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PRUDENTIAL CORPORATION HOLDINGS LIMITED

ANNUAL REPORT AND ACCOUNTS 1993



PRUDENTIAL CORPORATION HOLDINGS LIMITED

Incorporated and registered in England and Wales. Registered No. 1404713.
Registered office: 142 Holborn Bars, London EC1N 2NH.

Annual report and accounts 1993

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PRUDENTIAL CORPORATION HOLDINGS LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 1993

Principal activity and business review

The principal activity of the Company is that of a holding company. Changes in the Company's investments are set out in note 3 to the accounts on page 4. No significant changes are expected 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 1993 is shown in the balance sheet on page 3. The profit and loss account appears on page 2.

No dividend is proposed for the year (1992 £nil).

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

The director is exempted from notification by Section 324 (6) of the Companies Act 1985.

Auditors

In accordance with Section 386 of the Companies Act 1985, an elective resolution has been passed by the Company dispensing with the need to appoint auditors annually. Accordingly, Price Waterhouse will be deemed to be reappointed auditors of the Company for the current financial year.

By order of the sole director



P R Rawson
Secretary
19 April 1994

PRUDENTIAL CORPORATION HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1993

	Note	1993 £	1992 £
Income from shares in group undertakings		1,709,605	2,383,678
Provisions for diminution in value of investments		(1,100,000)	(11,000,000)
Loss on exchange		(47,202)	(101,724)
Profit on ordinary activities before taxation		562,403	(8,718,046)
Taxation	2	(205,250)	(279,409)
Profit / (loss) for the financial year		357,153	(8,997,455)

The Company has no recognised gains or losses other than the profit/(loss) for the year disclosed above.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1993

	1993 £	1992 £
Profit / (loss) for the financial year	357,153	(8,997,455)
Shareholders' funds at beginning of year	(14,869,858)	(5,872,403)
Shareholders' funds at end of year	(14,512,705)	(14,869,858)

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BALANCE SHEET AS AT 31 DECEMBER 1993

	Note	1993 £	1992 £
FIXED ASSETS			
Investments:	3,4		
Shares in group undertakings		274,431,458	273,425,780
Participating interests		-	12,500
		<u>274,431,458</u>	<u>273,438,280</u>
CURRENT ASSETS			
Amounts owed by group undertakings		1,598,181	2,383,678
Cash at bank and in hand		34	34
		<u>1,598,215</u>	<u>2,383,712</u>
CREDITORS			
Amounts falling due within one year:			
Amounts owed to group undertakings		326,163	-
Sundry creditors		2,798,003	1,964,629
Deferred tax	5	251,049	295,670
		<u>3,375,215</u>	<u>2,260,299</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,777,000)</u>	<u>123,413</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		272,654,458	273,561,693
CREDITORS			
Amounts falling due after more than one year:			
Amounts owed to group undertakings		287,167,163	288,431,551
		<u>(14,512,705)</u>	<u>(14,869,858)</u>
CAPITAL AND RESERVES			
Share capital	6	100	100
Retained loss		(14,512,805)	(14,969,958)
		<u>(14,512,705)</u>	<u>(14,869,858)</u>

The accounts on pages 2 to 6 were approved by the director on 15 April 1994 and are signed for and on behalf of the director by: MG Newmarch

MG Newmarch

PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS

1. Accounting policies

- (a) The accounts are prepared on the historical cost basis of accounting and in accordance with accounting standards applicable in the United Kingdom. The Company has implemented FRS3 - Reporting Financial Performance. A reconciliation of the movement in shareholders' funds is provided.
- (b) Income from shares in group undertakings is included on an accruals basis.
- (c) Tax is charged on all profits and income earned to date. Provision under the liability method is made for deferred tax arising from timing differences, other than those considered likely to continue into the foreseeable future.
- (d) Shares in group undertakings are shown at cost less provisions for diminution in value.
- (e) Foreign currency assets and liabilities are translated at rates of exchange ruling at the end of the year.

