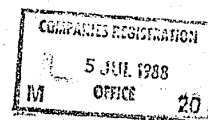


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PRUDENTIAL CORPORATION HOLDINGS LIMITED

Annual Report and Accounts 1987



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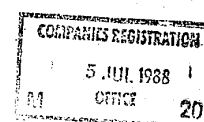
PRUDENTIAL CORPORATION HOLDINGS LIMITED

Incorporated in England Registered No: 1404713

Registered Office: 142 Holborn Bars London EC1N 2NH

Annual report and accounts 1987

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PRUDENTIAL CORPORATION HOLDINGS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 1987

Principal activity and business review

The principal activity of the Company is that of a holding company. During the year there were changes in the Company's subsidiaries as set out in note 2 to the accounts on page 6. No significant changes are anticipated in the activities of the Company, or in its scale of operations, in the foreseeable future.

Accounts and dividends

The state of affairs of the Company at 31 December 1987 is shown in the balance sheet on page 3. The profit and loss account appears on page 2.

The director has declared dividends as follows:

£5,000,000 payable as an interim dividend.

No final dividend is recommended.

Ownership and director

The Company is a wholly owned subsidiary of Prudential Corporation plc which is also the sole director. There was no change during the year.

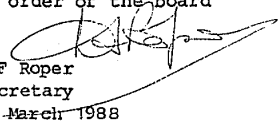
Director's interests

Other than those interests exempted from notification by Section 324(6) of the Companies Act 1985 the director had, according to the register kept by the Company under Section 325 of that Act, no interest in shares in or debentures of any group company either at the beginning or at the end of the year.

Auditors

A resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the Company will be put to the Annual General Meeting.

By order of the board


D F Roper
Secretary

21 March 1988

PRUDENTIAL CORPORATION HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1987

	1987 £	1986 £
INCOME		
Income from shares in group companies	6,849,315	18,460,737
	<u>6,849,315</u>	<u>18,460,737</u>
Loss on exchange	-	(6,984)
	<u>-</u>	<u>(6,984)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6,849,315	18,453,753
Tax on profit on ordinary activities: Tax on franked investment income	1,849,315	3,960,737
	<u>1,849,315</u>	<u>3,960,737</u>
PROFIT ON ORDINARY ACTIVITIES FOR THE YEAR AFTER TAXATION	5,000,000	14,493,016
Dividends paid and proposed	5,000,000	14,493,016
	<u>5,000,000</u>	<u>14,493,016</u>
RETAINED PROFIT FOR YEAR	<u>=====</u>	<u>=====</u>

PRUDENTIAL CORPORATION HOLDINGS LIMITED

BALANCE SHEET 31 DECEMBER 1987

	Note	1987 £	1986 £
FIXED ASSETS			
Shares in group companies	2	144,353,302	185,570,340
		<u>144,353,302</u>	<u>185,570,340</u>
CURRENT ASSETS			
Amounts owed by group companies		5,220,102	90,068,443
Cash at bank		7,084	100
		<u>5,227,186</u>	<u>90,068,543</u>
CREDITORS			
Amounts falling due within one year:			
Other creditors		1,239,474	19,381,961
Amounts owed to group companies		148,340,914	243,763,806
Final dividend		-	12,493,016
		<u>149,580,388</u>	<u>275,638,783</u>
NET CURRENT LIABILITIES		<u>144,353,202</u>	<u>185,570,240</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>100</u>	<u>100</u>
CAPITAL AND RESERVES			
Called up share capital	3	<u>100</u>	<u>100</u>

The accounts on pages 2 to 6 were approved by the Director on 21 March 1988 and are signed for and on behalf of the Director by:

R E ARTUS

R.E. Artus

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PRUDENTIAL CORPORATION HOLDINGS LIMITED

SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 1987

	1987 £	1986 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	6,849,315	18,453,753
Disposal of shares in subsidiaries	41,217,038	-
	<hr/> 48,066,353	<hr/> 18,453,753
APPLICATION OF FUNDS		
Investment in subsidiaries	-	113,333,769
Dividends paid	17,493,016	6,663,815
Taxation	1,849,315	3,960,737
	<hr/> 19,342,331	<hr/> 123,958,321
	<hr/> 28,724,022	<hr/> (105,504,568)
	<hr/> =====	<hr/> =====
INCREASE/(DECREASE) IN WORKING CAPITAL		
Other creditors	18,142,487	(19,381,961)
Amounts owed to group companies	95,422,892	(166,807,235)
Amounts owed by group companies	(84,848,341)	80,688,443
Cash at bank	6,984	(3,815)
	<hr/> 28,724,022	<hr/> (105,504,568)
	<hr/> =====	<hr/> =====

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS

1 Accounting policies

- (a) The accounts are prepared under the historical cost convention.
- (b) Shares in group companies are shown at cost.
- (c) Dividends from group companies are included on an accruals basis. UK dividends are grossed up by the amount of the attaching tax credit.
- (d) Taxation is charged on all profits and income earned to date. Provision under the liability method is made for deferred taxation arising from short term timing differences, and from timing differences which cannot be demonstrated with reasonable probability to continue into the foreseeable future.
- (e) Foreign currency assets and liabilities are translated at rates of exchange ruling at the end of the year. Exchange adjustments are dealt with in the profit and loss account.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

2 Fixed Assets - Subsidiary companies

The principal subsidiary companies as at 31 December 1987, all wholly owned, are as follows:

<u>Name</u>	<u>Class of shares held</u>	<u>Principal activity</u>	<u>Country of incorporation or registration</u>
*Jackson National Life Insurance Company	Common Shares US\$ 1.15	Life Insurance Company	USA
Prudential Finance BV	Shares DFL400 each	Finance Company	The Netherlands

*Not held directly by the Company.

Other subsidiaries which do not materially affect the profit of the Group or the amount of its assets are not shown.

Group accounts have not been prepared as the Company is a wholly owned subsidiary of another body corporate incorporated in England. The Director is of the opinion that the value of the Company's interests in its subsidiaries is not less than the amount included in the balance sheet.

During the year the Company transferred its investment in The Mercantile and General Reinsurance Company plc, Prudential Portfolio Managers Limited, and Prudential Property Services Limited to its ultimate holding company Prudential Corporation plc, and Vanbrugh Group Ltd to a fellow subsidiary. It established a new subsidiary, Prudential Finance BV.

3 Called up share capital

	1987 £	1986 £
Authorised, allotted, called up and fully-paid ordinary shares of £1 each	100 ==	100 ==

4 Ultimate holding company

The ultimate holding company is Prudential Corporation plc which is incorporated in England.

PRUDENTIAL CORPORATION HOLDINGS LIMITED

REPORT OF THE AUDITORS
TO THE MEMBERS OF PRUDENTIAL CORPORATION HOLDINGS LIMITED

We have audited the accounts on pages 2 to 6 in accordance with approved Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of the Company's affairs at 31 December 1987 and of its profit and source and application of funds for the year then ended, and comply with the Companies Act 1985.

Deloitte Haskins & Sells

Deloitte Haskins & Sells
Chartered Accountants
London

21 March 1988