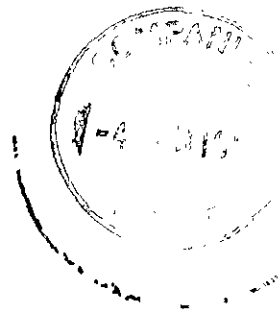


**provident life**

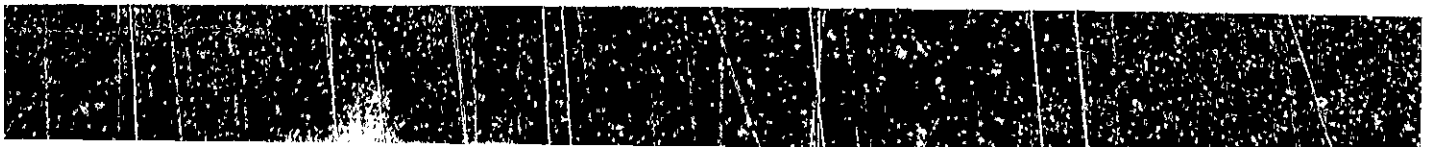
A "Winterthur" Company



# 1990

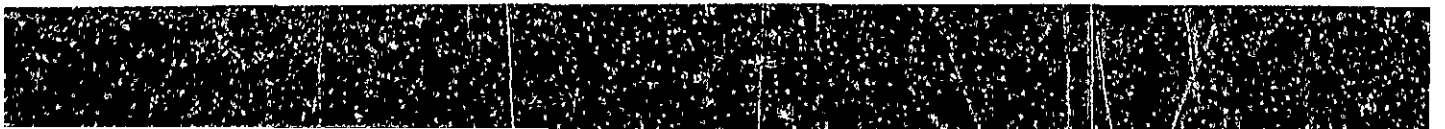
*113th Annual Report  
& Accounts*

REGISTERED NUMBER 19772



*Provident Life was founded in 1877 and became a member of the Winterthur Swiss Insurance Group in 1961. Winterthur has branches and subsidiaries in 15 countries in Europe, America and the Far East. It operates in 27 countries worldwide with assets in excess of £15 billion and a premium income in excess of £4.5 billion.*

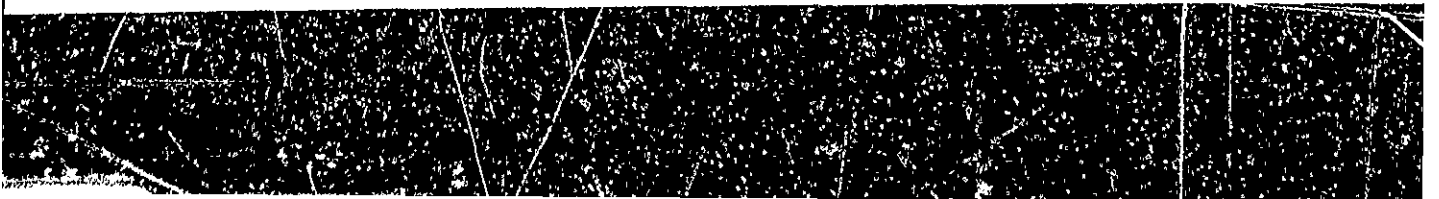
*Thus Provident Life benefits from the expertise and financial backing of one of Europe's leading insurance groups.*



**Provident Life  
Association Limited  
Report and Accounts 1990**

Board and Management	3
Statement by the Chairman	5
Directors' report	7
Financial statements and notes	10
Auditors' report	15





**President**

R J W Craibe FIA

**Board of Directors**

D H Radley FIA Chairman

Dr S B Caflich

W N Hood CBE

The Right Hon the Earl Howe

R A F Ostime FIA

B E Radley FIA ASA (*resigned 5 February 1991*)

Dr H R Studer

P E Vogel (*appointed 6 February 1991*)

**Management**

P E Vogel Managing Director

G J Boutle BA DMS MIPM Personnel Manager

G V Budd FIA General Manager

D Corfield General Manager

J D Fox FCA General Manager and Secretary

R A Halligan MBIM General Manager

R K Muddle FCII General Manager

R A F Ostime FIA General Manager and Actuary

J Shaddick BA Investment Manager

**Registered Office**

Provident Way Basingstoke Hampshire RG21 2SZ

Telephone: Basingstoke (0256) 470707

During 1990 Provident Life has continued the development of its key business strategies with the active support of "Winterthur" Swiss Insurance Company. As a wholly owned subsidiary of "Winterthur" with a reputation based on reliability and experience, Provident Life is also committed to the same high standards of service to clients in its dealings with estate agents, professional advisers and existing customers. There have been difficult market conditions in 1990 but we have continued to build on our new strategic direction with the total premium income for the year increasing by 23 per cent. The work carried out within the Estate Agency Division and the Professional Advisers Division, has ensured that Provident Life is now very well positioned to move further forward in the coming years when a stronger market returns. We are also able to report on good progress in the services provided to existing customers and the development of international business in partnership with "Winterthur".

