

# **Prudential Holborn Life Limited**

Incorporated in England and Wales Registered No. 793051

Laurence Pountney Hill, London, EC4R 0HH

**Annual FSA Insurance Returns for the year ended**

**31 December 2012**

IPRU(INS) Appendices 9.1, 9.4, 9.6



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## Statement of solvency - long-term insurance business

Name of insurer Prudential Holborn Life Limited

Global business

Financial year ended 31 December 2012

Solo solvency calculation

R2	Company registration number	GL/UK/CM	day month year			Units
			31	12	2012	
	793051	GL				£000
			As at end of this financial year			As at end of the previous year
			1			2

## Capital resources

Capital resources arising within the long-term insurance fund	11			
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		22413	22838
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13		22413	22838

## Guarantee fund

Guarantee fund requirement	21		2984	3056
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22		19429	19782

## Minimum capital requirement (MCR)

Long-term insurance capital requirement	31			
Resilience capital requirement	32			
Base capital resources requirement	33		2984	3056
Individual minimum capital requirement	34		2984	3056
Capital requirements of regulated related undertakings	35			
Minimum capital requirement (34+35)	36		2984	3056
Excess (deficiency) of available capital resources to cover 50% of MCR	37		20921	21310
Excess (deficiency) of available capital resources to cover 75% of MCR	38		20175	20546

## Enhanced capital requirement

With-profits insurance capital component	39			
Enhanced capital requirement	40			

## Capital resources requirement (CRR)

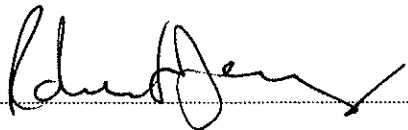
Capital resources requirement (greater of 36 and 40)	41		2984	3056
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42		19429	19782


## Contingent liabilities


Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51			
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Covering Sheet to Form 2

Name of insurer Prudential Holborn Life Limited  
Global business  
Financial year ended 31 December 2012

  
..... R A Devey Chief Executive

  
..... D J Belsham Director

  
..... K Nunn Director

Date 25 March 2013

## Components of capital resources

Name of insurer Prudential Holborn Life Limited

Global business

Financial year ended 31 December 2012

	Company registration number	GL/ UK/ CM	day month year			Units
R3	793051	GL	31	12	2012	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year
		1	2	3	4	

## Core tier one capital

Permanent share capital	11		20885	20885	20885
Profit and loss account and other reserves	12		18458	18458	15884
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one capital in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19		39343	39343	36769

## Tier one waivers

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit Items	22				
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24				

## Other tier one capital

Perpetual non-cumulative preference shares as restricted	25				
Perpetual non-cumulative preference shares in related undertakings	26				
Innovative tier one capital as restricted	27				
Innovative tier one capital in related undertakings	28				

Total tier one capital before deductions (19+24+25+26+27+28)	31		39343	39343	36769
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39		39343	39343	36769

**Components of capital resources**

Name of insurer

**Prudential Holborn Life Limited**

Global business

Financial year ended

**31 December 2012**

	Company registration number	GL/ UK/ CM	day	month	year	Units
<b>R3</b>	<b>793051</b>	<b>GL</b>	<b>31</b>	<b>12</b>	<b>2012</b>	<b>£000</b>
		General insurance business		Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year
		<b>1</b>		<b>2</b>	<b>3</b>	<b>4</b>

**Tier two capital**

Implicit items, (tier two waivers and amounts excluded from line 22)	<b>41</b>				
Perpetual non-cumulative preference shares excluded from line 25	<b>42</b>				
Innovative tier one capital excluded from line 27	<b>43</b>				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	<b>44</b>				
Perpetual cumulative preference shares	<b>45</b>				
Perpetual subordinated debt and securities	<b>46</b>				
Upper tier two capital in related undertakings	<b>47</b>				
<b>Upper tier two capital (44 to 47)</b>	<b>49</b>				

Fixed term preference shares	<b>51</b>				
Other tier two instruments	<b>52</b>				
Lower tier two capital in related undertakings	<b>53</b>				
<b>Lower tier two capital (51+52+53)</b>	<b>59</b>				

<b>Total tier two capital before restrictions (49+59)</b>	<b>61</b>				
Excess tier two capital	<b>62</b>				
Further excess lower tier two capital	<b>63</b>				
<b>Total tier two capital after restrictions, before deductions (61-62-63)</b>	<b>69</b>				



