



Prudential Retirement Income Limited

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

**Annual FSA Insurance Returns for the year ended
31st December 2002**



(Appendices 1 , 3 , 4 , 6)

Prudential Retirement Income Limited

Year ended 31st December 2002

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Statement of solvencyName of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**

R9	Company registration number 47842	GL/UK/CM GL	Period ended			Units £000
			day	month	year	
			31	12	2002	
	As at the end of this financial year 1	As at the end of the previous year 2	Source			
			Form	Line	Column	

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	2414572	1056106	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	160681	59617	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	2398349	1042767	See instruction 4
Other insurance and non-insurance liabilities	24	16223	13339	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	160681	59617	

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	160681	59617	
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Required minimum margin

Required minimum margin for long term insurance business	41	95934	41711	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	15989	6952	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	144692	52665	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	64747	17906	

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 Retirement Income Limited**

Global business

Financial year ended **31st December 2002**

.....

G M Wood

Chief Executive

.....

D J Belsham

Director

.....

T J W Tookey

Director

London 26 March 2003

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

Name of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**

	R9A	Company registration number 47842	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2002	
		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	95934		See instruction 2			
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	64747		See instruction 3			
Total available assets and implicit items (11+12)	13	160681					
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	160681					
Total available assets and implicit items (19+20)	21	160681					

Statement of net assetsName of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**

	R10	Company registration number 47842	GL/UK/CM GL	Period ended			Units £000
				day	month	year	
				31	12	2002	
				As at the end of this financial year			Source
				1			Form
				As at the end of the previous year			Line
				2			Column
Long term insurance business - admissible assets	11	2414572	1056106	13	89	1	
Long term insurance business - liabilities and margins	12	2414572	1056106	14	59	1	
Other than Long term insurance business - admissible assets	21	160916	62627	13	89	1	
Other than Long term insurance business - liabilities	22	235	3010	15	69	1	
Net admissible assets (21-22)	23	160681	59617				
Other assets allowed to be taken into account in covering the required minimum margin		Unpaid amounts (including share premium) on partly paid shares	24				
		Supplementary contributions for a mutual carrying on general insurance business	25				
Liabilities allowed to be left out of account in covering the required minimum margin		Subordinated loan capital	26				
		Cumulative preference share capital	27				
Available assets (23 to 27)	29	160681	59617				
Represented by:							
Paid up share capital (other than cumulative preference share capital)	51	225700	93700				
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56	(65019)	(34083)				
Total (51 to 56) and equal to line 29 above	59	160681	59617				
Movement of balance of net assets for solvency purposes - as per line 56							
Balance brought forward at the beginning of the financial year	61	(34083)	(7003)	10	56	2	
Retained profit/(loss) for the financial year	62	(30736)	(27080)	16	59	1	
Movement in asset valuation differences	63	(200)		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	(65019)	(34083)				

Analysis of admissible assets

Name of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**

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

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	47842	GL	day	month	year	£000	1
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 Retirement Income Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	47842	GL	31	12	2002	£000	1
					day	month	year		
Investments (continued)					As at the end of this financial year 1		As at the end of the previous year 2		
Deposits with ceding undertakings									
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45	77836		15733		
			Other	46	31113		11864		
		Variable interest	Approved securities	47	19801		14785		
			Other	48	16629				
	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	457		813		
		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	145836		43195			

Analysis of admissible assetsName of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	47842	GL	31	12	2002	£000	1
				day	month	year			
Debtors							As at the end of this financial year	As at the end of the previous year	
Other assets							1	2	
Debtors arising out of direct insurance operations	Policyholders			71					
	Intermediaries			72					
Salvage and subrogation recoveries				73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74					
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76					
		Due more than 12 months after the end of the financial year		77					
	Other	Due in 12 months or less after the end of the financial year		78			5474		9796
		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			7535		8937
	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			2071		699
	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			15080		19432
Grand total of admissible assets (39+69+88)				89			160916		62627
Reconciliation to asset values determined in accordance with the insurance accounts rules									
Total admissible assets (as per line 89 above)				91			160916		62627
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			200		
Total assets determined in accordance with the insurance accounts rules (91 to 95)				99			161116		62627
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100			1		4

Analysis of admissible assetsName of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	47842	GL	31	12	2002	£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	63477	18321	
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	63477	18321	

Analysis of admissible assetsName of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets		
		R13	47842	GL	31	12	2002	£000	10	
						day	month	year		
Investments (continued)						As at the end of this financial year 1		As at the end of the previous year 2		
Deposits with ceding undertakings										
Assets held to cover linked liabilities										
Other financial investments	Equity shares				41					
	Other shares and other variable yield securities				42					
	Holdings in collective investment schemes				43					
	Rights under derivative contracts				44		107			
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45		696821		144706	
			Other		46		899404		485484	
		Variable interest	Approved securities		47				2369	
			Other		48		9443		3657	
	Participation in investment pools				49					
	Loans secured by mortgages				50		4291		4323	
	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		3894		1094	
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54				6452	
		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		694181		373338		
	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		2308141		1021423		