#### **Estate Agency Division**

During 1990 the housing market continued to be depressed but throughout this period we have concentrated our efforts on improving the new business potential within the division. Our main aim has been to support those of our agents with good potential in the financial services area by providing help and advice for the recruitment of successful mortgage and insurance advisers and by refining and improving their training programmes. We have also continued the enhancement of the software support for the computer facilities installed in agents' offices and thereby improved the point of sale management information systems.

A new team was set up, dedicated to identifying opportunities for the expansion of our tied agency network. Negotiations were successfully concluded with a number of firms with good business potential and we are confident that we now have a stronger network with better prospects for business growth than we had a year ago. The process of selective expansion is continuing.

Developments in the market over the past year have again highlighted the advantages of tying firms of estate agents rather than taking a financial interest in their business as a whole. The advantage for the owners of the firms is that they remain free to develop their estate agency business completely independently but with the backing and support of an established life company in providing a range of financial services. We are also able to take a flexible approach to the business package which we offer.

#### **Professional Advisers Division**

In the Professional Advisers Division we have been encouraged by the increasing interest shown in our products and the growth in premium volume during 1990. Apart from the benefits of our commission free products with the alternative of fee compensation arrangements we have, during 1990, introduced new products which incorporate a facility for the client to select his own portfolio of investments. The first of these products was Personal Pension Portfolio which can be invested either in Provident Life units or in a "private fund" where the assets are notionally segregated funds within Provident Life. As an alternative option the "private fund" can be "self-administered" thereby offering client and adviser total flexibility. In effect the range of services can be split into four parts, namely, pension advice, pension administration, investment management and investment administration. This product is, so far, unique in the market and has been voted pension product of the year by a panel of independent judges appointed by the weekly publication "Financial Adviser".

This new personal pension product has been followed by the launch, early in 1991, of our Group Pension Portfolio contract which offers the same "private fund" facilities. This was developed following extensive consultation with advisers and offers a choice of two versions, namely, a contracted in group money purchase plan and a group personal pension plan.

As the Professional Advisers Division is a market led operation founded on research, we are constantly updating our assessment of advisers' needs. As a result we will continue to build on the reputation we have earned for innovation in this important market.

#### **International Business**

During 1990 we have made progress in developing our international business in partnership with the International Division of "Winterthur". Through our parent company we can offer comprehensive packages for multinational companies, enabling them to use one single reference point from which to co-ordinate all employee benefits. The "Winterthur" group is well placed to take advantage of the evolution of the Single European Market. It already operates in most of the EC countries as well as in North America and the Far East. In addition it has established, in 1990, a separate network through one of its subsidiary companies, Winterthur-Europe, to accommodate the particular needs of multinational clients.

### Investments

Our in-house investment team has continued to produce good results in 1990. Their consistently good performance is most readily seen in the unit funds to which most of our new policies are linked.

In a recent survey in Money Management six of our seven internal linked funds performed above the market median over both the one year and five year timescales that were analysed. Having shown similar consistency in their previous survey twelve months ago Provident Life was commended on maintaining its good track record.

Our first linked fund was launched in 1969 and we were able to celebrate the 21st anniversary during 1990 when we held various functions both for Professional Advisers and for our own Appointed Representatives to mark the occasion. We were able to promote the fact that over this period our Unit Fund has ranked as top performing life managed fund.

Our linked pensions funds are younger but have now been available for 5 years, and the group mixed fund has come out in the upper quartile in the surveys of pooled pension funds over most periods up to the end of 1990. In particular it has ranked in fifth place over 1 year and fourth place over 5 years in both the CAPS and Wyatt surveys.