**Components of capital resources**

Name of insurer

**Prudential Holborn Life Limited**

Global business

Financial year ended

**31 December 2012**

	Company registration number	GL/ UK/ CM	day month year			Units	
	R3	793051	GL	31	12	2012	£000
		General insurance business	Long-term insurance business	Total as at the end of this financial year		Total as at the end of the previous year	
		1	2	3		4	

**Total capital resources**

Positive adjustments for regulated non-insurance related undertakings	71					
<b>Total capital resources before deductions (39+69+71)</b>	<b>72</b>		39343	39343	36769	
Inadmissible assets other than intangibles and own shares	73					
Assets in excess of market risk and counterparty limits	74		957	957	1117	
Deductions for related ancillary services undertakings	75					
Deductions for regulated non-insurance related undertakings	76		15973	15973	12814	
Deductions of ineligible surplus capital	77					
<b>Total capital resources after deductions (72-73-74-75-76-77)</b>	<b>79</b>		22413	22413	22838	

**Available capital resources for GENPRU/INSPRU tests**

Available capital resources for guarantee fund requirement	81		22413	22413	22838	
Available capital resources for 50% MCR requirement	82		22413	22413	22838	
Available capital resources for 75% MCR requirement	83		22413	22413	22838	

**Financial engineering adjustments**

Implicit items	91					
Financial reinsurance - ceded	92					
Financial reinsurance - accepted	93					
Outstanding contingent loans	94					
Any other charges on future profits	95					
<b>Sum of financial engineering adjustments (91+92-93+94+95)</b>	<b>96</b>					

## Analysis of admissible assets

Name of insurer Prudential Holborn Life Limited

Global business

Financial year ended 31 December 2012

Category of assets Total other than long term insurance business assets

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	793051	GL	31	12	2012	£000	1
					As at end of this financial year	As at end of the previous year	
					1	2	
Land and buildings			11				

## Investments in group undertakings and participating interests

UK insurance dependants	Shares	21		
	Debts and loans	22		
Other insurance dependants	Shares	23		
	Debts and loans	24		
Non-insurance dependants	Shares	25	2443	2759
	Debts and loans	26		
Other group undertakings	Shares	27		
	Debts and loans	28		
Participating interests	Shares	29		
	Debts and loans	30		

## Other financial investments

Equity shares	41			
Other shares and other variable yield participations	42			
Holdings in collective investment schemes	43			
Rights under derivative contracts	44			
Fixed interest securities	Approved	45	18337	19401
	Other	46		
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools	49			
Loans secured by mortgages	50			
Loans to public or local authorities and nationalised industries or undertakings	51			
Loans secured by policies of insurance issued by the company	52			
Other loans	53	3495	3267	
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments	56			
Deposits with ceding undertakings	57			
Assets held to match linked liabilities	Index linked	58		
	Property linked	59		

**Analysis of admissible assets**

Name of insurer **Prudential Holborn Life Limited**

Global business

Financial year ended **31 December 2012**

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

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	793051	GL	31	12	2012	£000	1
						As at end of this financial year	As at end of the previous year
						1	2

**Reinsurers' share of technical provisions**

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

**Debtors and salvage**

Direct insurance business	Policyholders	71	
	Intermediaries	72	
Salvage and subrogation recoveries		73	
Reinsurance	Accepted	74	
	Ceded	75	
Dependants	due in 12 months or less	76	
	due in more than 12 months	77	
Other	due in 12 months or less	78	107
	due in more than 12 months	79	

**Other assets**

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81	2007	1547
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)			
Accrued interest and rent	84	260	65
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
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Grand total of admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (11 to 86 less 87)	89	26649	27039
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## Analysis of admissible assets

Name of insurer Prudential Holborn Life Limited

Global business

Financial year ended 31 December 2012

Category of assets Total other than long term insurance business assets

Company registration number	GL/UK/CM	day	month	year	Units	Category of assets	
R13	793051	GL	31	12	2012	£000	1
						As at end of this financial year	As at end of the previous year
						1	2

**Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting**

Total admissible assets after deduction of admissible assets in excess of market risk and counterparty limits (as per line 89 above)	91	26649	27039
Admissible assets in excess of market and counterparty limits	92	957	1117
Inadmissible assets directly held	93		
Capital resources requirement deduction of regulated related undertakings	94	8224	7739
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	95		
Inadmissible assets of regulated related undertakings	96	7749	5075
Book value of related ancillary services undertakings	97		
Other differences in the valuation of assets (other than for assets not valued above)	98		
Deferred acquisition costs excluded from line 89	99		
Reinsurers' share of technical provisions excluded from line 89	100		
Other asset adjustments (may be negative)	101		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 101)	102	43579	40970
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	103	3495	3267

**Liabilities (other than long term insurance business)**Name of insurer **Prudential Holborn Life Limited**

Global business

Financial year ended **31 December 2012**

R15	Company registration number	GLJ UK/CM	day month year			Units
	793051	GL	31	12	2012	£000
			As at end of this financial year			As at end of the previous year
			1			2

**Technical provisions (gross amount)**

Provisions for unearned premiums	11		
Claims outstanding	12		
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	
Other technical provisions	16		
<b>Total gross technical provisions (11 to 16)</b>	<b>19</b>		

**Provisions and creditors**

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47		19
	Foreseeable dividend	48		
	Other	49	4236	4182
Accruals and deferred income		51		
<b>Total (19 to 51)</b>		<b>59</b>	<b>4236</b>	<b>4201</b>
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
<b>Total (59 to 63)</b>		<b>69</b>	<b>4236</b>	<b>4201</b>

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71			
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Amounts deducted from technical provisions for discounting	82			
Other adjustments (may be negative)	83			
Capital and reserves	84		39343	36769
<b>Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69-82+83+84)</b>	<b>85</b>		<b>43579</b>	<b>40970</b>

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

Global business

Financial year ended **31 December 2012**

		Company registration number	GL/ UK/ CM	day	month	year	Units	
		R16	793051	GL	31	12	2012	£000
				This financial year			Previous year	
				1			2	
Transfer (to)/from the general insurance business technical account	From Form 20		11					
	Equalisation provisions		12					
Transfer from the long term insurance business revenue account			13					
Investment income	Income		14			488	659	
	Value re-adjustments on investments		15			2463	(855)	
	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			465	555	
Allocated investment return transferred to the general insurance business technical account			20					
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			2486	(751)	
Tax on profit or loss on ordinary activities			31			(88)	33	
Profit or loss on ordinary activities after tax (29-31)			39			2574	(784)	
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			2574	(784)	
Dividends (paid or foreseeable)			51					
Profit or loss retained for the financial year (49-51)			59			2574	(784)	

## **PRUDENTIAL HOLBORN LIFE LIMITED**

### **Appendix 9.4**

## **VALUATION REPORT ON PRUDENTIAL HOLBORN LIFE LIMITED**

### **INTRODUCTION**

1. (1) The investigation relates to 31 December 2012.

The assets and liabilities of the insurer relating to long-term insurance business were transferred to The Prudential Assurance Company Limited (PAC) on 31 October 2010 in accordance with Part VII of the Financial Services and Markets Act 2002. No new contracts have been effected since the date of transfer. Consequently the insurer had no in force long term insurance business at the date of the investigation.

- (2) The previous investigation related to 31 December 2011.
- (3) Not applicable.

### **PRODUCT RANGE**

2. Not applicable.

### **DISCRETIONARY CHARGES AND BENEFITS**

3. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) Not applicable.

## **PRUDENTIAL HOLBORN LIFE LIMITED**

### **Appendix 9.4 (continued)**

#### **VALUATION BASIS (OTHER THAN FOR SPECIAL RESERVES)**

4. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.
- (7) Not applicable.
- (8) Not applicable.
- (9) Not applicable.
- (10) Not applicable.
- (11) Not applicable.
- (12) Not applicable.

#### **OPTIONS AND GUARANTEES**

5. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.

#### **EXPENSE RESERVES**

6. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.



**PRUDENTIAL HOLBORN LIFE LIMITED**

**Appendix 9.4 (continued)**

**VALUATION BASIS (OTHER THAN FOR SPECIAL RESERVES**

**MISMATCHING RESERVES**

- 7. (1) Not applicable.
- (2) Not applicable.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.
- (6) Not applicable.
- (7) Not applicable.

**OTHER SPECIAL RESERVES**

- 8. Not applicable.