Analysis of admissible assets

Name of insurer Prudential Retirement Income Limited

Global business

Financial year ended 31st December 2002

Category of assets Total long term business assets

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R13	47842	GL	31	12	2002	£000	10
Debtors							As at the end of this financial year 1	As at the end of the previous year 2
Other assets								
Debtors arising out of direct insurance operations	Policyholders			71		6399		1336
	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		2146		2238
		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		7161		
	Cash in hand			82				
Other assets (particulars to be specified by way of supplementary note)				83				
				84		27248		12788
Prepayments and accrued income	Accrued interest and rent			85				
	Deferred acquisition costs			86				
	Other prepayments and accrued income			87				
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				88		42954		16362
Total sheet 3 (71 to 86 less 87)				89		2414572		1056106
Grand total of admissible assets (39+69+88)								
Reconciliation to asset values determined in accordance with the insurance accounts rules								
Total admissible assets (as per line 89 above)				91		2414572		1056106
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		994		279
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		2415566		1056385
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100		1048		1013

Long term insurance business liabilities and margins

Name of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term business assets**

	Company registration number	GL/UK/CM	Period ended			Units	Category of assets
			day	month	year		
R14	47842	GL	31	12	2002	£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	2398349	1042767				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	2398349	1042767				See Instruction 5
Claims outstanding which had fallen due for payment before the end of the financial year	Gross amount	15					
	Reinsurers' share	16					
	Net (15-16)	17					
Provisions for other risks and charges	Taxation	21					
	Other	22					
Deposits received from reinsurers	23						
Creditors and other liabilities	Arising out of insurance operations	Direct insurance business	31	3994	1887		
		Reinsurance accepted	32				
		Reinsurance ceded	33				
	Debenture loans	Secured	34				
		Unsecured	35				
	Amounts owed to credit institutions	36			3166		
	Other creditors	Taxation	37	1015	337		
		Other	38	10135	7627		
Accruals and deferred income	39	1079	322				
Provision for adverse changes (calculated in accordance with rule 5.3)	41						
Total other insurance and non-insurance liabilities (17 to 41)	49	16223	13339				
Excess of the value of net admissible assets	51					See Instruction 6	
Total liabilities and margins	59	2414572	1056106				
Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61	900	3174				
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62						
Amount of any additional mathematical reserves included in line 51 which have been taken into account in the appointed actuary's certificate	63					See Instruction 7	

Liabilities (other than long term insurance business)Name of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**

		Company registration number	GL/UK/CM	Period ended			Units		
		R15	47842	GL	31	12	2002	£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					100	
	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					
		Recommended dividend		48					
		Other		49			181		2856
Accruals and deferred income		51			54		54		
Total (19 to 51)		59			235		3010		
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			235		3010		
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 Retirement Income Limited**

Global business

Financial year ended **31st December 2002**

		R16	47842	GL	Period ended			Units
					GL/UK/CM	day	month	
					31	12	2002	£000
		This financial year		Previous year		Source		
		1		2		Form	Line	Column
Transfer (to)/from the general insurance business technical account	From Form 20	11					20 . 59	
	Equalisation provisions	12						
Transfer from the long term insurance business revenue account		13	(51734)		(35265)		40 . 26	
Investment income	Income	14	4040		1913			
	Value re-adjustments on investments	15	4189					
	Gains on the realisation of investments	16						
Investment charges	Investment management charges, including interest	17	125		48			
	Value re-adjustments on investments	18			380			
	Loss on the realisation of investments	19	100		478			
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	(96)		(119)			
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	(43826)		(34377)			
Tax on profit or loss on ordinary activities		31	(13090)		(7297)			
Profit or loss on ordinary activities after tax (29-31)		39	(30736)		(27080)			
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	(30736)		(27080)			
Dividends (paid and proposed)		51						
Profit or loss retained for the financial year (49-51)		59	(30736)		(27080)			

Analysis of derivative contractsName of insurer **Prudential Retirement Income Limited**

Global business

Insurance Business **Other than long term**Financial year ended **31st December 2002**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	47842	GL	31	12	2002	£000	1
		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
Derivative contracts									
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35				164			
Adjustments for variation margin		41							
Total (11 to 41)		49				164			

Analysis of derivative contractsName of insurer **Prudential Retirement Income Limited**

Global business

Insurance Business **Long term**Financial year ended **31st December 2002**Category of assets **Total long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R17	47842	GL	31	12	2002	£000	10
		As at the end of this financial year			As at the end of the previous year				
		Assets 1	Liabilities 2	Assets 3	Liabilities 4				
Derivative contracts									
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34		398					
	Other	35	107						270
Adjustments for variation margin		41							
Total (11 to 41)		49	107	398					270