### Administration

The conversion of our computer systems to IBM hardware, to which I referred last year, has continued according to plan. Most of the new business is now being processed on the IBM equipment and additional facilities are being phased in on a regular basis. During the course of 1991 the major task of converting all our existing business to the new systems will be undertaken and at the end of this process we will have the benefit of improved flexibility to adapt to changes both in our administrative requirements and in our products. We have a firm commitment to an adaptable and responsive approach to administration.

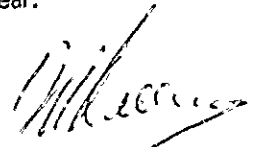
I also referred last year to the setting up of a new Customer Service Department. During its first year of operation it has made a valuable contribution to our corporate goal of providing top quality service to existing customers.

### Directors

Mr. Bruce Radley retired on 5 February 1991 after 24 years service with the Company and carries with him the good wishes of all his colleagues. Over the last 5 years, as Managing Director, his efforts to introduce the new strategies during a period of unprecedented change in the insurance industry have been greatly appreciated. We welcome Mr. Peter Vogel, from the European Department of "Winterthur", who joined the Board on 6 February 1991 and was appointed Managing Director. Dr. Hans-Rudolf Studer retires from the Board after nearly 10 years service during which his help and advice have been greatly valued. In his place on the Board we welcome Dr. Stéphane Sarbach.

### Staff

The increasing pace and complexities of conducting our business place considerable demands on our staff. We have important developments in hand and we look forward to a demanding and challenging future. I am confident that we have the staff who can enable us to take advantage of new opportunities as they arise and on behalf of my fellow directors and myself I would like to thank them for their valuable contribution to the Company during the past year.



D H Radley  
Chairman

**Directors' Report**

For the year ended 31 December 1990

The Directors present their report for the one hundred and thirtieth year of the Company's business.

**Principal Activity**

The principal activity of the Company is the transaction of long term insurance business in the United Kingdom and associated investment activities.

**Long Term Insurance**

New long term business written during the year (after deduction of reinsurance) was as follows:

	1990	1989
Number of policies	8,801	9,719
	£000	£000
Annual premiums	5,645	6,365
Single premiums	10,709	4,574
Sums assured	213,904	223,835
Annuities per annum	484	453

Premiums for the year amounted to £45,882,449 (1989 - £37,687,860).

Bonus declarations - Bonuses were declared at the following rates on with-profits policies in the Participating Fund by way of reversionary bonuses for the year 1990 and by way of a terminal bonus in respect of 1991.

Life assurance policies:

- (i) Current compound bonus series - £5.00 per cent. reversionary bonus and a terminal bonus of 40 per cent. of attaching bonuses on all policies becoming claims by death or maturity during 1991.
- (ii) Closed simple bonus series - £6.00 per cent. reversionary bonus and a final bonus on policies becoming claims by death or maturity in 1991. For normal whole life or endowment assurance policies the final bonus will be 35 per cent. of all previous bonus additions
- (iii) On unitised with-profits Plusmortgage contracts - 8 per cent. of the average number of units attaching throughout 1990.

Policies in the Pensions Business Fund:

- (i) On individual pure endowment and term assurances and the Selective Pension Plan - £4.85 per cent. reversionary bonus and on maturity a terminal bonus of 50 per cent. of attaching bonuses.
- (ii) On all other pure endowment assurances - £5.10 per cent. reversionary bonus.
- (iii) On unitised with-profits policies - 8.5 per cent. of the average number of initial units and 12 per cent. of the average number of ordinary units attaching throughout 1990 for Pensionplus, 12.25 per cent. of the average number of units attaching throughout 1990 for Gold Pensions, and 12.5 per cent. of the average number of units attaching throughout 1990 for Plusfunds



The annual valuation of the liabilities of the long term insurance business as at 31 December 1990 has been made by the Actuary. Life assurances were valued by the net premium method using the A. 1967-70 mortality table adjusted in certain cases for female lives and interest rates of 3.25 per cent. per annum for with-profits assurances, 4.25 per cent. for simple bonus additions thereon, 3.25 per cent. for compound bonus additions thereon, and 5 per cent. for without-profits assurances, with additional reserves for some older policies. For life assurances the premiums were modified in order to reduce new business strain. Immediate annuities were valued on the a(90) mortality table and 7.5 per cent., interest in the Pensions Business Fund and the General Annuity Fund. Pure endowment assurances in the Pensions Business Fund were valued by the net premium method at 5.5 per cent for with-profits policies and 7.5 per cent. for without-profits policies, the premiums being modified in order to reduce the new business strain.

