

226742

**General Accident
Life Assurance**

Report and Accounts 1994



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

M N Urmston, BA, FIA

Executive

W H Jack, *General Manager*

P R Hales, ACII *Assistant General Manager*

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

M N Urmston, BA, FIA *Assistant General Manager and Chief Actuary*

Secretary

A D Graham, LLB

Auditors

KPMG

Chartered Accountants

Registered Auditors

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

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GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Directors' Report

The Directors submit their annual report and accounts for the year ended 31st December 1994.

Principal Activity

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

Operations

With effect from 20th May 1994, the Long Term Business Fund acquired an additional 28% of the issued share capital of Assecura Versicherungsholding SA, the holding company of a financial services group whose principal operations are in Germany. The acquisition increases the total holding to 88% of the issued share capital of that company.

With effect from 30th December 1994, the Long Term Business Fund acquired 100% of the share capital of ICOT Investment Limited, a property development company based in the USA. It was purchased from Assecura Versicherungsholding SA, which is, as described above, a subsidiary of the Company.

With effect from 22nd August 1994, the Company became a member of the Personal Investment Authority.

New Business

	1994 £m	1993 £m	1992 £m
New net sums assured	4,879	4,228	3,892
New annuities (per annum)	10	21	21
Permanent Health benefits (per annum)	5	15	19

These benefits were secured by :

New annual premiums	54	60	49
New single premiums	326	305	353
Shareholders' share of profits	23	23	18
Fund	3,319	2,955	2,361

The annual valuation of the liabilities and assets of the Company is made as at 31st December 1994 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 £1,600 per share was paid in July 1994. In December 1994, the Directors resolved to pay a second interim dividend of £700 per share payable in January 1995.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Directors

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

The Rt Hon The Lord Bolton resigned from the Board with effect from 16th March 1995.

The Directors retiring by rotation are The Rt Hon The Earl of Airlie and Mr W H Jack, both of whom, being eligible, offer themselves for re-election.

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 :-

Share Interests

	Ordinary Shares	
	At 1st January 1994 or on appointment if later	At 31st December 1994
The Rt Hon The Lord Bolton	-	-
Mr W H Jack	3,992	5,161
Mr I A H Johnston	967	984
Mr M N Urmston	2,207	3,907

Share Options

	At 1st January 1994 or on appointment if later	Options granted during the year	Options exercised or lapsed during the year	At 31st December 1994
Mr W H Jack	49,277	18,946	-	68,223
Mr M N Urmston	5,368	12,749	-	18,117

Auditors

On 6th February 1995, our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming annual general meeting.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year for the Company and the Group which have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies. In preparing those accounts, 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the accounts 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 Group and to prevent and detect fraud and other irregularities.

By order of the Board



A D Graham *Secretary*

16th March 1995

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Auditors' Report to the Members of General Accident Life Assurance Limited

We have audited the accounts on pages 7 to 19.

Respective responsibilities of Directors and auditors

As described on page 5, the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit of those accounts 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 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 Group'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 have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

KPMG

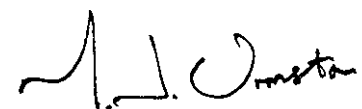
1 The Embankment
Neville Street
Leeds
LS1 4DW

KPMG
Chartered Accountants
Registered Auditors

16th March 1995

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 1994 did not exceed the amount of the Long Term Business Fund as shown in the Consolidated and Parent Company Balance Sheets.



M N Urmston Actuary

16th March 1995

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Consolidated Long Term Revenue Account

for the year ended 31st December 1994

			1994		1993
			£m	£m	£m
		Note			
INCOME					
	Premiums	2	623.9		605.9
	Investment income		221.8		217.4
			<u>845.7</u>		<u>823.3</u>
EXPENDITURE					
	Claims	3	289.3	262.2	
	Commission		74.6	61.1	
	Management expenses	4	98.2	98.0	
	Taxation	5	14.1	5.6	
			<u>476.2</u>	<u>426.9</u>	
			369.5		396.4
	Variation of investment values	13	(1.6)		2.2
			<u>367.9</u>		<u>398.6</u>
	Transfer from revaluation reserves	13	29.5		201.7
	Shareholders' share of profits		(23.0)		(23.2)
			<u>374.4</u>		<u>577.1</u>
	Minority interest		(0.1)		0.2
	Increase in fund in the year		<u>374.3</u>		<u>577.3</u>

A statement of movement in reserves can be found in note 12.

The notes on pages 13 to 19 form an integral part of these accounts.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Profit and Loss Account

for the year ended 31st December 1994

		1994		1993
		£m	£m	£m
	Note			
Share of long term business profits		30.7		31.0
Investment income		<u>1.1</u>		<u>0.7</u>
			31.8	31.7
Taxation	5		<u>8.0</u>	<u>8.0</u>
			23.8	23.7
Dividends for the year				
Paid		16.0		3.1
Proposed		<u>7.0</u>		<u>3.5</u>
			23.0	6.6
Retained profit for the year			<u><u>0.8</u></u>	<u><u>17.1</u></u>

In the current and previous accounting year, there were no acquisitions or discontinued operations.

