	3743		
Property	series 1	8.49952	1969721	16742	5232	11510	11510		
Sub total: Property				16742	5232	11510	11510		
Premier Income	series 1	1.83250	24519	45		45	45		
Sub total: Premier Income				45		45	45		
Small Companies	series 1	2.73635	1144398	3131		3131	3131		

Long term insurance business : Analysis of units in internal linked funds and direct holdings of assets matching liabilities in respect of property linked benefits

Name of insurer **Prudential (AN) Limited**

(Sheet 4)

Global business

United Kingdom business

Financial year ended **31st December 2003**

Category of surplus **Ordinary Long Term**

Internal linked fund

		Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of surplus	IL/DH	
		R55	1347088	GL	31	12	2003	£000	UK	11	ILH
					day	month	year				
Name of fund link or directly held asset	Name of unit type	Valuation price per unit or asset	Total actual number of units in force or directly held assets	Value of total actual units in force or directly held assets	Value of actual units held by other internal linked funds	Value of directly held assets and actual units in force excluding those held by other internal linked funds (5-6)	Value of units or directly held assets deemed allocated to contracts		Value of surplus units or directly held assets (7-8+9)		
							Gross	Reinsurance ceded			
1	2	3	4	5	6	7	8	9	10		
Sub total: Small Companies				3131			3131	3131			
Special Situations	series 1	2.23286	715039	1597		1597	1597				
Sub total: Special Situations				1597		1597	1597				
UK Growth	series 1	2.13084	618903	1319		1319	1319				
Sub total: UK Growth				1319		1319	1319				
Total: Ordinary Long Term				368921	5232	363689	363689				

Long term insurance business : Matching rectangleName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **0.00%**Type of business **Life Assurance and Annuity Insurance Business**

With profits

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

Type of asset notionally allocated	Company registration number	GL/UK/CM	Period ended			Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
			day	month	year						
			R57	1347088	GL						
			The valuation			The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %			
			1	2	3	4	5	6			
Land and buildings			11								
Fixed interest securities	Approved securities		12								
	Other		13								
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities		14								
	Other		15								
Equity shares and holdings in collective investment schemes			16								
Loans secured by mortgages			17								
All other assets	Producing income		18								
	Not producing income		19								
Total (11 to 19)			29								
Gross valuation interest rate %			31								
Net valuation interest rate % (where appropriate)			32								
Mathematical reserve or other liability, net of reinsurance			33								

Long term insurance business : Matching rectangleName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **0.00%**Type of business **Pension Insurance Business**

Non profit

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

Type of asset notionally allocated	Company registration number	GL/UK/CM	Period ended			Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
			day	month	year						
			R57	1347088	GL						
			The valuation			The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %			
			1	2	On original allocation	Increase or decrease	Total under resilience scenario	5	6		
Land and buildings			11								
Fixed interest securities	Approved securities		12								
	Other		13	3700	3.49	3700		3700	5.49		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities		14								
	Other		15								
Equity shares and holdings in collective investment schemes			16								
Loans secured by mortgages			17								
All other assets	Producing income		18								
	Not producing income		19								
Total (11 to 19)			29	3700	3.49	3700		3700	5.49		
Gross valuation interest rate %			31		0				0		
Net valuation interest rate % (where appropriate)			32								
Mathematical reserve or other liability, net of reinsurance			33	3700				3700			

Long term insurance business : Matching rectangleName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **2.79%**Type of business **Pension Insurance Business**

Non profit

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

Type of asset notionally allocated	Company registration number	GL/UK/CM	Period ended			Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
			day	month	year						
			R57	1347088	GL						
			The valuation			The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %			
			1	2	On original allocation	Increase or decrease	Total under resilience scenario	5	6		
Land and buildings			11								
Fixed interest securities	Approved securities		12								
	Other		13	8583	4.28	8502	81	8583	6.28		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities		14								
	Other		15								
Equity shares and holdings in collective investment schemes			16								
Loans secured by mortgages			17								
All other assets	Producing income		18								
	Not producing income		19								
Total (11 to 19)			29	8583	4.28	8502	81	8583	6.28		
Gross valuation interest rate %			31		2.79				2.79		
Net valuation interest rate % (where appropriate)			32								
Mathematical reserve or other liability, net of reinsurance			33	8583				8583			

Long term insurance business : Matching rectangleName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

Sterling liabilities

Valuation rate(s) of interest **3.35%**Type of business **Pension Insurance Business**