For linked assurances the reserves were equal to the value of the underlying investment units plus additional reserves where appropriate. Credit was taken for the Long Term Insurance Funds at the value shown in the balance sheet.

The valuation showed a surplus at the end of the year as follows:

	1990	1989
	£	£
Balance of surplus brought forward from previous year	1,851,775	3,362,273
Transferred from investment reserve	1,348,361	2,185,280
Capital (depreciation)/appreciation on unallocated linked assets	(459,315)	804,546
Surplus arising in year	8,464,666	5,578,568
Surplus at the end of the year	<b>11,205,487</b>	<b>11,930,667</b>

Acting on the advice of the Actuary, the Directors have allocated the surplus as follows:

	1990	1989
	£	£
To policyholders	10,140,718	10,078,892
Balance of surplus carried forward unappropriated	1,064,769	1,851,775
	<b>11,205,487</b>	<b>11,930,667</b>

**Dividend**

The Directors have recommended the payment of a final dividend of 4.0p per ordinary share on 3 May 1991. This together with the interim dividend paid on 21 December 1990 of 3.80p per ordinary share makes a total of 7.8p per share for the year 1990 amounting to £2,059,200 (1989 - £2,059,200)

**Directors**

The Board of Directors of the Company is as set out on page 3. Mr B E Radley resigned on 5 February 1991 and Mr P E Vogel was appointed to the Board on 6 February 1991. Dr. H R Studer relinquishes his appointment as a Director on 2 May 1991 and Dr. S Sarbach is appointed to the Board on that date. According to the Register of Directors' Share Interests none of the Directors had any interest in the shares of group companies at 31 December 1990.

**Employees**

The average number of persons employed during the year under contracts of service in each week was 456 (1989 - 448) and the aggregate remuneration for the year was £8,836,000 (1989 - £8,009,000).

It is the Company's policy to give full and fair consideration to applications for employment by disabled persons having regard to their particular aptitudes and abilities; to continue, as appropriate, the employment of staff who become disabled and to provide equal opportunities for the training and career development of disabled employees. Throughout 1990 the Company continued its policy of employee involvement by providing information on matters of concern to them as employees, by meeting their trade union representatives and by encouraging employees to be aware of the financial and economic factors affecting the Company's performance.

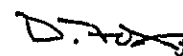
**Other matters**

Charitable donations amounting to £5,500 (1989 - £5,000) were made by the Company during the year.

The Company maintains indemnity insurance for certain of its officers.

A resolution will be put to the members of the Company at the Annual General Meeting proposing the re-appointment of KPMG Peat Marwick McLintock as auditors for the ensuing year.

By Order of the Board

 D Fox  
Secretary

Provident Way Basingstoke RG21 2SZ  
2 May 1991

**Revenue Account**

for the year ended 31 December 1990

	Note	1990 £000	1989 £000
Premiums	1	45,882	37,688
Investment income		25,028	21,565
Change in value of investments of Unit Funds (after adjustment for taxation)		(9,898)	9,641
Transferred from investment reserve	2	1,348	2,185
		<b>62,360</b>	<b>71,079</b>
Claims incurred:			
Death	3	3,812	4,164
Maturity		13,872	11,467
Surrenders		13,437	10,943
Annuities		1,805	1,653
Commission		3,592	4,196
Expenses		16,758	15,332
Taxation	7	(2,237)	(322)
		<b>51,039</b>	<b>47,433</b>
Increase in funds during year		<b>11,321</b>	<b>23,646</b>
Funds at beginning of year		<b>281,027</b>	<b>257,381</b>
Funds at end of year		<b>292,348</b>	<b>281,027</b>

The notes on pages 14 to 20 are an integral part of these accounts.

**Balance Sheet**

at 31 December 1990

	<i>Note</i>	1990 £000	1989 £000
<b>Funds</b>			
Long term insurance funds		292,348	281,027
Investment reserve		19,067	48,533
		<b>311,415</b>	<b>329,560</b>
<b>Investments</b>			
British government securities		67,042	72,227
Other fixed interest securities		19,051	17,384
Preference shares		3,410	2,486
Ordinary shares		115,192	134,089
Deposits		36,181	28,768
Mortgages on house property and other loans within the United Kingdom		30,325	32,571
Freehold property including Company's offices		29,366	34,621
		<b>300,567</b>	<b>322,146</b>
<b>Other Assets</b>			
Current assets	11	20,136	13,384
		<b>320,703</b>	<b>335,530</b>
<b>Other Liabilities</b>			
Current liabilities	12	9,288	5,970
		<b>311,415</b>	<b>329,560</b>

The notes on pages 14 to 20 are an integral part of these accounts.