Long term insurance business : Revenue accountName of insurer **Prudential Retirement Income Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
R40	47842	GL	31	12	2002	£000	OB	99	0
Items to be shown net of reinsurance ceded						The financial year	Previous year		
						1	2		
Earned premiums						11	1291186	671980	
Investment income receivable before deduction of tax						12	85575	39985	
Increase (decrease) in the value of non-linked assets brought into account						13	60586	(13748)	
Increase (decrease) in the value of linked assets						14			
Other income						15			
Total income (11 to 15)						19	1437347	698217	
Claims incurred						21	105671	50724	
Expenses payable						22	27828	10526	
Interest payable before deduction of tax						23		8	
Taxation						24			
Other expenditure						25			
Transfer to (from) non technical account						26	(51734)	(35265)	
Total expenditure (21 to 26)						29	81765	25993	
Increase (decrease) in fund in financial year (19-29)						39	1355582	672224	
Fund brought forward						49	1042767	370543	
Fund carried forward (39+49)						59	2398349	1042767	

Long term insurance business : Revenue accountName of insurer **Prudential Retirement Income Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Ordinary Branch Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
			day	month	year				
R40	47842	GL	31	12	2002	£000	OB	1	0
Items to be shown net of reinsurance ceded						The financial year	Previous year		
						1	2		
Earned premiums						11	1291186	671980	
Investment income receivable before deduction of tax						12	85575	39985	
Increase (decrease) in the value of non-linked assets brought into account						13	60586	(13748)	
Increase (decrease) in the value of linked assets						14			
Other income						15			
Total income (11 to 15)						19	1437347	698217	
Claims incurred						21	105671	50724	
Expenses payable						22	27828	10526	
Interest payable before deduction of tax						23		8	
Taxation						24			
Other expenditure						25			
Transfer to (from) non technical account						26	(51734)	(35265)	
Total expenditure (21 to 26)						29	81765	25993	
Increase (decrease) in fund in financial year (19-29)						39	1355582	672224	
Fund brought forward						49	1042767	370543	
Fund carried forward (39+49)						59	2398349	1042767	

Long term insurance business : Analysis of premiums and expensesName of insurer **Prudential Retirement Income Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R41	47842	GL	31	12	2002	£000	OB	99	0
						Gross	Payable to or recoverable from reinsurers	Net of reinsurance (1-2)		
						1	2	3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		11						
		Regular premium		12						
	Pension business contracts	Single premium		13		1291186			1291186	
		Regular premium		14						
	Permanent health contracts	Single premium		15						
		Regular premium		16						
	Other contracts	Single premium		17						
		Regular premium		18						
	Total premiums	Single premium		19		1291186			1291186	
		Regular premium		29						
Total premiums at lines 19 and 29 attributable to	UK contracts		31		1291186			1291186		
	Overseas contracts		32							
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41		6054			6054	
	Other commission payable			42						
	Management expenses in connection with acquisition of business			43		14124			14124	
	Management expenses in connection with maintenance of business			44		4015			4015	
	Other management expenses			45		3635			3635	
	Total expenses (41 to 45)			49		27828			27828	
	Total expenses at line 49 attributable to	UK contracts		51		27828			27828	
Overseas contracts			52							

Long term insurance business : Analysis of premiums and expenses

Name of insurer **Prudential Retirement Income Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Ordinary Branch Long Term 1**

		Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
		R41	47842	GL	31	12	2002	£000	OB	1	0
				Gross			Payable to or recoverable from reinsurers		Net of reinsurance (1-2)		
				1			2		3		
Earned premiums in the financial year	Life assurance and general annuity contracts	Single premium		11							
		Regular premium		12							
	Pension business contracts	Single premium		13		1291186			1291186		
		Regular premium		14							
	Permanent health contracts	Single premium		15							
		Regular premium		16							
	Other contracts	Single premium		17							
		Regular premium		18							
	Total premiums	Single premium		19		1291186			1291186		
		Regular premium		29							
Total premiums at lines 19 and 29 attributable to	UK contracts		31		1291186			1291186			
	Overseas contracts		32								
Expenses payable in the financial year	Commission payable in connection with acquisition of business			41		6054			6054		
	Other commission payable			42							
	Management expenses in connection with acquisition of business			43		14124			14124		
	Management expenses in connection with maintenance of business			44		4015			4015		
	Other management expenses			45		3635			3635		
	Total expenses (41 to 45)			49		27828			27828		
	Total expenses at line 49 attributable to	UK contracts		51		27828			27828		
Overseas contracts		52									