Non profit

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

Type of asset notionally allocated	Company registration number	GL/UK/CM	Period ended			Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
			day	month	year						
			R57	1347088	GL						
			The valuation			The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %			
			1	2	3	4	5	6			
Land and buildings			11								
Fixed interest securities	Approved securities		12								
	Other		13								
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities		14								
	Other		15								
Equity shares and holdings in collective investment schemes			16								
Loans secured by mortgages			17								
All other assets	Producing income		18	6217	3.86	6217	(579)	5638	5.86		
	Not producing income		19								
Total (11 to 19)			29	6217	3.86	6217	(579)	5638	5.86		
Gross valuation interest rate %			31		3.35				5.50		
Net valuation interest rate % (where appropriate)			32								
Mathematical reserve or other liability, net of reinsurance			33	6217				5638			

Long term insurance business : Matching rectangle

Sterling/Non sterling liabilities

Name of insurer **Prudential (AN) Limited**Valuation rate(s) of interest **Balance**

Global business

Type of business

Financial year ended **31st December 2003**

With profits/Non profit

Category of assets

Total long term business assets

Type of asset notionally allocated	Company registration number	GL/UK/CM	Period ended			Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
			day	month	year						
			R57	1347088	GL						
			The valuation			The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %			
			1	2	On original allocation	Increase or decrease	Total under resilience scenario	5	6		
Land and buildings			11								
Fixed interest securities	Approved securities		12								
	Other		13	31	3.96	31		31	5.96		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities		14								
	Other		15								
Equity shares and holdings in collective investment schemes			16								
Loans secured by mortgages			17								
All other assets	Producing income		18								
	Not producing income		19								
Total (11 to 19)			29	31	3.96	31		31	5.96		
Gross valuation interest rate %			31								
Net valuation interest rate % (where appropriate)			32								
Mathematical reserve or other liability, net of reinsurance			33	31				31			

Long term insurance business : Matching rectangleName of insurer **Prudential (AN) Limited**

Global business

Financial year ended **31st December 2003**

Sterling/Non sterling liabilities

Valuation rate(s) of interest **Total**

Type of business

With profits/Non profit

Category of assets

Total long term business assets

Type of asset notionally allocated	Company registration number	GL/UK/CM	Period ended			Units	Stg/NonStg	Valuation rate of interest	L&GA/Pens/PHI/Other	WP/NP	Category of assets
			day	month	year						
			R57	1347088	GL						
			The valuation			The resilience scenario					
			Value of asset notionally allocated	Risk adjusted yield %	Value of assets notionally allocated			Risk adjusted yield %			
			1	2	3	4	5	6			
Land and buildings			11								
Fixed interest securities	Approved securities		12								
	Other		13	12314	4.04	12233	81	12314	6.04		
Variable interest and Variable yield securities (excluding items shown at line 16)	Approved securities		14								
	Other		15								
Equity shares and holdings in collective investment schemes			16								
Loans secured by mortgages			17								
All other assets	Producing income		18	6217	3.86	6217	(579)	5638	5.86		
	Not producing income		19								
Total (11 to 19)			29	18531	3.98	18450	(498)	17952	5.98		
Gross valuation interest rate %			31								
Net valuation interest rate % (where appropriate)			32								
Mathematical reserve or other liability, net of reinsurance			33	18531				17952			

Long term insurance business : Valuation result and distribution of surplusName of insurer **Prudential (AN) Limited**

Global business

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

GL/UK/CM

Period ended

Units

Category
of surplusCategory of surplus **Ordinary Long Term**

R58	1347088	GL	31	12	2003	£000	11
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		R58	1347088	GL	31	12	2003	£000	11
Valuation result	Fund carried forward					11			382220
	Bonus payments made to policyholders in anticipation of a surplus					12			
	Transfers out of fund/ parts of fund	Transfer to non-technical account					13		1434
		Transfer to other funds/parts of funds					14		
	Net transfer out of funds/parts of funds (13+14)					15			1434
	Total (11+12+15)					16			383654
	Mathematical reserves for accumulating with profit policies					17			
	Mathematical reserves for other non linked contracts					18			31
	Mathematical reserves for property linked contracts					19			382189
	Mathematical reserves for index linked contracts					20			
	Total (17 to 20)					21			382220
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)					29			1434
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation					31			
	Transfers into fund/part of fund	Transfer from non-technical account					32		
		Transfer from other funds/parts of fund					33		
	Net transfer into fund/part of fund (32+33)					34			
	Surplus arising since the last valuation					35			1434
Total (31+34+35)					39			1434	
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus					41			
	Allocated to policyholders by way of	Cash bonuses					42		
		Reversionary bonuses					43		
		Other bonuses					44		
		Premium reductions					45		
	Total allocated to policyholders (41 to 45)					46			
	Net transfer out of fund/part of fund					47			1434
	Total distributed surplus (46+47)					48			1434
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated					49			
Total (48+49)					59			1434	
Percentage of distributed surplus allocated to policyholders of fund/part of fund					61				
Corresponding percentage at three immediately previous valuations	Latest	(year of valuation 2002)			62				
	Earlier	(year of valuation 2001)			63				
	Earliest	(year of valuation 2000)			64				