**REINSURANCE**

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

**REVERSIONARY BONUS**

- 10. Not applicable.

**PRUDENTIAL HOLBORN LIFE LIMITED**

**Financial Year ended 31 December 2012**

**Notes to the returns**

**Form 2**

\*0201\* There are no waivers issued disapplying or modifying any of the provisions of the Accounts and Statements Rules in respect of long-term insurance business.

**Form 3**

	<b>2012</b>
	<b>£000</b>
*0301* Reconciliation of net admissible assets to total capital resources after deductions	
Form 13 Line 89 (Other than long term) Grand total of admissible assets	26,649
Form 15 Line 69 Total	<u>(4,236)</u>
	22,413
Form 3 Line 79 Capital resources after deductions	<u>22,413</u>
Difference	<u>0</u>

	<b>2012</b>
	<b>£000</b>
*0313* Reconciliation of profit and loss account change	
Profit and loss account and reserves b/fwd	15,884
Profit and loss account and reserves c/fwd	<u>18,458</u>
Movement	<u>2,574</u>
Form 16 Line 59 Profit retained for the financial year	<u>2,574</u>

**Form 13**

\*1300\* Form 13 Total long term insurance business assets has been omitted, as the amounts required to be shown would be zero.

Notes 1301 to 1319 apply to the other than long term business fund.

\*1301\* Assets specified in IPRU(INS) Form 13 instruction 5

The Company held no unlisted investments, listed investments that are not readily realisable, or any other investments specified in IPRU(INS) Form 13 instruction 5.

## PRUDENTIAL HOLBORN LIFE LIMITED

Financial Year ended 31 December 2012

### Notes to the returns (continued)

#### \*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 INSPRU 2.1.22. During the financial year the balance exceeded the INSPRU 2.1.22 limit. This was due to an intragroup loan with The Prudential Assurance Company Ltd amounting to £4,452k at 2012 year end of which £957k was over the counterparty limit and unsecured loans issued by the company's Vietnamese subsidiary amounting to £9,092k of which £7,345k was over the counterparty limit. In respect of the Company's main working capital bank accounts within the other than long-term fund, the balances are reviewed daily and compared to expected cashflows to ensure the Company is technically solvent. The balances did not exceed the INSPRU 2.1.22 limit during the year.

#### \*1306\* Counterparty exposures at year end

Counterparty exposures were held at year end that were greater than five percent of the sum of the base capital resources requirement and long term insurance liabilities, excluding property linked liabilities and net of reinsurance ceded. This was held as cash at bank with HSBC Bank £2m.

### **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.

#### \*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) There were no guarantees, indemnities or other contractual commitments other than in the ordinary course of insurance business and in respect of related companies.
- (e) There were no fundamental uncertainties.

**PRUDENTIAL HOLBORN LIFE LIMITED**

**Financial Year ended 31 December 2012**

**Notes to the returns (continued)**

**Form 16**

**\*1601\* Foreign Currencies**

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

**Form 40**

**\*4008\* Provision of Management Services**

The Company was provided throughout the year with management services by M&G Investment Management Limited, Prudential Distribution Limited, Prudential Services Limited and The Prudential Assurance Company Limited.

**PRUDENTIAL HOLBORN LIFE LIMITED**

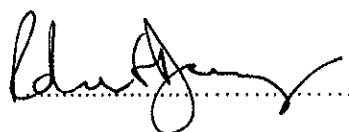
Global Business

**Financial year ended 31 December 2012**

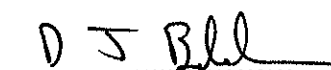
**Directors' Certificate required by rule 9.34 of the Accounts and Statements Rules**

We certify:

1. (a) that the return has been properly prepared in accordance with the requirements in IPRU(INS), GENPRU, and INSPRU; and:
  - (b) we are satisfied that:
    - (i) throughout the financial year in question, the insurer has complied in all material respects with the requirements of SYSC and PRIN as well as the provisions of IPRU(INS), GENPRU, INSPRU and
    - (ii) it is reasonable to believe that the insurer has continued so to comply subsequently, and will continue so to comply in future.
2. that the statements required by paragraph 2 of Part 1 of Appendix 9.6 of the Interim Prudential Sourcebook for Insurers have been omitted as the insurer no longer carries on long-term insurance business.



