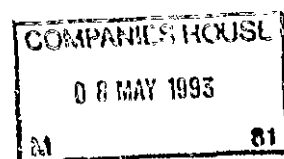


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**General Accident
Life Assurance**

Report and Accounts 1992



General Accident

GENERAL ACCIDENT LIFE ASSURANCE LIMITED
Registered in England No. 226742 Registered Office: 2 Rougier Street, York, England, YO1 1HR

Chairman

The Rt Hon The Earl of Airlie, KT, GCVO, PC

Directors

The Rt Hon The Lord Bolton, BA, FRICS

B Holder, FCCA

W H Jack

I A H Johnston, BSc

W N Robertson, MA, FCII

J H R Tonks, BSc, FIA

Executive

W H Jack, *General Manager*

J H R Tonks, BSc, FIA *Deputy General Manager and Chief Actuary*

E M McAllister-Rees, FBCS, FInstAM *Assistant General Manager*

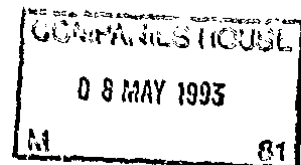
I A Chambers, FCIS, ACII *Manager and Secretary*

Auditors

KPMG Peat Marwick

Chartered Accountants

Registered Auditors



GENERAL ACCIDENT LIFE ASSURANCE LIMITED

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GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Directors' Report

The Directors submit their Report and the Group Accounts for the year ended 31st December 1992.

Principal activity

The principal activity of the Company continued to be the transaction of long term insurance business other than industrial life business.

Operations

With effect from 1st January 1992 the Company acquired 100% of the issued share capital of General Accident Vie SA, a French life insurance company. Prior to that date it was a wholly owned subsidiary of General Accident Fire and Life Assurance Corporation p.l.c., which in turn is a wholly owned subsidiary of General Accident plc.

	1992 £m	1991 £m	1990 £m
New net sums assured	3,892	4,220	4,113
New annuities (per annum)	21	23	28
Permanent Health Benefits (per annum)	19	20	23
These benefits were secured by			
New annual premiums	49	43	39
New single premiums	353	160	40
Shareholders' share of profits	18	15	15
Fund	2,361	1,833	1,544

New single premiums include £211m in respect of the GA Investment Bond, compared with £114m in 1991, and £39m in respect of the International Personal Pension which was relaunched in 1992.

The annual valuation of the liabilities and assets of the Company is made as at 31st December 1992 and the details of the valuation and distribution of profits will be furnished in due course in the returns to the Department of Trade and Industry.

Dividends

An interim dividend of £325 per share was paid in July 1992 and a second interim dividend of £1,425 per share was paid in December 1992. No further dividend is recommended for 1992.

Events since the balance sheet date

It has been agreed that the Company will purchase an additional 20% of the issued share capital of Assecura SA increasing the shareholding to 60% with effect from 1st January 1993.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Directors

The names of the present Directors of the Company appear on Page 1.

Mr W H Jack was appointed a Director on 1st February 1992.

Mr J D K Philp resigned from the Board with effect from 31st January 1992 and Mr T Roberts with effect from 30th November 1992.

The Directors retiring by rotation are Mr I A H Johnston and Mr W N Robertson, both of whom are eligible for re-election.

Directors Interests

The beneficial interests of Directors in shares of the ultimate parent company, excluding those of Directors who are also Directors of the ultimate parent company, are as follows:-

Ordinary Shares

	At 1st January 1992 or on appointment if later	At 31st December 1992
The Rt Hon The Lord Bolton	-	-
Mr W H Jack	2,236	2,236
Mr I A H Johnston	881	928
Mr J H R Tonks	8,528	8,493

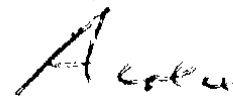
Share Options

	At 1st January 1992 or on appointment if later	Options granted during the year	Options exercised or lapsed during the year	At 31st December 1992
Mr W H Jack	42,835	27,373	-	70,208
Mr J H R Tonks	40,205	18,309	10,556	47,958

Auditors

A resolution for the re-appointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



Chairman

Airlie

1st March 1993

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Report of the Auditors, KPMG Peat Marwick,
to the Members of General Accident Life Assurance Limited.

We have audited the accounts on pages 7 to 17 in accordance with Auditing Standards.

In our opinion the accounts have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

KPMG Peat Marwick

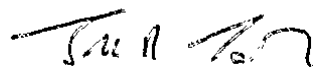
1 The Embankment
Neville Street
Leeds
LS1 4DW
11 March 1993

Chartered Accountants
Registered Auditors

Actuary's Certificate

I certify that in my opinion the aggregate amount of the liabilities of the Company in relation to its long term business at 31st December 1992 did not exceed the amount of the Long Term Business Fund as shown in the Consolidated and Parent Company Balance Sheets.

