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PRUDENTIAL UK INTERMEDIARIES LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2002**



Incorporated and registered in Scotland. Registered number SC212640
Registered office: PO Box 25, Craigforth, Stirling, Scotland FK9 4UE

PRUDENTIAL UK INTERMEDIARIES LIMITED

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PRUDENTIAL UK INTERMEDIARIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

Principal activity and business review

The principal activity of Prudential UK Intermediaries Limited (the Company) is to provide Prudential UK Services Limited with marketing services which will enhance the reputation of the business ensuring that all matters relating to the conduct of the business and the Prudential Group's dealings with its clients and customers are carried out in an efficient and business-like manner. The Company is due to be wound up during 2003.

Directors

The current directors of the Company are shown on page 2.

Messrs J W Jack and A J Robertson ceased to be directors on 27 February 2002, Mr C D M Evans ceased to be a director on 23 July 2002 and Mr M J Moores ceased to be a director on 2 September 2002. Mr T J W Tookey was appointed as a director on 4 September 2002.

There were no other changes during the year.

Directors' interests

The interests of Mr G M Wood, who is also a director of the ultimate parent company, Prudential plc, are shown in the annual report and accounts of that company.

The other director in office at the end of the year had interests in shares of 5p each in Prudential plc as follows:

- (a) under the Prudential Restricted Share Plan, in which the shares are held in trust and represent the maximum award that can be made if the performance requirements of the Plan are met:

	Date of appointment	31 December 2002
T J W Tookey	-	4,959

- (b) in options to subscribe for shares under the Prudential Savings-Related Share Option Scheme:

	Date of appointment	During the year:			31 December 2002
		Granted	Exercised	Cancelled	
T J W Tookey	-	4,747	-	-	4,747

Except as stated above, none of the directors in office at the end of the year:

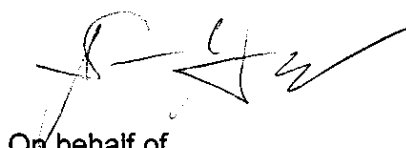
- had any interest in shares in, or debentures of, any Group company either at the beginning of the year or at a later date of appointment, or at the end of the year; or
- was granted or exercised any right to subscribe for shares in, or debentures of, any Group company during the year.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002**

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, KPMG Audit plc will be deemed to be re-appointed as auditors of the Company for the current financial year.

Signed on behalf of the board of directors



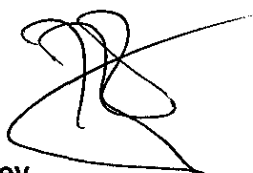
On behalf of
Prudential Group Secretarial Services Limited
24 April 2003

Statement of directors' responsibilities in respect of the accounts

Company law requires the directors 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 for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.



T J W Tookey
24 April 2003

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PRUDENTIAL UK INTERMEDIARIES LIMITED**

FOR THE YEAR ENDED 31 DECEMBER 2002

We have audited the accounts on pages 6 to 10.

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 directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the Company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes the examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh

24 April 2003

ACCOUNTING POLICIES

(a) Basis of preparation of accounts

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

The accounts have been prepared on a going concern basis.

(b) Taxation

Tax is charged on all profits in the 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.

(c) Cash flow statement

The Company has taken advantage of the exemption under paragraph 8(c) of Financial Reporting Standard 1 (Revised) from disclosing a cash flow statement on the basis that a consolidated statement including the cash flows of the Company is prepared by the ultimate parent company.

PRUDENTIAL UK INTERMEDIARIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Note	2002 £000	2001 £000
Turnover	1	17,808	18,179
Management charges	2	<u>17,808</u>	<u>18,179</u>
Profit on ordinary activities before tax	3	-	-
Tax on profit on ordinary activities		<u>-</u>	<u>-</u>
Retained profit for the year		<u>-</u>	<u>-</u>

No statement of total recognised gains or losses has been included as there are no recognised gains or losses other than the profit or loss in the period.

A statement of historical cost profits and losses has not been prepared as the amounts are not materially different from the profit or loss for the period.

Turnover and profit on ordinary activities before taxation for the year relate exclusively to continuing operations as defined under the terms of Financial Reporting Standard 3.

PRUDENTIAL UK INTERMEDIARIES LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2002**

	Note	2002 £000	2001 £000
Current assets			
Cash at bank and in hand	4	<u>10</u>	<u>10</u>
Total current assets		<u>10</u>	<u>10</u>
Capital and reserves			
Called-up share capital	5	<u>10</u>	<u>10</u>
Profit and loss account		<u>-</u>	<u>-</u>
		<u>10</u>	<u>10</u>

The accounts on pages 6 to 10 were approved by the board of directors on 24 April 2003.

T J W Tookey
Director



NOTES TO THE ACCOUNTS

1. Turnover

Turnover represents charges due under the service level agreement between the Company and Prudential UK Services Limited for the provision of marketing and distribution services.

2. Employee information

(i) Management charges

The Company has no employees and is provided with services by Prudential UK Services Limited. The relevant employee costs are included within the management charges from that company. Full disclosure regarding employee costs can be found in the accounts of Prudential UK Services Limited.

(ii) Directors' emoluments

The directors of the Company are not employed by Prudential UK Intermediaries Limited and did not receive any remuneration in respect of their services on behalf of the Company. The remuneration paid to them in respect of their services as directors of Prudential plc and The Prudential Assurance Company Limited are disclosed within the report and accounts of those companies.

3. Profit on ordinary activities before tax

The operating profit is stated after charging:

	2002	2001
	£000	£000
Auditors' remuneration	<u>2</u>	<u>2</u>

The remuneration of the auditors is in respect of the statutory audit only.

4. Bank accounts

Under the terms of the Company's arrangements with its bankers, HSBC, the Company has a right of set-off between credit balances and all overdrawn balances.

5. Called-up share capital

	2002	2001
	£000	£000
Authorised:		
1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued and fully paid:		
10,000 ordinary shares of £1 each	<u>10</u>	<u>10</u>

PRUDENTIAL UK INTERMEDIARIES LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Related party transactions

The Company has taken advantage of the exemption under paragraph 3(c) of Financial Reporting Standard 8 relating to the disclosure of transactions with other subsidiary undertakings of the Prudential Group.

7. Ultimate parent company

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