2. Tax

	1993	1992
	£	£
Profit and loss account:		
Corporation tax at 33%	249,871	483,685
Deferred taxation	(44,621)	(204,276)
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	205,250	279,409
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3. Investments

Movements during the year were as follows. All investments were unlisted.

	Shares in group undertakings	Participating interests	Total
	£	£	£
Balance at beginning of year	273,425,780	12,500	273,438,280
Additional investment	1,105,678	-	1,105,678
Transfer to fellow subsidiary	-	(12,500)	(12,500)
Provisions for diminution in value	(100,000)	-	(100,000)
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Balance at end of year	274,431,458	-	274,431,458
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PRUDENTIAL CORPORATION HOLDINGS LIMITED

NOTES ON THE ACCOUNTS (continued)

In addition a provision of £1,000,000 was made in respect of a deficiency of assets in group undertakings. This provision is included in sundry creditors.

4. Group undertakings and participating interests

The principal group undertakings at 31 December 1993, all wholly owned, were as follows:

<u>Name</u>	<u>Class of shares held</u>	<u>Principal activity</u>	<u>Country of incorporation or place of registration</u>
Brooke Holdings Incorporated	Common Shares US\$1.0	Holding Company	USA
*Jackson National Life Insurance Company	Common Shares US\$1.15	Life Insurance Company	USA
Prudential Corporation Australia Limited	Shares A\$1	Holding Company	Australia
Prudential Services Limited	Ordinary Shares £1	Service Company	England and Wales
Prudential Finance BV	Shares Dfl400	Finance Company	The Netherlands
Prudential Finance (UK) plc	Ordinary Shares £1	Finance Company	England and Wales
Prudential Finance Jersey Limited	Ordinary Shares £1	Finance Company	Jersey
Prudential Futures Limited	Ordinary Shares £1	Investment Company	England and Wales
Prudential Leasing Services Limited	Ordinary Shares £1	Leasing Company	England and Wales
Prudential Trustee Company Limited	Ordinary Shares £1	Trustee Company	England and Wales
Prudential Staff Pensions Limited	Ordinary Shares £1	Trustee Company	England and Wales

* Not directly owned by the Company.

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NOTES ON THE ACCOUNTS (continued)

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

Group accounts have not been prepared as the Company is a wholly owned subsidiary undertaking of another body corporate registered in England and Wales. The director is of the opinion that the value of the Company's interests in its group undertakings are not less than the amount included in the balance sheet.

During the year the participating interest in Prudential Travel Limited was transferred at cost to a fellow subsidiary undertaking.

5. Deferred tax

The deferred tax liability arising on short term timing differences has been fully provided at 31 December 1993.

6. Share capital

	1993	1992
	£	£
Authorised, issued and fully paid		
100 ordinary shares of £1 each	100	100
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7. Ultimate parent company

The ultimate parent company is Prudential Corporation plc, registered in England and Wales, which is the parent company which prepares group accounts, copies of which can be obtained from the Company Secretary at 142 Holborn Bars, London EC1N 2NH.

8. Guarantees

The Company has guaranteed any amounts due from Prudential Travel Limited to the International Air Transport Association.

9. Bank balances

Under the terms of the Company's arrangements with the Prudential Group's main UK banker, the bank has a right of set-off between credit balances and all overdrawn balances of those group companies with similar arrangements.

10. Financial Support

The parent company, Prudential Corporation plc, has pledged its continued financial support to Prudential Corporation Holdings Limited for the foreseeable future.

AUDITORS REPORT TO THE SHAREHOLDER OF PRUDENTIAL CORPORATION HOLDINGS LIMITED

We have audited the financial statements on pages 2 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

Respective responsibilities of director and auditors

Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable the director to ensure that the financial statements comply with the Companies Act 1985. The director is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1993 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditors
Southwark Towers
32, London Bridge Street
London
SE1 9SY

15 April 1994