11th March 1993



Actuary

J H R Tonks

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Consolidated Long Term Revenue Account

for the year ended 31st December 1992

		1992		1991	
		£m	£m	£m	£m
	Notes				
INCOME					
	Premiums	2	602.7		387.1
	Investment income		191.7		179.0
	Other income		5.5		—
			<u>799.9</u>		<u>566.1</u>
EXPENDITURE					
	Claims	3	220.4	193.7	
	Commission		60.4	53.0	
	Management expenses	4	71.7	64.7	
	Taxation	5	10.1	1.8	
			<u>362.6</u>	<u>313.2</u>	
			437.3	252.9	
	Transfer from revaluation reserves		79.0	52.3	
	Shareholders' share of profits		(18.4)	(15.3)	
	Exchange adjustment		—	(0.4)	
	Increase in fund in the year		<u>497.9</u>	<u>289.5</u>	
	Fund at the beginning of the year		1,833.4	1,543.9	
	Acquisition of subsidiary	18	30.1	—	
	Fund at the end of the year		<u>2,361.4</u>	<u>1,833.4</u>	

The notes on pages 12 to 17 form an integral part of these accounts.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Profit and Loss Account

for the year ended 31st December 1992

		1992		1991	
		£m	£m	£m	£m
	Notes				
Share of profits		24.5		20.6	
Investment income		<u>0.9</u>		<u>0.9</u>	
			25.4		21.5
Taxation	5		<u>6.4</u>		<u>6.3</u>
			19.0		15.2
Dividends for the year:					
Paid, July 1992		3.2		1.5	
Paid, December 1992		<u>14.3</u>		<u>13.5</u>	
			17.5		15.0
Increase in fund in the year			<u>1.5</u>		<u>0.2</u>
Fund at the beginning of the year			5.5		5.3
Fund at the end of the year			<u>7.0</u>		<u>5.5</u>

The notes on pages 12 to 17 form an integral part of these accounts.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Consolidated Long Term Balance Sheet

as at 31st December 1992

		1992		1991	
		£m	£m	£m	£m
	Notes				
Investments	8		3,339.9		2,646.8
Current assets	9	79.5		50.8	
Current liabilities	10	46.6		31.1	
Net current assets			32.9		19.7
Net assets			<u>3,372.8</u>		<u>2,666.5</u>
LONG TERM BUSINESS FUND					
Life and annuity		2,354.3		1,826.5	
Permanent health		7.1		6.9	
			2,361.4		1,833.4
Revaluation reserves	12		1,011.4		833.1
			<u>3,372.8</u>		<u>2,666.5</u>

The accounts were approved by the Board on 27th March 1993 and were signed on its behalf by



W H Jack

The notes on pages 12 to 17 form an integral part of these accounts.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Parent Company Long Term Balance Sheet

as at 31st December 1992

		1992		1991	
	Notes	£m	£m	£m	£m
Investments	8		3,237.4		2,630.1
Current assets	9	82.5		70.7	
Current liabilities	10	<u>36.6</u>		<u>28.7</u>	
Net current assets			45.9		42.0
Net assets			<u>3,283.3</u>		<u>2,672.1</u>
LONG TERM BUSINESS FUND					
Life and annuity		2,282.5		1,832.1	
Permanent health		<u>7.1</u>		<u>6.9</u>	
			2,289.6		1,839.0
Revaluation reserves	12		<u>993.7</u>		<u>833.1</u>
			<u>3,283.3</u>		<u>2,672.1</u>

The accounts were approved by the Board on 10 March 1993 and were signed on its behalf by



W H Jack

The notes on pages 12 to 17 form an integral part of these accounts.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Shareholders' Balance Sheet

as at 31st December 1992

		1992		1991	
		£m	£m	£m	£m
	Notes				
Investments	8		13.2		11.4
Current assets	9	6.3		4.5	
Current liabilities	10	<u>3.4</u>		<u>2.5</u>	
Net current assets			2.9		2.0
Net assets			<u>16.1</u>		<u>13.4</u>
CAPITAL AND RESERVES					
Share capital	11		0.3		0.3
Revaluation reserves	12		3.8		7.6
Profit and loss account			7.0		5.5
			<u>16.1</u>		<u>13.4</u>

The accounts were approved by the Board on 17 March 1993 and were signed on its behalf by



W H Jack

The notes on pages 12 to 17 form an integral part of these accounts.