Long term insurance business : Required minimum margin

Name of insurer **Prudential (AN) Limited**

Global business

Company
registration
number

GL/UK/CM

Period ended

day month year

Units

Financial year ended **31st December 2003**

R60	1347088	GL	31	12	2003	£000
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Class		Classes I, II & IX	Class III business with relevant factor of				Class IV and VI	Classes VII and VIII business with relevant factor of					Unallocated additional mathematical reserves with relevant factor of		Total for all classes		
			4% 1	4% 2	1% 3	Nil 4		Total 5	4% 6	4% 7	1% 8	Nil 9	Total 10	4% 11	1% 12	The financial year 13	The previous year 14
Relevant factor (Instruction 1)																	
Mathematical reserves before deduction of reinsurance	Reserves before distribution of surplus	11	119846	19565	120751	242938	383254									503100	429560
	Reserves for bonus allocated to policyholders	12															
	Reserves after distribution of surplus	13	119846	19565	120751	242938	383254									503100	429560
Mathematical reserves after deduction of reinsurance	Reserves before distribution of surplus	14	31	18500	120751	242938	382189									382220	356890
	Reserves for bonus allocated to policyholders	15															
	Reserves after distribution of surplus	16	31	18500	120751	242938	382189									382220	356890
Ratio of 16 to 13 or 0.85 if greater (see Instruction 2)	17	0.85					1.00										
Required margin of solvency - first result = (line 13) * (line 17) * relevant factor	19	4075					1990									6065	4489
Non negative capital at risk before reinsurance (see Instruction 3)	Temporary assurances with required margin of solvency of 0.1%	21															
	Temporary assurances with required margin of solvency of 0.15%	22															
	All other assurances with required margin of solvency of 0.3%	23	4516				7561									12077	13365
	Total (21 to 23)	29	4516				7561									12077	13365
Non negative capital at risk after reinsurance (all contracts) (see Instruction 3)	31	903					7561									8464	9174
Ratio of line 31 to line 29, or 0.50 if greater	32	0.50					1.00										
Required margin of solvency - second result (see Instruction 4)	39	7					23									30	32
Sum of first and second results (19+39)	49	4082					2013									6095	4521
Required margin of solvency for supplementary Accident & Sickness Insurance & Class V business	51																
Total required margin of solvency for long term insurance business (49+51)	59															6095	4521
Minimum guarantee fund	61															550	507
Required minimum margin (greater of lines 59 and 61)	69															6095	4521

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Notes to Appendices 9.1 and 9.3

Form 9

0901 Section 148 waivers and Section 68 orders

The Secretary of State, on the application of the Company, has issued to the Company on 15 December 1989 an order under Section 68 of the Insurance Companies Act 1982 directing that Section 31(2)(c) of the Insurance Companies Act 1982 shall not apply to the Company's reinsurance agreements with The Prudential Assurance Company Limited and Prudential Annuities Limited issued 1 August 1992.

The section 68 order granted under the Insurance Companies Act 1982 continues to have effect under the transitional arrangements set out in the supervision manual. Section 31(2)(c) of the Insurance Companies Act 1982 has been replaced by Rule 3.4 of the Interim Prudential Sourcebook for Insurers.

0902 Modification of IPRU (INS) rule 3.4

The Financial Services Authority, on the application of the firm, made a direction in October 2002 under section 148 of the Financial Services and Markets Act 2000. The effect of the direction was to modify the provisions of IPRU (INS) rule 3.4 so that that rule does not apply to the reinsurance treaty between the firm and The Prudential Assurance Company Limited, a connected company, dated 19 November 2002.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Notes to Appendices 9.1 and 9.3 (continued)

Form 10

1001 Reconciliation to shareholder assets

	2003	2002
	£'000s	£'000s
<i>Net assets per Annual return</i>		
Line 99 on Form 13 (Other than Long Term Business)	24,668	22,155
Line 59 on Form 15	<u>(2,393)</u>	<u>(1,276)</u>
	22,275	20,879
 <i>Per shareholder accounts</i>		
Capital + reserves	<u>26,102</u>	<u>24,618</u>
Difference	<u>(3,827)</u>	<u>(3,739)</u>
 Analysed as follows:		
Reserves established for FSA accounts purposes but not for Companies Act accounts purposes	(5,467)	(5,341)
Deferred Tax	<u>1,640</u>	<u>1,602</u>
	<u>(3,827)</u>	<u>(3,739)</u>

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Notes to Appendices 9.1 and 9.3 (continued)

Form 13

Notes 1304 to 1306 apply to the other than long term business fund.