Long term insurance business : Analysis of claims

Name of insurer **Prudential Retirement Income Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Summary**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/Summary	No of part of Fund	
			day	month	year					
	R42	47842	GL	31	12	2002	£000	OB	99	0
Claims incurred in the financial year						Gross 1	Recoverable from reinsurers 2	Net of reinsurance (1-2) 3		
Life assurance and annuity contracts	On death			11						
	By way of lump sums on maturity			12						
	By way of annuity payments			13						
	By way of payments arising from other insured events			14						
	On surrender or partial surrender			15						
	Total life assurance and annuity claims (11 to 15)			19						
Pension business contracts	On death			21		73			73	
	By way of lump sums on vesting			22		522			522	
	By way of vested annuity payments			23		100142			100142	
	On surrender or partial surrender			24		4934			4934	
	Total pension business claims (21 to 24)			29		105671			105671	
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		105671			105671	
Total claims at line 59 attributable to	UK contracts			61		105671			105671	
	Overseas contracts			62						

Long term insurance business : Analysis of claims

Name of insurer **Prudential Retirement Income Limited**

Global business

Ordinary insurance business

Financial year ended **31st December 2002**Name and number of fund/Summary **Ordinary Branch Long Term 1**

	Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund	
			day	month	year					
	R42	47842	GL	31	12	2002	£000	OB	1	0
Claims incurred in the financial year				Gross		Recoverable from reinsurers	Net of reinsurance (1-2)			
				1		2	3			
Life assurance and annuity contracts	On death			11						
	By way of lump sums on maturity			12						
	By way of annuity payments			13						
	By way of payments arising from other insured events			14						
	On surrender or partial surrender			15						
	Total life assurance and annuity claims (11 to 15)			19						
Pension business contracts	On death			21		73		73		
	By way of lump sums on vesting			22		522		522		
	By way of vested annuity payments			23		100142		100142		
	On surrender or partial surrender			24		4934		4934		
	Total pension business claims (21 to 24)			29		105671		105671		
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		105671		105671		
Total claims at line 59 attributable to	UK contracts			61		105671		105671		
	Overseas contracts			62						

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

Name of insurer **Prudential Retirement Income Limited**

Global business

United Kingdom business

Non-linked

Financial year ended **31st December 2002**

		Company registration number		GL/UK/CM	Period ended			Units	UK/OS	NL/LN				
		R46	47842		GL	31	12				2002	£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			27840										
New business and increases	12			20842										
Net transfers and other alterations 'on'	13													
Total 'on' (12+13)	19			20842										
Deaths	21			719										
Other insured events	22													
Maturities	23													
Surrenders	24			13										
Forfeitures	25													
Conversions to paid-up policies for reduced benefits	26													
Net transfers, expiries and other alterations 'off'	27			342										
Total 'off' (21 to 27)	29			1074										
In force at end of year (11+19-29)	39			47608										

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

Name of insurer **Prudential Retirement Income Limited**

Global business

United Kingdom business

Linked

Financial year ended **31st December 2002**

		Company registration number		GL/UK/CM			Period ended			Units	UK/OS	NL/LN	
		R46	47842	GL	day month year			£000	UK				LN
					31	12	2002						
		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			8423									
New business and increases	12			13204									
Net transfers and other alterations 'on'	13												
Total 'on' (12+13)	19			13204									
Deaths	21			664									
Other insured events	22												
Maturities	23												
Surrenders	24												
Forfeitures	25												
Conversions to paid-up policies for reduced benefits	26												
Net transfers, expiries and other alterations 'off'	27			544									
Total 'off' (21 to 27)	29			1208									
In force at end of year (11+19-29)	39			20419									

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

Name of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**

Type of insurance	Single premium contracts			Regular premium contracts			Sums assured, annuities per annum or other measures of benefit
	No of contracts	Premiums	Sums assured, annuities per annum or other measures of benefit	No of contracts	Annual premiums	Sums assured, annuities per annum or other measures of benefit	
	2	3	4	5	6	7	
1							
UK DIRECT WRITTEN INSURANCE BUSINESS							
Pension Insurance Business							
Non-Linked Non-Profit Policies							
Annuity in payment	20842	867293	58160 pa				
Group deferred annuity	8798	140123	11763 pa				
Sub total: Non-Linked Non-Profit Policies	29640	1007416	69923 pa				
Index Linked Contracts							
Annuity in payment	13204	178700	21930 pa				
Group deferred annuity	5975	105070	6189 pa				
Sub total: Index Linked Contracts	19179	283770	28119 pa				
Total: Pension Insurance Business	48819	1291186	98042 pa				
Total: UK Direct Written Insurance Business	48819	1291186	98042 pa				

Company registration number **47842**

GL/JUK/CM

GL

Period ended

day month year

2002

Units

£000

Long term insurance business : Expected income from admissible assets not held to match liabilities in respect of linked benefitsName of insurer **Prudential Retirement Income Limited**

Global business

Financial year ended **31st December 2002**Category of assets **Total long term business assets**