Notes to the Accounts

1 ACCOUNTING POLICIES

(a) Basis of Preparation

The accounts are prepared under the historical cost convention as modified by the revaluation of investments and in accordance with applicable accounting standards and the Companies Act 1985, sections 257, 258, 260 and Schedule 9 and with other requirements of the Companies Act 1985 applicable to insurance companies.

The accounts have been prepared in accordance with the Statement of Recommended Practice issued by the Association of British Insurers in May 1990.

(b) Subsidiary and Associated Undertakings

The accounts of the company and its subsidiaries, all of which have a common year end date, have been consolidated. The subsidiaries are all investments of the Long Term Business Fund and do not therefore contribute directly to the Shareholders' Fund.

Associated undertakings are accounted for using the equity method. Any goodwill arising on acquisition is eliminated against reserves in the year of acquisition.

Shares in subsidiary and associated undertakings in the parent company's accounts are included at net asset value or cost less a provision for diminution in value where appropriate.

(c) Shareholders' Share of Profits

The distributable surplus of the Long Term Business Fund is determined annually by actuarial valuation. The amount of surplus allocated to the Shareholders is determined by the Directors in accordance with the Articles of Association. The transfer of Shareholders' profit included in the Profit and Loss Account is stated gross of the rate of taxation applicable to franked investment income at the valuation date.

(d) Investments

In these accounts, the Company has changed the format and presentation of investments to comply with current reporting standards. Investments which were previously stated in the consolidated and parent company balance sheets at cost less investment reserves, (other than property which was at market value less investment reserve) are now stated at middle market value.

The surplus arising from this change in accounting policy is credited to revaluation reserves. Transfers between revaluation reserves and revenue are determined by the Directors, having regard to the Actuary's Valuation Report.

Listed securities are included in the balance sheets at their middle market value. Investments in properties are carried in the balance sheets at open market value as determined by the group's professionally qualified internal valuers and by external valuers for a proportion of these properties.

Revenue is credited with dividends received (including the related tax credits), with rents and income from fixed interest securities, mortgages, loans and deposits as they accrue. No depreciation is charged on freehold properties, all of which are held as investments.

(e) Premiums

Premiums are accounted for when due for payment.

(f) Claims

Claims by death or maturity are charged against revenue when the insured event is notified or becomes due; surrenders when payment is made; annuities in the period in which each payment becomes due.

(g) Foreign Currencies

The accounts of overseas subsidiary undertakings, branches and other foreign assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to reserves; those relating to overseas branch operations are shown as a separate item in the Consolidated Long Term Revenue Account.

(h) Deferred Taxation

Deferred taxation is provided on all material timing differences unless the liability is unlikely to become payable in the foreseeable future.

(i) Turnover

Turnover is represented by premiums and other income appearing in the Consolidated Long Term Revenue Account together with investment income appearing in the Consolidated Long Term Revenue and Profit and Loss Accounts

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

2 PREMIUMS

(a) Analysis by class

	Total Premiums		New Business	
			Annualised	Single
	1992	1991	Regular Premiums	Premiums
	£m	£m	1992	1992
			£m	£m
Life and Annuity	628.3	397.3	54.8	365.4
Permanent Health	2.9	2.7	0.5	-
Gross	631.2	400.0	55.3	365.4
Reassurances	(28.5)	(12.9)	(5.8)	(12.2)
Net	<u>602.7</u>	<u>387.1</u>	<u>49.5</u>	<u>353.2</u>

(b) Analysis by territory

	Total Premiums	
	1992	1991
	£m	£m
United Kingdom	580.3	400.0
France	50.9	-
Gross	631.2	400.0
Reassurances	(28.5)	(12.9)
Net	<u>602.7</u>	<u>387.1</u>

3 CLAIMS

	1992	1991
	£m	£m
	Claims	128.3
Surrenders	82.6	66.8
Annuities	20.9	16.3
Gross	231.8	199.8
Reassurances	(11.4)	(6.1)
Net	<u>220.4</u>	<u>193.7</u>

4 MANAGEMENT EXPENSES

Under a management agreement General Accident Life Services Limited a fellow subsidiary, supplies and makes a charge for the provision of operational assets and staff to the Company. Accordingly, the relevant notes in relation to operational assets and employees are included in the accounts of General Accident Life Services Limited.