A statement of movement in reserves can be found in note 12.

The notes on pages 13 to 19 form an integral part of these accounts.

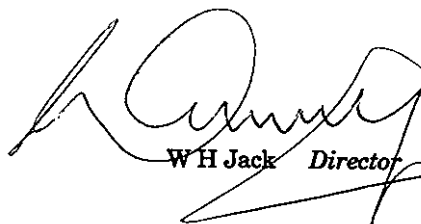
GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Consolidated Long Term Balance Sheet

as at 31st December 1994

		1994		1993	
		£m	£m	£m	£m
	Note				
Investments	8		4,420.8		4,401.3
Current assets	9	105.7		118.7	
Current liabilities	10	121.9		115.6	
Net current (liabilities)/assets			(16.2)		3.1
Net assets			<u>4,404.6</u>		<u>4,404.4</u>
LONG TERM BUSINESS FUND	15				
Life and annuity		3,309.2		2,946.5	
Permanent health		9.3		8.5	
			3,318.5		2,955.0
Revaluation reserves	13		1,084.6		1,447.3
Minority interest			1.5		2.1
			<u>4,404.6</u>		<u>4,404.4</u>

The accounts were approved by the Board on 16th March 1995 and were signed on its behalf by


 W H Jack Director

The notes on pages 13 to 19 form an integral part of these accounts.


GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Parent Company Long Term Balance Sheet

as at 31st December 1994

		1994		1993	
		£m	£m	£m	£m
	Note				
Investments	8		4,127.0		4,190.9
Current assets	9	96.0		82.0	
Current liabilities	10	80.9		77.1	
Net current assets			15.1		4.9
Net assets			<u>4,142.1</u>		<u>4,195.8</u>
LONG TERM BUSINESS FUND					
Life and annuity		3,125.7		2,780.2	
Permanent health		9.3		8.5	
			3,135.0		2,788.7
Revaluation reserves	13		1,007.1		1,407.1
			<u>4,142.1</u>		<u>4,195.8</u>

The accounts were approved by the Board on 16th March 1995 and were signed on its behalf by


 W H Jack *Director*

The notes on pages 13 to 19 form an integral part of these accounts.

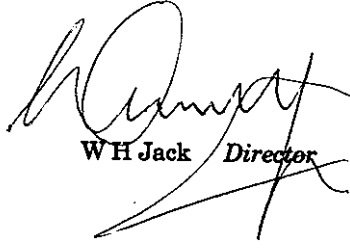
GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Shareholders' Balance Sheet

as at 31st December 1994

		1994		1993	
		£m	£m	£m	£m
	Note				
Investments	8		20.6		13.4
Current assets	9	24.3		25.3	
Current liabilities	10	<u>10.0</u>		<u>3.6</u>	
Net current assets			14.3		21.7
Net assets			<u>34.9</u>		<u>35.1</u>
CAPITAL AND RESERVES					
Share capital	11		0.3		0.3
Revaluation reserves	13		9.7		10.7
Profit and loss account	12		24.9		24.1
			<u>34.9</u>		<u>35.1</u>

The accounts were approved by the Board on 16th March 1995 and were signed on its behalf by


W H Jack Director

The notes on pages 13 to 19 form an integral part of these accounts.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Shareholders' Statement of Total Recognised Gains and Losses
for the year ended 31st December 1994

	1994 £m	1993 £m
Profit for the financial year	23.8	23.7
Realised gain on sales of investments	3.5	0.2
Unrealised (loss)/gain on revaluation of investments	(4.5)	1.7
Total recognised gains and losses relating to the year	<u>22.8</u>	<u>25.6</u>

The notes on pages 13 to 19 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 investments of the Long Term Business Fund and do not therefore contribute directly to the Shareholders' Fund. Any goodwill arising on acquisition is eliminated against reserves in the year of acquisition.

Associated undertakings are accounted for using the equity method.

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' profits included in the Profit and Loss Account is stated gross of the appropriate rate of taxation between that applicable to franked investment income and corporation tax at the valuation date.

(d) Investments

Listed securities are included in the balance sheets at 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.

Profits and losses on realisation of investments, after adjusting for taxation, and unrealised gains and losses on investments are transferred to revaluation reserves.

Transfers between revaluation reserves and revenue are determined by the Directors, having regard to the Actuary's Valuation Report.