Type of asset	Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			day	month	year			
	R48	47842	GL	31	12	2002	£000	10
			Value of admissible assets as shown on Form 13 1		Expected income from admissible assets 2		Yield % 3	
Land and buildings		11	63477		4230		6.66	
Fixed interest securities	Approved securities	12	705366		35562		4.67	
	Other	13	917730		55895		6.04	
Variable interest and variable yield securities (excluding items shown at line 16)	Approved securities	14						
	Other	15	9573		454		4.86	
Equity shares and holdings in collective investment schemes		16						
Loans secured by mortgages		17	4389		299		6.71	
All other assets	Producing income	18	11162		483		4.33	
	Not producing income	19	8694					
Total (11 to 19)		29	1720391		96923		5.45	

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

Name of insurer

Prudential Retirement Income Limited

Global business

Financial year ended 31st December 2002

Category of assets Total long term business assets

Redemption period in years	Value of admissible assets as shown on Form 13 1	Gross redemption yield % 2	Value of admissible higher yielding assets 3	GL/UK/CM	Period ended			Units	Category of assets
					day	month	year		
			47842	GL	31	12	2002	£000	10
One year or less									
More than one year but not more than five years	7849	4.12							
More than five years but not more than ten years	2843	4.44		Variable interest and variable yield					
More than ten years but not more than fifteen years	43908	4.64		approved securities excluding equities					
More than fifteen years but not more than twenty years	259964	4.65							
More than twenty years but not more than twenty five years	84787	4.59							
More than twenty five years	292845	4.70							
Irredeemable	13170	4.66							
Total (11 to 18)	705366	4.67							
One year or less									
More than one year but not more than five years	5093	8.84	558	Other variable interest and variable yield securities excluding equities					
More than five years but not more than ten years	126724	6.08	5170						
More than ten years but not more than fifteen years	128330	6.29	2441						
More than fifteen years but not more than twenty years	184555	6.21	5168						
More than twenty years but not more than twenty five years	141612	6.19	3351			9573	4.86		
More than twenty five years	325517	5.81	7593						
Irredeemable	5899	6.99							
Total (21 to 28)	917730	6.04	24281			9573	4.86		

PRUDENTIAL RETIREMENT INCOME LIMITED

Returns for the year ended 31 December 2002

Schedule 4

Valuation Report on Prudential Retirement Income Limited as at 31 December 2002

1. Date of investigation

The investigation relates to 31 December 2002.

2. Date of previous investigation

The previous investigation related to 31 December 2001.

3. Conformity with Rule 5.6

The valuation of long term insurance business liabilities shown in this report conforms with Rule 5.6 of the Interim Prudential Sourcebook for Insurers.

4. Description of non-linked contracts

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

(i) Annuities in payment

These are non-profit annuities, written on either a single life or joint life and last survivor basis, which provide a level series of payments throughout the life of the annuitant(s), or incorporate a provision for payments to increase annually at a guaranteed rate. The annuity may incorporate a minimum guaranteed period of payment. Enhanced annuities are available to policyholders suffering from a range of medical conditions that have an adverse impact on life expectancy.

(ii) Deferred annuities

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

Valuation Report (continued)

5. Description of linked contracts

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

Valuation Report (continued)

6. Valuation principles and methods

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

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

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

In particular, the following principles have been observed:

- (a) Derivative contracts as at 31 December 2002 comprised:
- i) A contract to swap UK sterling LIBOR for fixed UK sterling
 - ii) A contract to swap Euros for fixed UK sterling
 - iii) Contracts to swap future income increasing at a fixed rate each year for income varying in line with changes in RPI and LPI (RPI subject to minimum and maximum increases).

The effect of the contract under i) is to convert UK sterling cashflows from a Floating Rate Note into fixed UK sterling cashflows.

The effect of the contract under ii) is to convert cashflows from a Euro denominated bond into UK sterling cashflows.

The effect of the contract under iii) is to convert fixed UK sterling cashflows into RPI Linked UK sterling cashflows.

The cashflows involved in these arrangements were included in the aggregate cashflows from the portfolio, to give the aggregate yield on the portfolio. This is in accordance with a waiver under section 148 of the Financial Services and Markets Act 2000, which was reissued in December 2002.

- (b) Not applicable.
- (c) The net premium method has not been used.
- (d) There are no contracts where negative values could arise.
- (e) No reserve for future bonuses is required.

Valuation Report (continued)

- (f) No provision for any prospective liability for tax on unrealised capital gains has been included in the mathematical reserves since the company transacts pension business only and no capital gains tax liability is expected to arise.
- (g) Not applicable.
- (h) As described in 5(1)(d), some RPI-linked annuities are subject to maximum and minimum percentage increases. RPI-linked annuities subject to a minimum annual increase of 0% and a maximum annual increase of 5% are treated as being identical to normal RPI-linked annuities.
- (i) No additional reserve was held in respect of counterparty risk in connection with derivative contracts. The need for a reserve was assessed based on counterparty exposure limits and arrangements for the use of collateral. At 31 December 2002 there was no potential debt if the sale counterparty had defaulted at that date. The additional reserve also includes allowance for general contingencies.