5 TAXATION

- The charge for taxation in the Consolidated Long Term Revenue Account, has been computed in accordance with the current legislation appropriate to the business of each company.
- The charge in the Profit and Loss Account is UK Corporation Tax at a composite rate of 33% (1991 33.25%) together with tax on franked investment income.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

(c) The amounts charged in these accounts are made up as follows:-

	1992		1991	
	Consolidated Revenue Account £m	Profit and Loss Account £m	Consolidated Revenue Account £m	Profit and Loss Account £m
Corporation tax	(1.7)	0.2	4.7	1.0
Tax attributable to UK dividends received	12.0	0.1	7.1	0.1
Overseas taxation	0.6	-	0.6	-
Deferred taxation	-	-	(3.2)	-
	<u>10.9</u>	<u>0.3</u>	<u>9.2</u>	<u>1.1</u>
Adjustments in respect of prior years	(0.8)	-	(7.4)	-
	<u>10.1</u>	<u>0.3</u>	<u>1.8</u>	<u>1.1</u>
Shareholders' attributable tax	-	6.1	-	5.2
	<u>10.1</u>	<u>6.4</u>	<u>1.8</u>	<u>6.3</u>

(d) Deferred taxation represents tax provided on accrued interest receivable. No provision has been made for deferred taxation attributable to the revaluation of investments as the liability is unlikely to crystallise in the foreseeable future.

6 AUDITORS' REMUNERATION

Total remuneration in respect of audit services payable by the Company and its subsidiary companies amounted to £56,330 (1991 £55,189) of which £48,798 (1991 £47,682) related to the Parent Company. The amount payable to the auditors in respect of other services amounted to £59,020.

7 DIRECTORS AND OTHER OFFICERS

(a) **Directors' Emoluments**

	1992	1991
In respect of services as Directors of the Company and its subsidiaries	£6,000	£5,000
Other emoluments	Nil	Nil
	<u>£6,000</u>	<u>£5,000</u>
Emoluments of the Chairman	Nil	Nil
Emoluments of the highest paid Director	£3,000	£2,500
Number of Directors whose emoluments fall within the bands:		
Nil	7	6
£1 to £5,000	2	2

(b) **Loans to Directors**

The following loans have been granted by the Company to Executive Directors of the ultimate parent company under the staff house purchase scheme on the same terms and conditions as are applicable to all eligible members of staff at annual rates of interest between 3.5% and 9.5%. These loans are secured by mortgages on private residences and policies of assurance maturing at various dates or on the earlier death of the borrower.

	At 1st January 1992 or date of appointment if later	At 31st December 1992 and maximum loan during the year
W N Robertson	14,798	14,798

(c) **Loans to other Officers**

As at 31st December 1992, 2 officers of the Company and its subsidiary companies, other than Directors, had secured house purchase loans and policy loans outstanding amounting in aggregate to £49,583 (1991 3 officers £116,450).

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

8 INVESTMENTS

	Long Term				Shareholders	
	Consolidated		Parent Company		1992	1991
	1992	1991	1992	1991		
£m	£m	£m	£m	£m	£m	
Ordinary stocks and shares	1,949.7	1,451.7	1,947.9	1,451.7	8.9	7.7
Fixed interest securities	803.0	629.2	730.9	629.2	1.2	1.1
Freehold and leasehold properties	403.6	423.0	380.1	409.5	-	-
Deposits at interest	122.1	84.8	117.8	86.2	3.1	2.6
Mortgages and loans	44.7	43.8	44.4	43.5	-	-
Reversions and life interests	4.7	4.7	-	-	-	-
Debentures in group undertakings	0.3	0.3	0.3	0.3	-	-
Subsidiary undertakings	-	-	6.7	0.4	-	-
Associated undertakings	11.8	9.3	9.3	9.3	-	-
	<u>3,339.0</u>	<u>2,646.8</u>	<u>3,237.4</u>	<u>2,630.1</u>	<u>13.2</u>	<u>11.4</u>
In the 1991 accounts, investments were stated at		<u>1,813.7</u>		<u>1,797.0</u>		<u>3.8</u>

9 CURRENT ASSETS

	Long Term				Shareholders	
	Consolidated		Parent Company		1992	1991
	1992	1991	1992	1991		
£m	£m	£m	£m	£m	£m	
Debtors and accrued interest	29.3	17.0	21.7	15.9	-	0.6
Due from policyholders and agents	7.4	7.1	7.2	7.1	-	-
Due from group undertakings	2.9	2.0	18.9	23.1	-	-
Due from parent undertakings	-	-	-	-	-	2.0
Due from long term business fund	-	-	-	-	3.0	0.3
Corporation tax	21.3	15.2	21.3	15.2	-	-
Advance corporation tax	-	-	-	-	3.3	1.6
Cash at bank	18.6	9.5	13.4	9.4	-	-
	<u>79.5</u>	<u>50.8</u>	<u>82.5</u>	<u>70.7</u>	<u>6.3</u>	<u>4.5</u>