1301 Assets specified in instruction 5

The company held no unlisted investments, listed investments that are not readily realisable, or any other investments specified in instruction 5.

1304 Statement on Set-Off

Amounts due to or from the Company have been set off to the extent permitted by generally accepted accounting principles.

1305 Maximum Counterparty Limits

The Company's investment guidelines set maximum counterparty limits in order to maintain the admissibility of assets in accordance with Rule 4.14. The limits were not breached throughout the financial year. The balances are reviewed daily and compared to expected cashflows to ensure the Company is technically solvent. The balances did not exceed the Rule 4.14 limit during the year.

1306 Counterparty exposures at year end

Counterparty exposures at year end greater than five percent of the long term business amount were held with approved counterparties and were valued as follows: UBS AG £3m; Royal Bank of Canada £3m; Bank of Ireland £3m; and ING BHF £3m. These exposures were all cash on deposit. £10.2m was also held in the M&G High Interest Fund.

Notes 1308 to 1312 apply to the long term business fund.

1308 Assets specified in instruction 5

The company held no unlisted investments, listed investments that are not readily realisable, or any other investments specified in instruction 5.

1310 Statement on set-off

Amounts due to or from the Company have been set off to the extent permitted by generally accepted accounting principles.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Notes to Appendices 9.1 and 9.3 (continued)

***1311* Maximum Counterparty Limits**

The company's investment guidelines set maximum counterparty limits in order to maintain the admissibility of assets in accordance with Rule 4.14. The limits were breached in one respect in the year. International bond fund exceeded 5% of its value in a single non-government issuer rated AAA for one month. It is considered appropriate to resolve this breach by increasing the limit set by the company internally.

***1312* Counterparty Exposures at Year End**

A counterparty exposure at year end greater than five percent of the long term business amount was held with an approved counterparty and was valued as follows: £4m which was held at HSBC in a current account.

Form 14

***1401* Provision for Adverse Changes**

No derivatives were held by the long term fund at any time during the year and therefore no provision for adverse changes is required.

***1402* Details of charges over assets, etc.**

- a) There were no charges attributable to the long term business assets.
- b) The long term fund does not attract tax, and therefore no provision, potential or otherwise, has been made for any liability to tax which might arise if the company disposed of its assets at the values stated in this return.
- c) There were no contingent liabilities at the year end.
- d) There were no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business in respect of related companies.
- e) There were no fundamental uncertainties.

Form 15

***1501* Provision for Adverse Changes**

No derivatives were held by the other than long term fund at any time during the year and therefore no provision for adverse changes is required.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Notes to Appendices 9.1 and 9.3 (continued)

1502 Details of charges over assets, etc.

- (a) There were no charges attributable to the other than long term business assets.
- (b) There was no potential tax liability arising in the other than long term fund.
- (c) There were no contingent liabilities at the year end.
- (d) Under the terms of the Company's arrangements with the Prudential Group's main UK banker, the bank has a right of set-off between credit balances and all overdrawn balances of those group undertakings with similar arrangements.
- (e) There were no fundamental uncertainties.

Form 16

1601 Foreign Currencies

Foreign currency transactions are translated at year end exchange rates, except that certain revenue transactions are translated at rates ruling at the transaction dates.

Form 17

1700 Derivative Contracts

As all figures, including comparatives, are zero for the other than long term and long term fund, form 17 has been omitted.

Form 40

4008 Provision of Management Services

The Company was provided throughout the year with management services by M&G Investment Management Limited, Prudential Property Investment Managers Limited, Prudential Unit Trusts Limited, Prudential Financial Services Limited, Prudential UK Services Limited and The Prudential Assurance Company Limited. The Company was further assisted during the year with day to day management services by Mellon European Fund Services, a third party.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Notes to Appendices 9.1 and 9.3 (continued)

4009 Details of material connected party transactions

The Company has a reinsurance agreement with a related company, The Prudential Assurance Company Limited (PAC Ltd). PAC Ltd reassures its unit linked business to the Company. Included in earned premiums for the year is an amount of £23.3m unit linked business received under this reinsurance agreement. Also included within claims incurred is an amount of £28.5m arising from unit linked claims under this reinsurance agreement.