(2) Not applicable.

7. Interest, mortality bases, resilience, etc.

- (1) See Forms 51 and 54 and the notes to Forms 51 and 54. The '+3' in mortality basis C refers to a rating up by 3 years in age. Enhanced annuities are valued using the tables specified in note 5102, but include a policy specific age adjustment to the mortality rate used.
- (2) The mortality tables used are published tables.
- (3) All business is written in the UK, and UK-based mortality tables have been used.
- (4) Annuities are generally valued using a percentage of the 92 series (year of birth) tables for annuitants and pensioners. The percentage is selected so that the valuation makes allowance for future mortality improvement at a faster rate than that implicit in the underlying tables. For some annuity contracts a calendar year table was used with a percentage adjustment, to the current level of mortality, equivalent to a suitable allowance for future mortality improvement.
- (5) No allowance is made or reserve is held, in addition to the assumptions in 7 (4) above, in respect of possible changes in the incidence of disease or development in medical science.

Valuation Report (continued)

- (6) The scenarios tested were:
- (a) an immediate decrease of 1 percentage point in the rates of interest obtainable on fixed interest securities, an immediate decrease of 25% in the real yields on index-linked stocks and a 15% fall in property values.
 - (b) an immediate increase of 2 percentage points in the rates of interest obtainable on fixed interest securities, an immediate increase of 25% in the real yields on index-linked stocks and a 15% fall in property values.

Scenario (a) was the more onerous.

The effect of the swap contracts described in 6(1)(a)(iii) is to produce RPI and LPI (RPI subject to minimum and maximum increases) linked sterling cashflows, and the scenarios have been tested against the aggregate yield of the non-linked assets and the associated swap contract.

- (7) The reserve required under Rule 5.17(a) of the Interim Prudential Sourcebook for Insurers is calculated by projecting:

- (a) the risk adjusted cashflows from the assets held (including the assets backing the additional reserve held under Rule 5.17(a)) and;
- (b) the future liability payments on the valuation assumptions.

The cashflow projections show that there is expected to be an excess of income over outgo in the earlier years. These excess amounts are assumed to be invested in cash and accumulated to meet the shortfall of asset income in later years. The cash investment rate is assumed to be 4.00%. In later years, where outgo exceeds income, the cash borrowing rate is assumed to be 6.00%. The additional reserve is set so that all liability cashflows can, on these assumptions, be met as they fall due.

A total reserve of £45,336,000 was held at 31 December 2002.

- (8) (a) Valuation rates of interest are adjusted as shown in Form 57. No other assumptions are changed.
- (b) Assets are hypothecated to liabilities as shown in Form 57. Yields on assets are adjusted by 0.35% and 0.30% to allow for defaults on fixed interest and RPI-linked assets respectively.

Valuation Report (continued)

(c) Under the scenario which produces the most onerous requirement:

- (i) the aggregate amount of the long term liabilities increased by £212,924,000 after allowing for the release of the cashflow mismatching reserve described in 7(7) above.
- (ii) the aggregate amount of the assets backing these liabilities increased by £245,435,000.

Hence the reserve shown in 7(7) is adequate to cover the provision required in respect of Rule 5.17(a) and 5.17(b).

(9) Liabilities are all in sterling.

8. Valuation of non-linked business

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

9. Valuation of linked business

- (a) See Form 54 and 6 (1) above.
- (b) The annuity loadings in 10 (1) are calculated without assuming any contribution from the loadings in new business written after the valuation date.

10. Expenses

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

For immediate annuities, the implicit per policy loadings at the end of 2002, before inflation, were approximately £2 p.a. for reinsurance accepted business and £83 p.a. for directly written business.

Deferred annuities costs were assumed to be £5 p.a. per life during deferment and then as for immediate annuities in possession.

Valuation Report (continued)

Investment management expenses are allowed for by deducting 0.15% p.a. from the valuation rates of interest. The valuation rates of interest in Forms 51, 54 and 57 (and the asset yields in Forms 48 and 57) are shown before this deduction.

Outgo on property maintenance costs and leases is allowed for directly in the valuation rates of interest used (and the assets yields shown in Forms 48 and 57 are shown after this deduction).

- (2) Based on the annualised annuity amounts in payment and deferment at 31 December 2002, the amount released to meet renewal expenses in 2003 will be £2,682,000. In addition, £3,598,000 will be released to meet investment expenses.
- (3) New business premium rates incorporate a charge to cover acquisition and set-up costs. The annuity loadings in 10 (1) are calculated without assuming any contribution from the loadings in new business written after the valuation date.
- (4) An allowance for expenses arising from the closure to new business, if closure occurred twelve months after the valuation date, has been compared with the margins in expense loadings arising from the in force business. As the costs are covered by the margins, no additional reserve is required.