10 CURRENT LIABILITIES

	Long Term				Shareholders	
	Consolidated		Parent Company		1992	1991
	1992	1991	1992	1991		
£m	£m	£m	£m	£m	£m	
Claims outstanding	13.9	13.9	13.3	13.9	-	-
Creditors	27.3	13.6	20.3	11.1	-	-
Amounts owed to group undertakings	2.4	3.3	-	3.4	-	-
Amounts owed to shareholders' fund	3.0	0.3	3.0	0.3	-	-
Corporation tax	-	-	-	-	-	0.9
Advance corporation tax	-	-	-	-	3.4	1.6
	<u>46.6</u>	<u>31.1</u>	<u>36.6</u>	<u>28.7</u>	<u>3.4</u>	<u>2.5</u>

11 SHARE CAPITAL

	1992	1991
	£m	£m
Authorised:		
Ordinary shares of £100 each	<u>1.0</u>	<u>1.0</u>
Allotted, called up and 25% paid up:		
Ordinary shares of £100 each	<u>0.25</u>	<u>0.25</u>

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

12 REVALUATION RESERVES

	Long Term				Shareholders	
	Consolidated		Parent Company		1992 £m	1991 £m
	1992 £m	1991 £m	1992 £m	1991 £m		
Balance at 1st January	833.1	737.9	833.1	737.9	7.6	6.6
Movement for the financial year	178.3	95.2	160.6	95.2	1.2	1.0
Balance at 31st December	<u>1,011.4</u>	<u>833.1</u>	<u>993.7</u>	<u>833.1</u>	<u>8.8</u>	<u>7.6</u>

13 COMMITMENTS

Major investment contracts entered into but not provided for in these accounts amounted to £3m (1991 £19m). Major investment contracts authorised but not contracted for amounted to £Nil (1991 £5m).

14 CONTINGENT LIABILITY

The Company has guaranteed bank loans on behalf of a group undertaking amounting to £10.2m. These liabilities have not been provided for in the accounts.

15 ULTIMATE PARENT COMPANY

The Company's ultimate parent company is General Accident plc which is incorporated in Great Britain (registered in Scotland). Copies of that company's accounts may be obtained from the Registered Office: Pitheavlis, Perth, Scotland, PH2 0NH

16 CASH FLOW STATEMENTS

Under Financial Reporting Standard No. 1, Cash Flow Statements, the Company is exempt from the requirement to prepare a cash flow statement being a wholly owned subsidiary included in consolidated accounts of an EC parent which will include a consolidated cash flow statement.

17 SUBSIDIARIES AND OTHER SHAREHOLDINGS

(a) Principal Subsidiary Undertakings

	Principal Activity	Interest of General Accident Life in Ordinary Shares	Country of Registration or Incorporation
The Lancashire and Yorkshire Reversionary Interest Co. Ltd.	Investment in reversions and life interests	100%	England & Wales
General Development Property Co. Ltd.	Non trading	100%	England & Wales
General Accident Life Developments Ltd.	Property Development	100%	England & Wales
Stuart Wyse Ogilvie Estates Ltd.	Estate Agents	50%*	Scotland
General Accident Vie SA	Long Term Insurance	100%	France

* (Remainder of shares held by General Accident Fire and Life Assurance Corporation p.l.c., a wholly owned subsidiary of General Accident plc).

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

(b) Associated Undertakings

	<i>Principal Activity</i>	<i>Class Held</i>	<i>Interest of General Accident Life</i>	<i>Country of Registration or Incorporation</i>
Assecura SA Insurance	Long term insurance	Ordinary	40%	Luxembourg
New Zealand Insurance	Long term insurance	Ordinary	49%*	New Zealand

*(Remainder of shares held by General Accident Pacific Ltd, a wholly owned subsidiary of General Accident plc)

(c) Holdings in other Companies

(in excess of 10% of the equity capital of those companies)

	<i>Principal Activity</i>	<i>Class Held</i>	<i>Interest of General Accident Life</i>	<i>Country of Registration or Incorporation</i>
City Commercial Real Estate Holdings Ltd	Property Development	'B' Ordinary	40%	England & Wales
McKay Securities plc	Investment Company	Ordinary	11.12%	England & Wales

18 PURCHASE OF SUBSIDIARY UNDERTAKING

Included below are details relating to the acquisition of General Accident Vie SA with effect from 1st January 1992. At this date the long term business fund was £30.1m.

	1992 £m
Net assets	2.46
Goodwill	0.85
Consideration in cash	<u>3.31</u>

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Review of Progress

Amounts in £ millions