R A Devey  
Chief Executive



D J Belsham  
Director



K Nunn  
Director

25 March 2013

## **PRUDENTIAL HOLBORN LIFE LIMITED**

Global Business

**Financial year ended 31 December 2012**

### **Independent auditor's report to the Directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers (IPRU(INS))**

We have examined the following documents prepared by the insurer pursuant to the Accounts and Statements Rules set out in part I and part IV of chapter 9 to IPRU(INS) the Interim Prudential Sourcebook for Insurers, GENPRU the General Prudential Sourcebook and INSPRU the Insurance Prudential Sourcebook, ("the Rules") made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000:

- Forms 2, 3, 13, 15 and 16 (including the supplementary notes) on pages 1 to 10 ('the Forms') and pages 14 to 16;
- the statement required by IPRU(INS) rule 9.29 on page 21 ('the Statement'); and
- the valuation report required by IPRU(INS) 9.31(a) (i) on pages 11 to 13 ('the valuation reports').

We are not required to examine and do not express an opinion on:

- the statement required by IPRU(INS) rule 9.30 on page 22;
- the certificate required by IPRU(INS) rule 9.34 on page 17 ('the certificate').

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

## **Independent auditor's report to the Directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers (IPRU(INS))**

### **Respective responsibilities of the company and its auditors**

The insurer is responsible for the preparation of an annual return (including the Forms, the Statement, the valuation reports) under the provisions of the Rules. Under IPRU(INS) rule 9.11 the Forms, the Statements and the valuation reports, 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.

The methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation reports, are required to reflect appropriately the requirements of INSPRU 1.2.

It is our responsibility to form an independent opinion as to whether the Forms, the Statement and the valuation reports meet these requirements, and to report our opinions to you. We also report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the Forms, the Statements and the valuation reports are not in agreement with the accounting records and returns; or
- we have not received all the information we require for our examination.

### **Basis of opinion**

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom (Revised)' 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, the Statements and the valuation reports. The evidence included that previously obtained by us relating to the audit of the financial statements of the insurer for the financial year. It also included an assessment of the significant estimates and judgements made by the insurer in the preparation of the Forms, the Statement and the valuation reports.

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, the Statements and the valuation reports are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with IPRU(INS) rule 9.11.

In accordance with IPRU(INS) rule 9.35(1A), to the extent that any document, Form, Statement, analysis or report to be examined under rule IPRU(INS) 9.35(1) contains amounts or information abstracted from the actuarial investigation performed pursuant to IPRU(INS) rule 9.4, we have obtained and paid due regard to advice from a suitably qualified actuary who is independent of the insurer.

**Independent auditor's report to the Directors pursuant to rule 9.35 of the Interim Prudential Sourcebook for Insurers (IPRU(INS))**

**Opinion**

In our opinion:

- i) the Forms, the Statements and the valuation report 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
- ii) the methods and assumptions determined by the insurer and used to perform the actuarial investigation as set out in the valuation report appropriately reflect the requirements of INSPRU 1.2.



Marie Williams (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
15 Canada Square,  
Canary Wharf,  
London  
E14 5GL

25 March 2013



## PRUDENTIAL HOLBORN LIFE LIMITED

Financial Year ended 31 December 2012

### Rule 9.29 Statement on Derivative Contracts

- a. **Investment Guidelines**  
During 2012, investment guidelines did not allow the use of derivative contracts.
- b. **Derivatives where exercise is unlikely**  
The Company was not subject to any counterparty derivative exposure during the financial year.
- c. **Quantification of derivatives in (b) above**  
The Company was not subject to any counterparty derivative exposure during the financial year.
- h. **Provisions for reasonably foreseeable variations arising from derivative contracts, rule INSPRU 3.2.17R**  
The Company was not subject to any counterparty derivative exposure during the financial year.
- i. **Consideration received for granting rights under derivative contracts**  
The investment guidelines did not allow the writing of options.

## **PRUDENTIAL HOLBORN LIFE LIMITED**

**Financial Year ended 31 December 2012**

### **Rule 9.30 Statement on Shareholder Controllers**

The following companies were shareholder controllers of Prudential Holborn Life Limited for the year: The Prudential Assurance Company Limited holding 100% of its issued share capital and voting power throughout the year; and Prudential plc, being the ultimate holding company, holding 100% of the issued share capital and voting power of The Prudential Assurance Company Limited throughout the year.