11. Currency matching

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

12. Reinsurance

Not applicable

13. to 16. Not applicable.

17. Changes in long term insurance business

See Form 46.

Group non-profit deferred annuities are not included in Form 46. These consist of 10,915 individual arrangements for non-linked contracts and 7,092 individual arrangements for linked contracts at 31 December 2002.

18. New business

See Form 47.

Valuation Report (continued)

19. Assets covering long term liabilities

- (1) See Forms 48 and 49.
- (2) Changes in the amounts reported on Form 48 at 31 December 2002 which would result from the exercise of rights or obligations under derivative contracts or contracts having the effect of derivative contracts (assuming that options would be exercised only if it would be prudent to do so) are as follows:

Form 48	Column 1 £000's	Column 2 £000's	Column 3 %
Line 13	-	23	0.00
Line 15	-	(2)	0.05
Line 18	(290)	(9)	0.01
Line 19	(106)	N/A	N/A

- (3) Corresponding changes which would result from the exercise of all rights or obligations under derivative contracts, or contracts having the effect of derivative contracts are as follows:

Form 48	Column 1 £000's	Column 2 £000's	Column 3 %
Line 13	-	23	0.00
Line 15	-	(2)	0.05
Line 18	(290)	(9)	0.01
Line 19	(106)	N/A	N/A

- (4) The maximum changes to the amounts if the conditions in (2) and (3) above had applied at any time during the year as follows:

Form 48	Column 1 £000's	
	Conditions noted in (2)	Conditions noted in (3)
Line 18	(242)	(242)

20. Valuation summaries

See Forms 51 and 54.

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

Valuation Report (continued)

21. Matching rectangle

- (1) See Form 57.
- (2) Aggregate yields have been adjusted by 0.35% and 0.30% to allow for potential defaults within the fixed interest and RPI-linked asset portfolios respectively.

The default allowance is determined from data supplied by our investment manager, which itself is based upon research carried out by one of the major rating agencies. This analysis, based on actual default experience over a 30 year period, produces mean default rates according to credit quality and term to redemption. Volatility is also analysed and standard deviations of the rates for each credit quality are provided.

In the event of default it may be possible to recover some capital, especially if the loan is secured. The allowance for recovery (or partial recovery) of the loan varies according to the level of security and the following recovery rates are assumed:

First Mortgage Debenture/Senior Secured	75%
Senior Unsecured	45%
Subordinated Debt	20%
Preference Shares	0%

To calculate the overall default provision, the corporate bond portfolio is broken down according to credit rating and level of security. The default rate for each group is assumed to be the appropriate mean default rate plus two standard deviations, reduced by the expected recovery. The derived default rates for each group are set out below:

Default rates - basis points per annum:

Seniority	AAA	AA	A	BBB	BB and lower
First Mortgage Debenture/ Senior Secured	4.5	13.5	13.5	41.8	238.2
Senior Unsecured	10.5	31.2	30.6	88.6	518.7
Subordinated	15.0	44.7	44.1	126.6	754.2
Preference	18.0	55.5	54.0	157.3	941.7

100 basis points equal 1%.

Valuation Report (continued)

Regard is also paid to the yield differential between corporate and government securities, and prevailing economic circumstances. Additional allowance for counterparty risks in connection with derivative contracts is included in the additional reserve described in 6(1)(i). The yields shown in Form 48 column 3 were calculated using the method of the section 148 waiver. The aggregate yields on the portfolio using the method of the section 148 waiver were also used to derive the valuation rates of interest in Form 57 Row 31.

- (3) The yield on property is the lower of the current rental yield and the “redemption yield”, which is the interest rate at which the market value equates with the present value of future rental income and the disposal value in accordance with the section 148 waiver. No allowance for non-contractual increase in rental income is made. As an allowance for the risk of falls in value the disposal value is taken as 75% of the current market value. . In Form 57 a further deduction is made to allow for the risk of default of rent. This deduction is the same as for fixed interest investments, as described in 21(2) above.

22. Valuation results

See Form 58.

23. Required minimum margin

See Form 60.