**Profit and Loss Account**  
for the year ended 31 December 1990

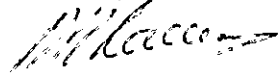
	<i>Note</i>	1990 £000	1989 £000
Investment income		2,953	3,085
Other income		—	1
		2,953	3,086
Expenses		12	9
Profit before taxation		2,941	3,077
Transfer to Investment Reserve		105	—
Profit after transfers		2,836	3,077
Taxation	7	962	939
Profit after taxation		1,874	2,138
Retained Profits brought forward		2,666	2,587
		4,540	4,725
Dividend (see Directors' Report)		2,059	2,059
Retained Profits carried forward		2,481	2,666

The notes on pages 14 to 20 are an integral part of these accounts.


**Balance Sheet**  
at 31 December 1990

	Note	1990 £000	1989 £000
<b>Capital and Reserves</b>			
Share capital	13	26,400	26,400
Retained profits and reserves		2,481	4,903
		28,881	31,303
<b>Long Term Insurance Funds</b>			
Per separate balance sheet		311,415	329,560
		<b>340,296</b>	<b>360,863</b>
<b>Investments</b>			
British government securities		17,679	23,684
Other fixed interest securities		498	507
Preference shares		305	1,251
Ordinary shares		1,211	1,360
Deposits		252	3,439
Freehold property		5,000	—
Mortgages		2,838	—
		<b>27,783</b>	<b>30,241</b>
<b>Other Assets</b>			
Loan to holding company		1,830	1,830
Current assets	11	1,205	1,854
		<b>30,818</b>	<b>33,925</b>
<b>Other Liabilities</b>			
Current liabilities	12	1,937	2,622
		<b>28,881</b>	<b>31,303</b>
<b>Long Term Insurance Net Assets</b>			
Per separate balance sheet		311,415	329,560
		<b>340,296</b>	<b>360,863</b>

Approved by the Board on 2 May 1991

  
D H Radley  
Chairman

  
P E Vogel  
Director

  
R A F Ostime  
Director

The notes on pages 14 to 20 are an integral part of these accounts.

### Disclosure requirements

The accounts are drawn up in accordance with part vii, chapter 11 of, and schedule 9 to, the Companies Act 1985 and advantage is taken of certain disclosure exemptions. They comply with the Statement of Recommended Practice "Accounting for Insurance Business" and with relevant Statements of Standard Accounting Practice.

### Investments

(i) Listed securities have been valued at middle market value less accrued interest at 31 December 1990. The market value of unlisted securities has been estimated by the Directors.

(ii) Mortgages and other loans are included at the amounts advanced.

(iii) Properties are shown at open market value less estimated selling costs. All valuations have been carried out within the last three years by external valuers who are all chartered surveyors. Where properties were not valued by them at 31 December 1990, the Directors consider the value at which they are included in the accounts to be fair. No depreciation is charged on freehold properties, all of which are held as investments.

### Investment reserve

The following items are dealt with through the investment reserve:

(i) The net unrealised appreciation of the value of investments, as defined above, over cost at the year end and the profits and losses realised on the sale of investments (adjusted where appropriate for taxation thereon).

(ii) The cost of dealing in investments.

(iii) Expenditure on computer equipment, office furniture, additional motor cars, and certain other items.

Amounts are transferred from the Long Term Insurance Fund on the following bases:

Computer equipment	over its estimated useful life
Office furniture	in the year of purchase
Additional motor cars	in the year of purchase
Other costs	in the year incurred

The balance of expenditure remaining unamortised is retained as a deduction within the investment reserve. Expenditure on replacement motor cars is charged directly to expenses in the revenue account.

### Premiums

Premiums are recognised for accounting purposes as they fall due

### Investment income

Investment income includes the following items:

(i) Dividends received during the year, including related tax credits, together with accruals computed by reference to ex-dividend dates.

(ii) Interest from mortgages, deposits, fixed interest and preference securities, accrued on a day-to-day basis.

(iii) Interest paid on deposits etc., accrued on a day-to-day basis.

### Claims

Claims are recognised for accounting purposes on the following bases:

(i) Deaths - as notified to the Company.

(ii) Maturities - as they fall due for payment.

