

Registered No 4167734

## **PRUDENTIAL AUSTRALIA ONE LIMITED**

**Report and Accounts for the period from  
25 September 2006 to 31 December 2007**

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**PRUDENTIAL AUSTRALIA ONE LIMITED**

Incorporated and registered in England and Wales Registered no 4167734

Registered office Laurence Pountney Hill, London EC4R 0HH

**Report and Accounts for the period from 25 September 2006 to 31 December 2007**

<b>CONTENTS</b>	<b>Page</b>
Directors	1
Directors' report	2-3
Profit and loss account	4
Reconciliation of movement in shareholders' funds	4
Balance sheet	5
Notes to the accounts	6-10
Statement of directors' responsibilities	11
Independent auditor's report	12

## **PRUDENTIAL AUSTRALIA ONE LIMITED**

### **Directors**

D C Martin  
P R Merrey (appointed 10 December 2007)  
M G Morbey  
K M Page (appointed 3 July 2007)  
C M Walshe (appointed 10 December 2007)

### **Secretary**

Prudential Group Secretarial Services Limited

### **Auditor**

KPMG Audit Plc

## **PRUDENTIAL AUSTRALIA ONE LIMITED**

### **DIRECTORS' REPORT FOR THE PERIOD FROM 25 SEPTEMBER 2006 TO 31 DECEMBER 2007**

#### **Principal activity and business review**

The principal activity of the Company is to act as an investment holding company. This activity is expected to continue in 2008.

During the period, the Company received dividends of £189,479,000 and £33,332,000 from its subsidiaries Prudential (Gibraltar) Limited and Prudential Corporation Limited respectively, and made a loan of £410,000,000 to its ultimate parent company, Prudential plc.

There are no key performance indicators because the Company is an intermediate investment holding company within the Prudential group.

#### **Change of accounting reference date**

The Company has changed its accounting reference date to 31 December in order to have the same date as its ultimate parent company, Prudential plc.

#### **Accounts and dividend**

The state of affairs of the Company at 31 December 2007 is shown in the balance sheet on page 5. The profit and loss account appears on page 4. No ordinary dividend is proposed for the period (2006: £nil). Interest of £36,621,000 has been accrued on the preference shares (2006: £25,859,000).

#### **Directors**

The present directors of the Company are shown on page 1. On 3 July 2007, Mr K M Page was appointed as a director and on 10 December 2007, Mr P R Merrey and Mrs C M Walshe were appointed as directors. There were no other changes during the period.

#### **Financial risk management objectives, policies and exposure**

The Company's objectives and policy in relation to the management of financial risk resulting from its financial assets and liabilities are to minimise any risk. The Company's exposure to financial risk through its financial assets and liabilities is not considered material to the assessment of the Company's assets, liabilities, financial position and the profit and loss of the Company.

#### **Payment policy**

The Company does not have any trade creditors and therefore codes or standards on payment practice and disclosure of trade creditor days are not applicable.

**PRUDENTIAL AUSTRALIA ONE LIMITED**

**DIRECTORS' REPORT FOR THE PERIOD FROM 25 SEPTEMBER 2006 TO 31 DECEMBER 2007**  
**(continued)**

Directors' and officers' protection

Prudential plc has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the Prudential Group. In addition, the Articles of Association of the Company provide for the directors, officers and employees of the Company to be indemnified in respect of liabilities incurred in their capacity as such.

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Auditor

In accordance with Section 487(2) of the Companies Act 2006, KPMG Audit Plc will be deemed to be re-appointed auditor of the Company for the current financial year.

On behalf of the Board of directors

*Susan M Holden*

On behalf of  
Prudential Group Secretarial Services Limited  
Secretary

*24 September*

2008

**PRUDENTIAL AUSTRALIA ONE LIMITED****PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 25 SEPTEMBER 2006 TO 31 DECEMBER 2007**

	Note	Period ended 31 December 2007 £000	Year ended 24 September 2006 £000
Income from shares in group undertaking	3	222,811	16,690
Interest receivable from group undertakings	4	61,265	40,427
Interest payable	5,6	(102,460)	(73,172)
(Loss) profit on foreign currency exchange translation	5,6	(61,113)	42,266
Profit on ordinary activities before tax		120,503	26,211
Tax credit on profit on ordinary activities	2	4,088	1,654
Profit for the financial period / year	8	124,591	27,865

All of the above items relate to continuing operations. The Company has no recognised gains or losses other than the result for the period / year disclosed above.