G A Gallagher, Appointed Actuary

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

Name of insurer **Prudential Retirement Income Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Pension Insurance Business**

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

Type of insurance or name of contract	Valuation basis		No of contracts	Company registration number	GL/UK/CM			Period ended		Units	UK/OS		Type of business	Category of surplus
	Rate of interest	Mortality or morbidity table			R51	47842	GL	31	12		2002	£000		
			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	Office premiums
1	2	3	4	5	6	7	8	9	10	11	12			
DIRECT WRITTEN INSURANCE BUSINESS														
Non-Profit Policies														
Annuity in payment : Individual	5.00	D(a)	14707	44705 pa				656158					656158	
Annuity in payment : Group	5.00	B(a)	12969	36319 pa				480257					480257	
Deferred annuity : Group	5.00	C(b)	10915	18428 pa				169464					169464	
Mismatching reserves								19588					19588	
Additional reserves								9794					9794	
Sub total: Non-Profit Policies			38591	99452 pa				1335261					1335261	
Sub total: Direct Written Insurance Business			38591	99452 pa				1335261					1335261	
REASSURANCE ACCEPTED														
Non-Profit Policies														
Annuity in payment : Individual	5.00	A(c)	19932	26079 pa				335437					335437	
Mismatching reserves								5032					5032	
Additional reserves								2516					2516	
Sub total: Non-Profit Policies			19932	26079 pa				342985					342985	
Sub total: Reassurance Accepted			19932	26079 pa				342985					342985	

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

Name of insurer **Prudential Retirement Income Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Pension Insurance Business**

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

Type of insurance or name of contract	Valuation basis		No of contracts	Company registration number	GL/UK/CM			Period ended			Units	UKIOS	Type of business		Category of surplus
	Rate of interest	Mortality or morbidity table			R51	47842	GL	31	12	2002			£000	UK	
			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			Office premiums
1	2	3	4	5	6	7	8	9	10	11	12				
Net total: Pension Insurance Business			58523	125531 pa				1678246						1678246	
Net total: United Kingdom Insurance Business			58523	125531 pa				1678246						1678246	

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Prudential Retirement Income Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Pension Insurance Business**

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

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses				Company registration number		Period ended			Units		Type of business	Category of surplus	
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Amount of annual premiums		GL	31	12	year		UK/OS			Pens
							Office premiums	Net premiums				day	month				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15			
R54	47842	GL	46526 pa	6698 pa	29212 pa	10616 pa	691373	691373	116485	424277	150611	116485	424277	150611			
11: Global Business (Issued in the United Kingdom)			27308						Retail prices index	Retail prices index	Retail prices index				11		
DIRECT WRITTEN INSURANCE BUSINESS Non-Profit Policies																11	
Annuity in payment : Individual	2.39	D(a)	3671	6698 pa						116485						116485	
Annuity in payment : Group	2.39	B(a)	16545	29212 pa						424277						424277	
Deferred annuity : Group	2.39	C(b)	7092	10616 pa						150611						150611	
Mismatching reserves																20632	
Additional reserves																5185	
Sub total: Non-Profit Policies			27308	46526 pa						691373						717190	
Sub total: Direct Written Insurance Business			27308	46526 pa						691373						717190	
REASSURANCE ACCEPTED Non-Profit Policies																	
Annuity in payment : Individual	2.39	A(c)	203	150 pa						2808						2808	
Mismatching reserves																84	
Additional reserves																21	
Sub total: Non-Profit Policies			203	150 pa						2808						2913	

Long term insurance business : Valuation summary of index linked contracts

Name of insurer **Prudential Retirement Income Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**

Type of business **Pension Insurance Business**

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

Name of contract	Valuation basis		No of contracts	Amount of sums assured or annuities per annum, including vested reversionary bonuses			Amount of annual premiums		Name of index link		Investment liability		Other liabilities		Category of surplus
	Rate of interest	Mortality or morbidity table		Guaranteed on death	Current on death/current payable per annum	Guaranteed on maturity	Office premiums		Current benefit value	Discounted value	Mortality and expenses	Options and guarantees other than investment performance guarantees			
			2				3	4				5	6	7	8
1															
Sub total: Reassurance Accepted			203			150 pa					2808	2808			2913
Net total: Pension Insurance Business			27611			46676 pa					694181	694181			720103
Net total: United Kingdom Insurance Business			27611			46676 pa					694181	694181			720103

Long term insurance business : Analysis of assets and liabilities matching investment liabilities in respect of index linked benefitsName of insurer **Prudential Retirement Income Limited**

Global business

United Kingdom business

Financial year ended **31st December 2002**Category of surplus **11: Global Business (Issued in the United Kingdom)**

	Company registration number	GL/UK/CM	Period ended			Units	UK/OS	Category of Surplus	
			day	month	year				
	R56	47842	GL	31	12	2002	£000	UK	11
Type of assets and liabilities	Name of index link			Value of assets or liabilities		Gross derivative value			
	1			2		3			
Land and buildings	RPI			1825					
Rights under derivative contracts	RPI			(12762)		(12762)			
Government and public body index linked bonds	RPI			95421					
Corporate index linked bonds	RPI			260821					
Government and public body non-linked bonds	RPI			98004					
Corporate non-linked bonds	RPI			224675					
Loans secured by mortgages	RPI			3433					
Other loans	RPI			13408					
Prepayments and accrued income	RPI			9356					
Sub total assets				706943					
Sub total liabilities				(12762)					
Sub total net assets				694181					
Total assets				706943					
Total liabilities				(12762)					
Net total assets				694181					