### Foreign currency translation

Assets and liabilities in foreign currencies held at the year end are translated at rates prevailing at that time. Transactions during the year are translated at the appropriate rate ruling at the time of the transaction.

Exchange differences relating to investments are dealt with in the investment reserve.

### Investment in subsidiary

The Shareholders' Fund holds 100 per cent. of the issued ordinary share capital of Provident Life (Pension Trustees) Limited, a company incorporated in England. This investment has been shown in the balance sheet, as part of sundry debtors, under the equity method of accounting.

Consolidated accounts have not been produced because, in the opinion of the Directors, the amounts involved are not material.

### Deferred taxation

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

Report of the Auditors, KPMG Peat Marwick McLintock to the members of Provident Life Association Limited.

We have audited the financial statements set out on pages 10 to 20 in accordance with Auditing Standards.

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

*KPMG Peat Marwick McLintock*  
KPMG Peat Marwick McLintock  
Chartered Accountants  
London

*2nd May, 1991*



## 1 Premiums

(i) Analysis of gross premiums:	1990	1989
	£000	£000
Gross premiums receivable	47,226	38,178
Reassurance ceded	1,344	490
Net premiums receivable	45,882	37,688

All premium income arises from the transaction of insurance business within the United Kingdom.

(ii) Analysis by class of business:	1990	1989
	£000	£000
Life : non-linked	12,824	13,388
linked	15,790	14,407
Annuity: non-linked	56	68
Pensions: non-linked	4,988	4,402
linked	12,088	5,328
Permanent health: non-linked	136	95
	45,882	37,688

(iii) Analysis of annualised new business premiums:

		1990		1989	
		Annual	Single	Annual	Single
		Premiums	Premiums	Premiums	Premiums
		£000	£000	£000	£000
Life :	non-linked	271	—	250	11
	linked	4,077	1,216	4,292	1,236
Annuity:	non-linked	—	56	—	68
Pensions:	non-linked	148	2,849	16	936
	linked	1,128	6,588	1,782	2,323
Permanent health:	non-linked	21	—	25	—
		5,645	10,709	6,365	4,574

## 2 Transfer from Investment Reserve (Long term insurance)

The sum of £1,348,000 (1989 - £2,185,000) transferred to the Long Term Insurance Fund is made up as follows:

	1990	1989
	£000	£000
Gross transfer	2,928	3,901
Expenses written off	1,580	1,716
	1,348	2,185

The expenses written off relate to the amortisation of expenditure incurred on computer equipment, office furniture, additional motor cars and certain other costs.

**3 Claims**

	1990	1989
	£000	£000
Gross death claims payable	5,040	4,351
Reassurance recoveries	1,228	187
Net death claims payable	<u>3,812</u>	<u>4,164</u>

**4 Staff Pension Fund**

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the revenue account so as to spread the cost of pensions over employees' working lives with the Company. The contributions are determined by a qualified actuary, who is an employee of the Company, on the basis of annual valuations using the attained age method, the most recent having been carried out at 31 December 1989. This actuarial valuation showed that the market value of the scheme's assets was £37,359,238 and that the actuarial value of those assets represented 127% of the benefits that had accrued to members, after allowing for expected future increases in earnings. This surplus will be spread over the weighted average remaining service lives of current employees. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 9%, that general salary increases would average 7% per annum and that present and future pensions would increase at the rate of 6% per annum.

Taking into account benefit and other changes during 1990, the pension charge for the period was £1,515,806 (1989 - £1,350,568) based on a contribution rate for the year of 19% (1989 - 19%) of earnings.

**5 Directors**

Directors' remuneration for the year was:	1990	1989
	£	£
Fees	34,000	30,000
Other emoluments	273,235	237,248
Pensions paid to former Directors or their widows	15,845	16,207
	<u>323,080</u>	<u>283,455</u>

Chairman	17,000	15,000
Highest paid Director	125,496	109,341

Other Directors by scale:	Number of Directors	
	1990	1989
Exceeding £5,000 up to £10,000	4	4
Exceeding £75,000 up to £80,000	—	1
Exceeding £90,000 up to £95,000	1	—

**6 Auditors' Remuneration**

The remuneration of the auditors for the year amounted to £43,900 (1989 - £37,300)

**7 Taxation**

The charge for taxation, which includes irrecoverable tax credits in respect of investment income at the basic rate of income tax and corporation tax at 35 per cent. based on the results for the year, is made up as follows:

	Long Term revenue account		Profit and Loss account	
	1990 £000	1989 £000	1990 £000	1989 £000
Current year:				
Tax credits	11	10	43	37
Corporation tax	(987)	—	1,004	1,132
	(976)	10	1,047	1,169
Adjustments to prior years	(1261)	(332)	(85)	(230)
	(2,237)	(322)	962	939

**8 Investments**

(i) If the assets had been realised at the values referred to in Accounting Policies it is estimated that there would be no additional liability to corporation tax. In 1989 the additional liability of £1,700,000 was not provided for in the accounts.