The Company has an agreement with Abbey National Plc for Abbey National to sell a with profits product through the Abbey National sales network. The Company reassures this with profits business to PAC Ltd. With profits premiums earned for the year which were ceded under this reinsurance agreement amounted to £44.2m received. Included within claims incurred is an amount of £1.3m arising from with profit claims under this reinsurance agreement.

The Company has a reinsurance agreement with a related company, Prudential Annuities Limited. Earned premiums for the year which were ceded under this reinsurance agreement amount to £4.6m received. Also claims ceded under this reinsurance agreement amounted to £5.1m for the year.

The rebate of fund management charge to The Prudential Assurance Company Limited for the year amounted to £1,996,000 (2002: £2,153,000). The Prudential Assurance Company Limited met the expenses associated with this business. In addition, there was a rebate of fund management charge from Prudential Unit Trusts Limited of £3,618,000 (2002: £4,165,000).

Form 43

4301 Valuation of Linked Assets

These assets are included at market value or, in the case of properties, on the basis of an annual external professional valuation by DTZ Debenham Thorpe, Chartered Surveyors. Securities are valued at a market offer price except where a linked fund is priced on a full bid basis in which case the securities are valued on a bid basis. In accordance with the policy document, an appropriate adjustment is made to the linked asset prices to account for buying or selling expenses.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Notes to Appendices 9.1 and 9.3 (continued)

Form 48

4801 Line 13, column 1 includes £242,000 accrued interest.

Form 51

5101 Mortality Bases

The tables of mortality assumed in the valuation indicated in Form 51 by the code letter (c) are:

AM/AF92 plus 1 year

The tables of mortality assumed in the valuation indicated in Form 51 by the code letter (b) are:

102% PMA92 (U=2004) medium cohort improvement table with 2% floor
84% PFA92 (U=2004) medium cohort improvement table

Form 52

5201 Mortality Bases

The tables of mortality assumed in the valuation indicated in Form 52 by the code letter (c) are:

AM/AF92 plus 1 year

Form 53

5301 Mortality Bases

The tables of mortality assumed in the valuation indicated in Form 53 by the code letter (a) are:

Direct Written Business: A 49/52 ultimate applied to the difference between policyholder and created units. AM/AF92 minus 3 years is used for determining sterling reserves.

Reassurance accepted: A67/70 ultimate -1 year applied to the difference between policyholder and created units.

The tables of mortality assumed in the valuation indicated in Form 53 by the code letter (b) are:

102% PMA92 (U=2004) medium cohort improvement table with 2% floor
84% PFA92 (U=2004) medium cohort improvement table

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Notes to Appendices 9.1 and 9.3 (continued)

Form 54

5401 Mortality Bases

The tables of mortality assumed in the valuation indicated in Form 54 by the code letter (b) are:

102% PMA92 (U=2004) medium cohort improvement table

84% PFA92 (U=2004) medium cohort improvement table

Form 55

5501 Reconciliation to unit linked assets in Form 13

	2003	2002
	£'000s	£'000s
Value of units per Form 55	363,689	335,808
Linked Fund other liabilities per Form 43	<u>1,356</u>	<u>1,225</u>
Long term fund assets per Form 13	<u>365,045</u>	<u>337,033</u>

Form 57

5701 The resilience reserve is contained within the 3.35% rectangle.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Directors' Certificate required by Rule 9.34(a) of the Accounts and Statements Rules

We certify:

1. (a) that in relation to the part of this return comprising Forms 9, 9A, 10, 13 to 17 and 40 to 45, (including the supplementary notes thereto) and the statements required by rules 9.29 and 9.30:
 - (i) the return has been prepared in accordance with the Accounts and Statements Rules as modified by the waivers/orders dated 22 November 2002 issued under section 148 of the Financial Services and Markets Act 2000 and the waivers/orders dated 15 December 1989 and 1 August 1992 issued under section 68 of the Insurance Companies Act 1982 which continues to have effect;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by the Company; and
 - (iii) an appropriate system of control has been established and maintained by the Company over its transactions and records;
- (b) that in respect of the Company's business which is not excluded by Rule 7.6, the assets held throughout the financial year enabled the Company to comply with rules 7.1 to 7.5 (matching and localisation); and
- (bb) that reasonable enquiries have been made by the insurer for the purpose of identifying material connected-party transactions (Rule 9.39 IPRU (INS));
- (c) in relation to the statement required by rule 9.36:
 - (i) that for the purpose of preparing the statement, proper accounts and records have been maintained; and
 - (ii) that the information given has been ascertained in conformity with that rule.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Certificate required by rule 9.34(a) (continued)

2. that the margin of solvency required by rule 2.1 has been maintained throughout the financial year.