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE PERIOD FROM 25 SEPTEMBER 2006 TO 31 DECEMBER 2007**

	Period ended 31 December 2007 £000	Year ended 24 September 2006 £000
Profit for the financial period / year	124,591	27,865
Opening shareholders' funds	203,856	175,991
Closing shareholders' funds	328,447	203,856

**PRUDENTIAL AUSTRALIA ONE LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 2007**

		31 December 2007 £000	24 September 2006 £000
	Note		
<b>FIXED ASSETS</b>			
Shares in group undertakings	3	831,546	831,546
<b>CURRENT ASSETS</b>			
Amounts owed by group undertakings	4	1,035,757	829,343
Tax recoverable		4,393	4,600
Cash at bank and in hand		4,433	8,757
		1,044,583	842,700
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	5	(1,066,527)	(1,039,403)
<b>NET CURRENT LIABILITIES</b>		(21,944)	(196,703)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		809,602	634,843
<b>CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	6	(481,155)	(430,987)
<b>NET ASSETS</b>		328,447	203,856
<b>CAPITAL AND RESERVES</b>			
Share capital	7	373,550	373,550
Retained loss	8	(45,103)	(169,694)
<b>TOTAL SHAREHOLDERS' FUNDS INCLUDING NON-EQUITY INTERESTS</b>		328,447	203,856

The accounts on pages 4 to 10 were approved by the directors on *24 September* 2008



M G Morbey

Director

## **PRUDENTIAL AUSTRALIA ONE LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **1 Accounting policies**

- (a) The accounts have been prepared under the historical cost basis of accounting and in accordance with accounting standards applicable in the United Kingdom. As the Company is a wholly owned subsidiary undertaking of another company registered in England and Wales, group accounts are not prepared. Accordingly the accounts present information about the Company as an individual undertaking.
- (b) The Company has taken advantage of the exemption under FRS 1 (Revised) from preparing a cash flow statement, as it is a wholly owned subsidiary of its parent undertaking.
- (c) Interest receivable from group undertakings is recognised on an accruals basis. Dividends from group undertakings are recognised in the period in which they are declared.
- (d) Tax is charged on all taxable profits arising in the accounting period. Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.
- (e) Shares in group undertakings are shown at cost, less impairment charges.
- (f) Foreign currency revenue transactions are translated at the rate ruling at the date of the transaction. Monetary foreign currency assets and liabilities are translated at the rate ruling at the balance sheet date with gains or losses arising taken to the profit and loss account.

#### **2 Tax on profit on ordinary activities**

##### **(a) Analysis of tax credit for the period / year**

	Period ended 31 December 2007 £000	Year ended 24 September 2006 £000
Current tax		
UK corporation tax credit on profit for the period / year	4,071	3,711
Adjustments in respect of prior periods	17	(17)
Total current tax	4,088	3,694
Deferred tax		
Reversal of short-term timing differences	-	(2,040)
Total deferred tax	-	(2,040)
Tax credit on profit on ordinary activities	4,088	1,654



## **PRUDENTIAL AUSTRALIA ONE LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **2 Tax on profit on ordinary activities (continued)**

##### **(b) Factors affecting tax credit for the period / year**

Where the tax credit assessed in the period / year is different from the standard rate of Corporate Tax in the UK, the differences are explained below. The standard rate of tax has been determined by using the UK rate of corporation tax enacted for the period for which the profits of the Company will be taxed.

	Period ended 31 December 2007 £000	Year ended 24 September 2006 £000
Profit on ordinary activities before tax	120,503	26,211
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(36,151)	(7,863)
Effects of		
Adjustments in respect of prior periods	17	(17)
Non-taxable income – UK source dividends	66,842	5,007
Other non-taxable income	2,786	-
Non-allowable foreign currency exchange movement	(18,420)	12,285
Reversal of short-term timing differences	-	2,040
Preference dividend	(10,986)	(7,758)
Current tax credit for the period / year	4,088	3,694

##### **(c) Factors that may affect future tax charges**

The UK corporation tax standard rate has changed to 28% with effect from 1 April 2008. Aside from this, the only factors expected to affect the future tax charges of the Company, are those detailed in paragraph (b) above.

## **PRUDENTIAL AUSTRALIA ONE LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **3 Shares in group undertakings**

<u>Name</u>	<u>Principal activity</u>	<u>Registered office</u>	<u>Class of shares held</u>	<u>Percentage held</u>
Prudential Corporation Limited	Finance company	England & Wales	Ordinary shares £1 each*	Nil
			Ordinary shares A\$1 each	100%
			Participating preference shares A\$1 each*	Nil
Prudential (Gibraltar) Limited	Investment holding company	Gibraltar	Ordinary shares £1 each	100%
			Redeemable preference shares £1 each*	Nil
Prudential (Gibraltar Two) Sarl	Finance company	Luxembourg	Ordinary shares US\$50 each	100%

\*Held by another group company

A dividend of £189,479,000 was received on 10 December 2007 from Prudential (Gibraltar) Limited. Dividends of £17,076,000 and £16,256,000 were received from Prudential Corporation Limited on 1 May 2007 and 5 November 2007 respectively.