(ii) Uncalled capital on investments held by the Company at the year end amounted to £1,355,400 (1989 - £378,000) in the Long Term Fund.

(iii) The cost of dealing in investments amounted to £579,871 (1989 - £329,412)

**9 Loans to Directors and Officers****(i) Directors**

Details of such loans are shown below. Mortgage advances are loans made under the staff house purchase scheme and are secured on the main residence of the borrower and life assurance policies. All due interest has been paid.

	Loan at 1.1.90 £	Maximum Loan during 1990 £	Loan at 31.12.90 £	Average rate of interest
Mr. B.E. Radley Mortgage advance	50,000	50,000	50,000	8.9%
Mr. R.A.F. Ostime Mortgage advance	27,000	27,000	27,000	6.7%

**(ii) Officers**

Staff loans for the purpose of house purchase existed as follows:

Aggregate amount outstanding £394,285. Number of officers 7.

**10 Capital Commitments**

Committed but not yet provided for £795,175 (1989 - £nil)

Authorised but not yet committed £nil (1989 - £2,054,610)

**11 Current Assets**

Long Term Fund	1990 £000	1989 £000
Sundry debtors	5,388	3,568
Taxation	7,237	5,423
Outstanding premiums	478	679
Investment income accrued and outstanding	3,472	2,928
Balances at bankers	3,054	786
Shareholders' Fund	507	—
	<b>20,136</b>	<b>13,384</b>

Shareholders' Fund	1990 £000	1989 £000
Sundry debtors	480	668
Balances at bankers	668	194
Taxation	—	992
Fellow subsidiaries	57	—
	<b>1,205</b>	<b>1,854</b>

**12 Current Liabilities**

Long Term Fund	1990 £000	1989 £000
Outstanding claims and annuities:		
Net	714	1,621
Reassurance	855	116
Gross	1,569	1,737
Sundry creditors	7,603	4,047
Ultimate holding company	116	186
	<b>9,288</b>	<b>5,970</b>

Shareholders' Fund	1990 £000	1989 £000
Sundry creditors	7	8
Taxation	367	—
Fellow subsidiaries (group relief)	—	1,558
Long Term Fund	507	—
Dividend payable	1,056	1,056
	<b>1,937</b>	<b>2,622</b>

**13 Share Capital**

The authorised, issued and fully paid-up share capital of the Company is made up as follows:

	1990	1989
	£	£
1,400,000 ordinary shares of £1 each	1,400,000	1,400,000
25,000,000 ordinary shares of £1 each, non-voting	25,000,000	25,000,000
	<b>26,400,000</b>	<b>26,400,000</b>