3.
 - (a) that the requirements of rules 3.1 to 3.4 have been fully complied with and in particular that, subject to the provisions of rules 3.2(2) to (4) and 3.3, assets attributable to long-term business, the income arising therefrom, the proceeds of any realisation of such assets and any other income or proceeds allocated to the long-term insurance business fund have not been applied otherwise than for the purpose of the long-term insurance business;

 - (b) that any amount payable from or receivable by the long term insurance business fund in respect of services rendered by or to any other business carried on by the Company or by a person who, for the purposes of rule 3.4, is connected with it or is a subordinate company of it has been determined and where appropriate apportioned on terms which are believed to be no less than fair to those funds, and any exchange of assets representing such funds for other assets of the Company have been made at fair market value;

 - (c) that all guarantees given by the Company of the performance by a related company of a contract binding on the related company which would fall to be met by any long term business fund have been disclosed in the return, and that the fund on which each such guarantee would fall has been identified therein;

 - (d) that in respect of any internal linked fund or funds the investment policy and practice of the Company was during the financial year consistent with any representations made to policyholders or potential policyholders of the Company;

 - (e) that the returns in respect of long-term insurance business are not distorted by agreements with any other company carrying on insurance business with which the company has financial, commercial or administrative links or by any arrangements which could affect the apportionment of expenses and income; and

 - (f) that the Company has fully complied with the requirements of rule 3.5.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Certificate required by Rule 9.34(a) (continued)

4. (a) that the systems of control established and maintained by the Company in respect of its business complied at the end of the financial year, and it is reasonable to believe that those systems continued to so comply subsequently and will continue to so comply in the future, with the following published guidance:
- Guidance Note P.1 – ‘Systems and controls over the investments (and counterparty exposure) of insurers with particular reference to the use of derivatives’;
 - Money Laundering - Guidance Notes for Insurance and Retail Products (revised December 2001) issued by the Joint Money Laundering Steering Group;
- (b) that the return has been prepared in accordance with the following published guidance:
- Guidance Note 4.1 – ‘Guidance for insurers and auditors on the Valuation of Assets Rules’;
 - Guidance Note 4.2 – ‘Use of derivatives in insurance funds’; and
 - Guidance Note 9.1 – ‘Preparation of annual returns’.

.....
G M Wood
Chief Executive

.....
J W Jack
Director

.....
R C Everett
Director

March 2004

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Appointed Actuary's Certificate required by Rule 9.34b of the Accounts and Statements Rules

I certify that:

- (a)
 - (i) in my opinion, proper records have been kept by the Company adequate for the purpose of the valuation of the liabilities of its long-term insurance business;
 - (ii) the sum of the mathematical reserves and the deposits received from reinsurers, as shown in Form 14, constitute proper provision at the end of the financial year for the long-term insurance business liabilities (including all liabilities arising from deposit back arrangements, but excluding other liabilities which had fallen due before the end of the financial year) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at 31 December 2003 into the financial condition of the long-term insurance business;
 - (iii) for the purpose of paragraph (ii) above, the liabilities have been assessed in accordance with the Determination of Liabilities Rules in the context of assets valued in accordance with the Valuation of Asset Rules, as shown in Form 13;
 - (iv) the valuation complies with the guidance notes "The Prudential Supervision in the UK of Long-Term Insurance Business (GN1 version 6.1)" dated 1 September 2003 and "Additional Guidance on Valuation of Long-Term Insurance Business (GN8 version 7.0)" dated 30 December 2002, both issued by the Institute of Actuaries and the Faculty of Actuaries;
 - (v) in my opinion, premiums for contracts entered into during the financial year and the income earned thereon are sufficient, on reasonable actuarial assumptions, and taking into account the other financial resources of the Company that are available for the purpose, to enable the Company to meet its commitments in respect of those contracts and, in particular, to establish adequate mathematical reserves;
- (b) that the amount of required minimum margin applicable to the Company's long-term insurance business immediately following the end of the financial year (including any amounts resulting from any increase in liabilities arising from a distribution of surplus as a result of the investigation into the financial condition of the long-term insurance business) is £6,095,000.