In October 2006, the Company sold its investment in Prudential (Gibraltar Three) Limited to Prudential (Gibraltar Four) Limited for £1. There was no profit or loss on sale.

#### **4 Amounts owed by group undertakings**

	31 December 2007 £000	24 September 2006 £000
Loans to group undertakings	995,570	796,304
Interest receivable	40,187	29,523
Other	-	3,516
	<u>1,035,757</u>	<u>829,343</u>

Loans to group undertakings at 31 December 2007 comprised loans to the immediate parent company, Prudential Corporation Holdings Limited, of £376,212,993 and £191,356,921, both at an interest rate of 3 month GBP Libor plus 35 basis points, and new loans made in the period to the ultimate parent company, Prudential plc, of £410,000,000 and to Prudential (Gibraltar) Limited of £18,000,000, both at an interest rate of 12 month GBP Libor.

During the period, Prudential Corporation Holdings Limited repaid £228,734,000 of one of its loans.

## **PRUDENTIAL AUSTRALIA ONE LIMITED**

### **NOTES TO THE ACCOUNTS (continued)**

#### **5 Creditors amounts falling due within one year**

	31 December 2007 £000	24 September 2006 £000
Loans from group undertakings	914,757	925,795
Interest payable	151,770	113,608
	<u>1,066,527</u>	<u>1,039,403</u>

Loans from group undertakings at 31 December 2007 comprised loans from The Prudential (Guernsey) Trust at an interest rate of 12 month GBP Libor plus 25 basis points. The interest charge for the period ended 31 December 2007 on these loans was £65,736,410. The loans are repayable on demand at the instigation of either party on not less than 14 days' written notice.

Interest payable includes arrears of preference share dividends of £144,346,592 at 31 December 2007 (£96,493,777 at 24 September 2006). The movement of £47,852,815 comprises a charge for the period ended 31 December 2007 of £36,620,533 (see note 6) and a loss on translation of £11,232,282.

#### **6 Creditors amounts falling due after more than one year**

	31 December 2007 £000	24 September 2006 £000
6% cumulative preference share capital	<u>481,155</u>	<u>430,987</u>

The authorised preference share capital at both 31 December 2007 and 24 September 2006 was 2,000,000,000 preference shares of A\$1 each. The issued preference share capital at both dates was 1,090,827,194 preference shares of A\$1 each. These amounts have been translated into Sterling at the rates ruling at those dates of A\$2 2671 and A\$2 5310 to the pound respectively, resulting in a loss on translation of £50,168,663.

The preference shares carry the right to receive a cumulative preferential dividend at the rate of 6% per annum, payable as an interim dividend on 31 March following the financial year to which the dividend relates or on such other date as the directors of the Company shall in their absolute discretion determine. The dividend accrued in respect of the period ended 31 December 2007 was £36,620,533. The preference shares are not redeemable, carry no voting rights except on a winding-up of the Company or on the variation of the rights attaching to the preference shares but carry preferential rights in priority to other shareholders to payment on a return of assets in the event of the winding-up of the Company.

**PRUDENTIAL AUSTRALIA ONE LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**7      Share capital**

	31 December 2007 £000	24 September 2006 £000
Authorised 1,000,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Issued and fully paid 373,550,379 ordinary shares of £1 each	373,550	373,550

**8      Retained loss**

	31 December 2007 £000	24 September 2006 £000
Balance at beginning of period / year	(169,694)	(197,559)
Profit for the financial period / year	124,591	27,865
Balance at end of period / year	(45,103)	(169,694)

**9      Auditor's remuneration**

Auditor's remuneration of £3,250 (2006 £3,250) is borne by the ultimate parent company, Prudential plc. Amounts receivable by the Company's auditor in respect of services rendered to the Prudential group other than the audit of the Company's financial statements have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of Prudential plc.

**10     Directors' emoluments**

The aggregate emoluments including pension contributions of the directors of the Company during the period were £nil (2006 £nil).

**11     Related party transactions**

The Company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 from disclosing transactions with other subsidiary undertakings of the Prudential group.

**12     Immediate and ultimate parent company**

The immediate parent company is Prudential Corporation Holdings Limited. The ultimate parent company is Prudential plc, which is the only parent company that prepares group accounts, copies of which can be obtained from the Company Secretary, Laurence Pountney Hill, London EC4R 0HH.

## **PRUDENTIAL AUSTRALIA ONE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities



M G Morbey

Director

24 February 2008

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRUDENTIAL AUSTRALIA ONE LIMITED**

We have audited the financial statements of Prudential Australia One Limited for the period from 25 September 2006 to 31 December 2007 which comprise the Profit and Loss Account, the Reconciliation of Movement in Shareholders' Funds, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report or for the opinion we have formed.

### **Respective responsibilities of the directors and the auditor**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 11. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 directors 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the period then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

24 September 2008