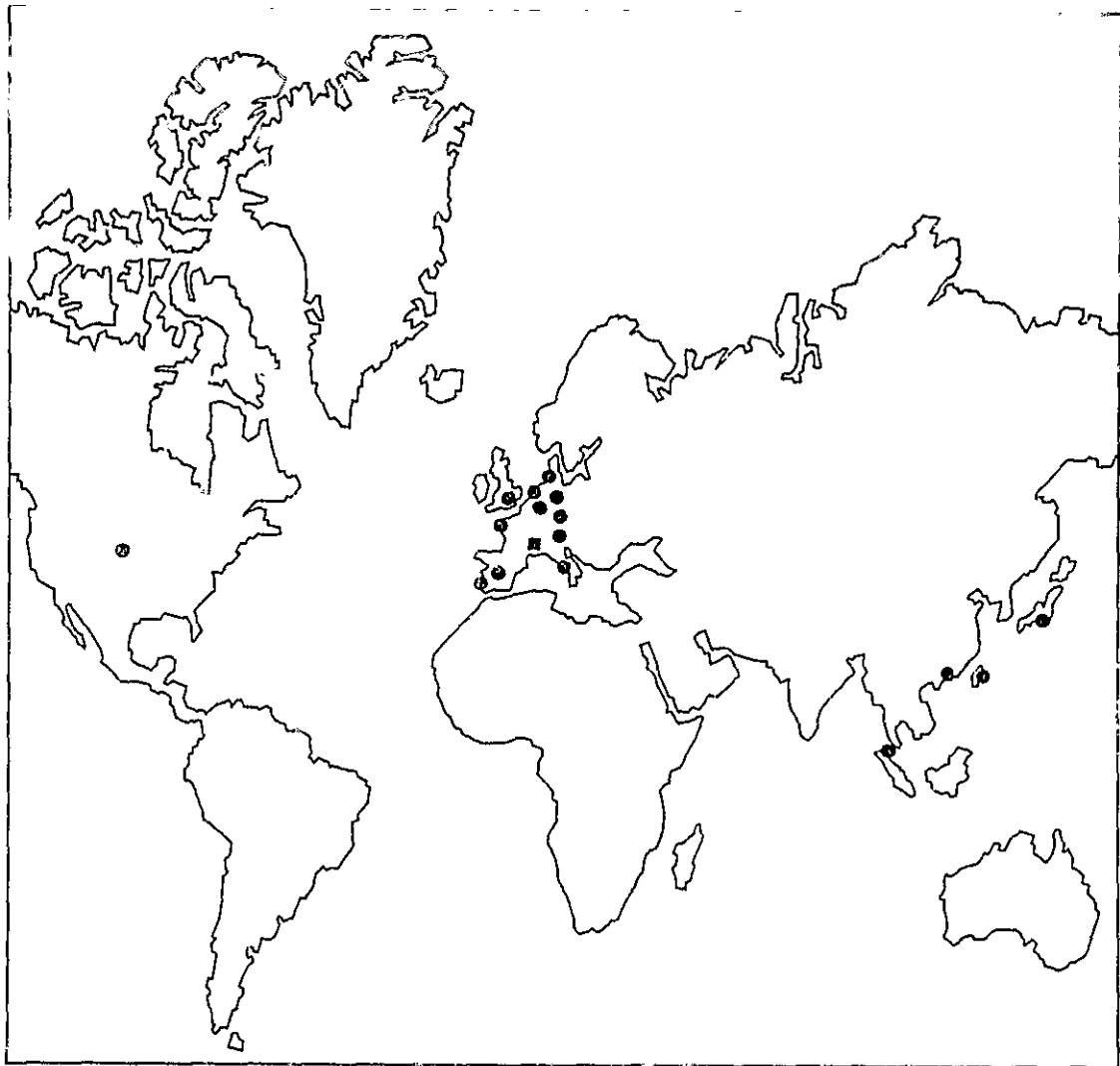
**14 Ultimate Holding Company**

The ultimate holding company is "Winterthur" Swiss Insurance Company, a company incorporated and registered in Switzerland.

**15 Statement of Source and Application of Funds**

Statement of source and application of funds for the year ended 31 December 1990 (excluding long term insurance):

	1990	1989
	£000	£000
Source of funds:		
Movements on reserves:		
Profit before taxation	2,941	3,077
Movement on investment reserve	(1,581)	(119)
	<b>1,360</b>	<b>2,958</b>
Proceeds from redemption of mortgage	—	1,429
Part repayment of loan to holding company	—	1,000
Increase in creditors	—	1,325
Tax repaid	397	—
Decrease in debtors	131	—
	<b>1,888</b>	<b>6,712</b>
Application of funds:		
Mortgage advances	2,838	—
Dividends paid	2,059	1,003
Tax paid	—	690
Purchase of property	5,761	—
Increase in debtors	—	1,781
Decrease in creditors	1,052	—
	<b>11,710</b>	<b>3,474</b>
Changes in Stock Exchange investments and net liquid funds:		
(Decrease)/Increase in investments and deposits	(10,296)	3,312
Increase/(Decrease) in balances at bankers	474	(74)
	<b>(9,822)</b>	<b>3,238</b>
	<b>1,888</b>	<b>6,712</b>



**Subsidiaries, branches and representative offices:**

- |               |                 |            |             |
|---------------|-----------------|------------|-------------|
| ■ Switzerland | ● Italy         | ● Austria  | ● Hong Kong |
| ● Germany     | ● Spain         | ● Portugal | ● Singapore |
| ● France      | ● Great Britain | ● Canada   | ● Taiwan    |
| ● Belgium     | ● Netherlands   | ● USA      |             |
| ● Luxembourg  | ● Denmark       | ● Japan    |             |