D Belsham
Appointed Actuary

March 2004

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Report of the auditor to the Directors pursuant to rule 9.35 of the Accounts and Statements Rules

We have examined the following documents prepared by the Company pursuant to the Accounts and Statements Rules set out in part I of chapter 9 to the Interim Prudential Sourcebook for Insurers ("the Rules") made by the Financial Services Authority ("FSA") under section 138 of the Financial Services and Markets Act 2000.

- Forms 9, 9A, 10, 13 to 17 and 40 to 45 (including the supplementary notes thereto) ('the Forms');
- the statement required by rule 9.29 on page 84 ('the statement'); and
- the certificate signed in accordance with rule 9.34(a) on pages 74 to 76('the certificate').

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

- (a) paragraph 1 in relation to the statements required by rules 9.30 and 9.36 concerning shareholder controllers and information on the appointed actuary.
- (b) paragraph 3(d) concerning the investment policy and practice of internal linked funds required by paragraph 4(d) of Appendix 9.6; and
- (c) paragraph 4(a) in so far as it relates to controls with respect to Money Laundering.

This report is made solely to the company's directors, as a body, in accordance with the requirements of rule 9.35 of the Rules. We acknowledge that the directors are required to submit this report to the FSA, to enable the FSA to verify that an auditor's report has been commissioned by the company's directors and issued in accordance with the requirements of rule 9.35 of the Rules and to facilitate the discharge by the FSA of its regulatory functions in respect of the company, conferred on the FSA by or under the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report issued pursuant to rule 9.35 of the Rules and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Report of the auditor (continued)

Respective responsibilities of the Company and its auditors

The Company is responsible for the preparation of an annual return (including the Forms, the statement and certificate) under the provisions of the Rules. The requirements of the Rules have been modified by waivers/orders dated 22 November 2002 issued under section 148 of the Financial Services and Markets Act 2000 and waivers/orders dated 15 December 1989, 1 August 1992 issued under Section 68 of the Insurance Companies Act 1982. Under rule 9.11 the Forms and statement are required to be prepared in the manner specified by the Rules and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and statement meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinions to you. Our responsibilities, as independent auditors, are established in the United Kingdom, by statute, the Auditing Practices Board, and by our profession's ethical guidance.

Bases of opinions

We conducted our work in accordance with Practice Note 20: 'The audit of insurers in the United Kingdom' issued by the Auditing Practices Board."

Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statement. The evidence included that previously obtained by us relating to the audit of the financial statements of the Company for the financial year on which we reported on **23 March 2004**. It also included an assessment of the significant estimates and judgements made by the Company in the preparation of the Forms and statement.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Forms and statement are free from material misstatement, whether caused by fraud or other irregularity or error and comply with rule 9.11.

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

In giving our opinion we have relied on:

- (a) the certificate of the actuary on page 77 with respect to the mathematical reserves and the required minimum margin; and

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Report of the auditor (continued)

Opinions

In our opinion:

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

KPMG Audit Plc
Registered Auditor
London

March 2004

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Statement of information on the Appointed Actuary required by Rule 9.36 of the Interim Prudential Sourcebook for Insurers Instrument 2001.

P S K Hawes: Appointed Actuary to 13 November 2003

In the paragraphs below, references to “the year” are references to the year ended 31 December 2003, and the details relate to P. S. K Hawes who ceased to be Appointed Actuary on 13 November 2003.

- 1(a) The Appointed Actuary participates in the Prudential Savings Related Share Option Scheme. At the beginning of the year he held options in respect of 7,656 shares, during the year he was granted options over a further 5,866 shares, exercised options over 1,133 shares, allowed 4,747 options to lapse and at the end of the year held options in respect of 7,642 shares.

The Appointed Actuary and his wife owned 17,656 shares in Prudential Corporation plc, at the beginning of the year, and 19,416 shares at the end of the year.

The Appointed Actuary owned 470 shares in Egg plc at the beginning and end of the year.

- 1(b) During the year the Appointed Actuary and his wife held the following insurance policies issued by the Prudential Assurance Company Ltd.

- endowment assurances and attaching term assurance, with a combined with profit sum assured of £58,698, a minimum death benefit before bonuses of £120,000, and a total annual premium of £3,106.

and home and car insurance policies purchased through the Prudential which were underwritten by Churchill Insurance Co Ltd.

At the end of the year, the Appointed Actuary and his wife held the following PEPs administered by M&G Financial Services Ltd.,

- 7,266 units in M&G British Opportunities Fund
- 33,945 units in M&G Dividend Fund

- 1(c)(i) The remuneration and value of other benefits under the Actuary’s contract of service with The Prudential Assurance Company Ltd, amounted to £115,896 for the year.

