



Prudential Annuities Limited

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

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



(Appendices 1 , 3 , 4 , 6)

Prudential Annuities Limited

Year ended 31st December 2002

Contents

	Page
Appendix 9.1	
Form 9 Statement of solvency	3
Covering sheet to Form 9	4
Form 9A Analysis of the effect of financial engineering on long-term available assets	5
Form 10 Statement of net assets	6
Form 13 Analysis of admissible assets	7
Form 14 Long term insurance business liabilities and margins	13
Form 15 Liabilities (other than long insurance term business)	14
Form 16 Profit and loss account (non-technical account)	15
Form 17 Analysis of derivative contracts	16
Appendix 9.3	
Form 40 Long term insurance business: Revenue account	18
Form 41 Long term insurance business: Analysis of premiums and claims	20
Form 42 Long term insurance business: Analysis of claims	22
Appendix 9.4	
Form 46 Long term insurance business: Summary of changes in long term business	24
Form 47 Long term insurance business: Analysis of new ordinary long term business	26
Form 48 Long term insurance business: Expected income from admissible assets not held to match liabilities in respect of linked benefits	28
Form 49 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	29
Appendix 9.6	
Abstract of the Valuation Report - Rule 9.31	30
Appendix 9.4	
Form 51 Long term insurance business: Valuation summary of non-linked contracts (other than accumulating with-profits policies)	40
Form 54 Long term insurance business: Valuation summary of index linked contracts	42
Form 56 Long term insurance business: Analysis of assets and liabilities matching investment liabilities in respect of index linked benefits	44
Form 57 Long term insurance business: Matching rectangle	46
Form 58 Long term insurance business: Valuation result and distribution of surplus	50
Form 60 Required minimum margin.	51
Appendix 9.6	
Notes to the Return	52
Directors' Certificate - Rule 9.34(a)	57
Appointed Actuary's Certificate - Rule 9.34(b)	60
Auditors' Report - Rule 9.35	61
Additional information on Derivative Contracts - Rule 9.29	64
Additional information on Controllers - Rule 9.30	67
Information on Appointed Actuary - Rule 9.36	68

Statement of solvencyName of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31st December 2002**

R9	Company registration number 2554213	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	13014470	11888099	10 . 11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22	782878	572322	See instructions 1 and 3
Total mathematical reserves (after distribution of surplus)	23	12622166	11802004	See instruction 4
Other insurance and non-insurance liabilities	24	342304	55922	See instruction 5
Available assets for long term insurance business required minimum margin (21+22-23-24)	25	832878	602495	

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	832878	602495	
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Required minimum margin

Required minimum margin for long term insurance business	41	504866	472065	60 . 69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42	84144	78678	
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43	748734	523817	
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44	328012	130430	

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 Annuities Limited**

Global business

Financial year ended **31st December 2002**

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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 Annuities Limited**

Global business

Financial year ended **31st December 2002**

	R9A	Company registration number 2554213	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	504866		See instruction 2			
Excess (deficiency) of available assets and implicit items over the required minimum margin	12	328012		See instruction 3			
Total available assets and implicit items (11+12)	13	832878					
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	832878					
Total available assets and implicit items (19+20)	21	832878					

Statement of net assets

Name of insurer **Prudential Annuities Limited**

Global business

Financial year ended **31st December 2002**

	R10	Company registration number 2554213	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
Long term insurance business - admissible assets	11	13014470	11888099	13	89	1	
Long term insurance business - liabilities and margins	12	13014470	11888099	14	59	1	
Other than Long term insurance business - admissible assets	21	870502	575923	13	89	1	
Other than Long term insurance business - liabilities	22	87624	3601	15	69	1	
Net admissible assets (21-22)	23	782878	572322				
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	782878	572322				
Represented by:							
Paid up share capital (other than cumulative preference share capital)	51	550000	550000				
Amounts included in lines 24 to 27 above	52						
Amounts representing the balance of net assets	56	232878	22322				
Total (51 to 56) and equal to line 29 above	59	782878	572322				
Movement of balance of net assets for solvency purposes - as per line 56							
Balance brought forward at the beginning of the financial year	61	22322	14346	10	56	2	
Retained profit/(loss) for the financial year	62	208886	9646	16	59	1	
Movement in asset valuation differences	63	1670	(1670)	See instruction 2			
Decrease/(increase) in the provision for adverse changes	64			See instruction 3			
Other movements (particulars to be specified by way of supplementary note)	65						
Balance carried forward at the end of the financial year (61 to 65)	69	232878	22322				

Analysis of admissible assetsName of insurer **Prudential Annuities 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	2554213	GL	31	12	2002	£000	1
						day	month	year		
Investments						As at the end of this financial year 1		As at the end of the previous year 2		
Land and buildings						11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares	21							
		Debt securities issued by, and loans to, dependants	22							
	Other insurance dependants	Shares	23							
		Debt securities issued by, and loans to, dependants	24							
	Non-insurance dependants	Shares	25							
		Debt securities issued by, and loans to, dependants	26							
	Other group undertakings and participating interests	Shares	27							
		Debt securities issued by, and loans to, group undertakings	28							
		Participating interests	29							
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest	30							
Total sheet 1 (11 to 30)						39				

Analysis of admissible assetsName of insurer **Prudential Annuities 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	2554213	GL	31	12	2002	£000	1
Investments (continued)					As at the end of this financial year		As at the end of the previous year		
Deposits with ceding undertakings					1		2		
Assets held to cover linked liabilities									
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					2947
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45			236176		162887
			Other	46			82657		105488
		Variable interest	Approved securities	47			75433		84245
			Other	48			182439		160524
	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			1122		1397
		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			577827		517488	

Analysis of admissible assetsName of insurer **Prudential Annuities 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	2554213	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		68		311	
		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		286052		52241	
	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		6555		5883	
	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		292675		58435	
Grand total of admissible assets (39+69+88)				89		870502		575923	
Reconciliation to asset values determined in accordance with the insurance accounts rules									
Total admissible assets (as per line 89 above)				91		870502		575923	
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				1670	
Total assets determined in accordance with the insurance accounts rules (91 to 95)				99		870502		577593	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100					7

Analysis of admissible assets

Name of insurer **Prudential Annuities 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	2554213	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	269315		164645	
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	269315		164645	

Analysis of admissible assetsName of insurer **Prudential Annuities 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	2554213	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			8			
	Holdings in collective investment schemes			43						
	Rights under derivative contracts			44			70055	39592		
	Debt securities and other fixed income securities	Fixed interest	Approved securities		45			2082594	1334520	
			Other		46			8148299	7928823	
		Variable interest	Approved securities		47					
			Other		48			46992		
	Participation in investment pools			49						
	Loans secured by mortgages			50			282627	290315		
	Other loans	Loans to public or local authorities and nationalised industries or undertakings			51			5081	5050	
		Loans secured by policies of insurance issued by the company			52					
		Other			53			50145	55036	
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less			54			4233	39031	
		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			1823112	1796671		
	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			12513146	11489038			

Analysis of admissible assetsName of insurer **Prudential Annuities 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	2554213	GL	31	12	2002	£000	10
				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	188			418	
	Intermediaries			72					
Salvage and subrogation recoveries				73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74	17247			6321	
	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	7619			16164	
		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					
	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	193768			189146	
	Deferred acquisition costs			85					
	Other prepayments and accrued income			86	13187			22367	
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	232009			234416	
Grand total of admissible assets (39+69+88)				89	13014470			11888099	
Reconciliation to asset values determined in accordance with the insurance accounts rules									
Total admissible assets (as per line 89 above)				91	13014470			11888099	
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	4239			2923	
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	13018709			11891022	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100	10			20	