(ii) Not applicable.

- 1(d) The Actuary is a member of the Prudential Staff Pension Scheme.

2. The Company made a request to the Appointed Actuary to furnish particulars specified in Rule 9.36 of the Interim Prudential Sourcebook for Insurers. In response to that request the Actuary provided the information set out in paragraphs 1(a) to 1(d) above.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Statement of information on the Appointed Actuary required by Rule 9.36 of the Interim Prudential Sourcebook for Insurers Instrument 2001 (continued)

D J Belsham: Appointed Actuary from 14 November 2003

In the paragraphs below, references to “the year” are references to the year ended 31 December 2003, and the details relate to D. J. Belsham.

- (a) The Appointed Actuary had an interest in 56,085 and 56,188 shares in the ultimate parent company, Prudential plc, at the beginning and at the end of the year respectively.
- (b) The Appointed Actuary had an interest in shares in Prudential plc held in trust, representing the maximum award that could be made if performance requirements under the Prudential Restricted Share Plan were met, of 34,262 and 47,748 shares at the beginning and at the end of the year respectively. During the year, 23,251 shares were conditionally awarded to him but there were no releases of shares made.
- (c) At the end of the year the Appointed Actuary held options granted under the Prudential Savings-Related Share Option Scheme to subscribe for shares in Prudential plc as follows:

<u>Number of Shares</u>	<u>Exercise Price</u>	<u>Exercise Dates</u>
5,866	280p	Between June and December 2008

During the year, options held previously for 2,733 shares were cancelled.

- (d) The Appointed Actuary also had an interest in 1,410 shares in Egg plc, a subsidiary of Prudential plc, throughout the year.
- (e) The Appointed Actuary received aggregate remuneration from the Prudential Group of £256,581.

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

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Statement of information on the Appointed Actuary required by Rule 9.36 of the Interim Prudential Sourcebook for Insurers Instrument 2001 (continued)

- (f) The Appointed Actuary held the following life and general insurance policies issued by the Prudential Group:
 - (i) Three endowment assurance with-profits policies maturing between 2009 and 2011 with participating sums assured totalling £18,720, non-participating minimum death benefits of £48,000 and annual premiums of £776.
 - (ii) Two temporary assurance without-profits policies expiring in 2011 with sums assured totalling £202,000 and annual premiums of £457.
 - (iii) A home insurance policy covering buildings, household contents, travel and personal effects and a motor insurance policy (now underwritten by Churchill).

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Rule 9.29 Statement on Derivative Contracts

a. **Investment Guidelines**

During 2003, the investment guidelines allowed the use of derivative contracts in the Fixed Interest, Index Linked Gilts and Managed internal linked funds. The derivatives and use thereof was restricted to that permitted by Appendix 3.2. The use of derivatives was not permitted in the non-linked funds.

Derivatives are limited to: exchange traded warrants; exchange traded index or stock futures; forward currency contracts; hedging of overseas holdings into £ sterling; partly paid shares; and convertible bonds. Derivatives must be listed or with an approved counterparty and must be capable of being readily closed out at a price the basis of which is pre-determined. Exchange traded index and stock futures must be based on underlying assets which are themselves permitted links.

b. **Derivatives where exercise is unlikely**

The Company was not party to any derivative contracts during the financial year.

c. **Quantification of derivatives in (b) above**

The Company was not party to any derivative contracts during the financial year.

d. **Effect on Form 13 of exercising derivatives where it would be prudent to assume options would be exercised**

The Company was not party to any derivative contracts during the financial year.

e. **Effect on Form 13 of exercising all derivatives**

The Company was not party to any derivative contracts during the financial year.

f. **Effect on Form 13 during the financial year**

The Company was not party to any derivative contracts during the financial year.

g. **Maximum loss which would be incurred by the Company**

The Company was not party to any derivative contracts during the financial year.

h. **Derivatives not falling within rule 4.12(2) or the definition of a permitted derivative contract**

The Company was not party to any derivative contracts during the financial year.

i. **Consideration received for granting rights under derivative contracts**

The investment guidelines did not allow the writing of options.

PRUDENTIAL (AN) LIMITED

Financial Year ended 31 December 2003

Rule 9.30 Statement on Shareholder Controllers

The following companies were shareholder controllers of Prudential (AN) Limited for the year: Prudential Financial Services Limited, being its immediate holding company, holding 100% of its issued share capital and voting power; and Prudential plc, being its ultimate holding company, holding 100% of the issued share capital and voting power of Prudential Financial Services Limited.