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) Deferred Taxation

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

(h) Turnover

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

(i) Foreign Currencies

The accounts of overseas subsidiary undertakings 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 are taken directly to revaluation reserves.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

2 PREMIUMS

Analysis by class

	Total Premiums		New Business	
	1994 £m	1993 £m	Annualised	Single
			Regular Premiums 1994 £m	Premiums 1994 £m
Life and Annuity	912.8	683.0	63.9	592.2
Permanent Health	3.2	3.0	0.3	-
Gross	<u>916.0</u>	<u>686.0</u>	<u>64.2</u>	<u>592.2</u>
Reassurances	(292.1)	(80.1)	(9.7)	(265.8)
Net	<u><u>623.9</u></u>	<u><u>605.9</u></u>	<u><u>54.5</u></u>	<u><u>326.4</u></u>

Analysis by territory

	Total Premiums	
	1994 £m	1993 £m
United Kingdom	836.5	595.6
France	42.8	53.3
Germany	24.2	27.4
Republic of Ireland	12.5	9.7
Gross	<u>916.0</u>	<u>686.0</u>
Reassurances	(292.1)	(80.1)
Net	<u><u>623.9</u></u>	<u><u>605.9</u></u>

3 CLAIMS

	1994 £m	1993 £m
Claims	156.8	164.0
Surrenders	131.8	89.4
Annuities	<u>24.0</u>	<u>22.8</u>
Gross	<u>312.6</u>	<u>276.2</u>
Reassurances	(23.3)	(14.0)
Net	<u><u>289.3</u></u>	<u><u>262.2</u></u>

4 MANAGEMENT EXPENSES

Under a management agreement General Accident Life Services Limited, a fellow group undertaking, 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 rate of 33% (1993 33%) together with taxation on franked investment income.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

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

	1994		1993	
	Consolidated Long Term Revenue Account £m	Profit and Loss Account £m	Consolidated Long Term Revenue Account £m	Profit and Loss Account £m
Corporation tax	4.4	0.2	8.2	0.1
Tax attributable to UK dividends received	12.5	0.1	10.7	0.1
Overseas taxation	0.8	-	0.7	-
	<u>17.7</u>	<u>0.3</u>	<u>19.6</u>	<u>0.2</u>
Adjustments in respect of prior years	(3.6)	-	(14.0)	-
	<u>14.1</u>	<u>0.3</u>	<u>5.6</u>	<u>0.2</u>
Shareholders' attributable taxation	-	7.7	-	7.8
	<u>14.1</u>	<u>8.0</u>	<u>5.6</u>	<u>8.0</u>

6 AUDITORS' REMUNERATION

Total remuneration in respect of audit services payable by the Company and its subsidiary companies amounted to £321,324 (1993 £203,182) of which £73,584 (1993 £69,994) related to the Parent Company. The amount payable to the auditors in respect of other services amounted to £187,162 (1993 £63,949) of which £12,162 (1993 £17,249) related to the Parent Company.

7 DIRECTORS AND OTHER OFFICERS

(a) Directors' emoluments in respect of services as Directors

	1994 £'000	1993 £'000
In respect of services as Directors of the Company and its subsidiaries	<u>6</u>	<u>6</u>
Emoluments of the Chairman	-	-
Emoluments of the highest paid Director	£3,031	£3,000
Number of Directors whose emoluments fall within the bands :		
Nil	5	6
£1 to £5,000	2	2

(b) Directors' emoluments in respect of management of the Company

As detailed in note 4, a management charge in respect of administration services has been made by General Accident Life Services Limited, which includes an element in respect of Directors' time spent in managing the Company. It is not possible to separately identify these group costs on a company by company basis. Directors' emoluments in respect of management of the Group are provided in the accounts of General Accident Life Services Limited.

(c) Loans to Directors

The following loans have been granted by the Company to Executive Directors of the Company and 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 1994 or date of appointment if later £	Maximum loan during the year £	At 31st December 1994 £
M N Urmston	57,924	57,924	-

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

(d) Loans to other officers

As at 31st December 1994, 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 £121,997 (1993 2 officers £121,997).

8 INVESTMENTS	Long Term				Shareholders	
	Consolidated		Parent Company		1994 £m	1993 £m
	1994 £m	1993 £m	1994 £m	1993 £m		
Ordinary stocks and shares	2,700.5	2,676.2	2,691.4	2,665.8	7.2	10.6
Fixed interest securities	912.7	943.8	715.1	800.0	-	1.3
Unit trusts	81.7	57.8	65.3	57.8	-	-
Freehold and leasehold properties	542.1	506.7	525.5	490.5	-	-
Deposits at interest	89.3	113.7	63.2	101.7	13.4	1.5
Mortgages and loans	76.7	85.0	39.0	43.5	-	-
Reversions and life interests	4.4	4.5	-	-	-	-
Subsidiary undertakings	-	-	9.2	12.8	-	-
Associated undertakings	13.4	13.3	18.3	18.5	-	-
Debentures in group undertakings	-	0.3	-	0.3	-	-
	<u>4,420.8</u>	<u>4,401.3</u>	<u>4,127.0</u>	<u>4,190.9</u>	<u>20.6</u>	<u>13.4</u>

9 CURRENT ASSETS	Long Term				Shareholders	
	Consolidated		Parent Company		1994 £m	1993 £m
	1994 £m	1993 £m	1994 £m	1993 £m		
Debtors and accrued interest	39.3	41.3	29.9	25.2	-	-
Amounts owed by policyholders and agents	13.2	27.1	6.9	7.9	-	-
Amounts owed by long term business fund	-	-	-	-	23.0	23.7
Amounts owed by group undertakings	10.4	3.2	22.0	13.1	-	-
Corporation tax	17.6	14.5	13.2	10.3	0.9	-
Advance corporation tax	-	-	-	-	0.4	1.6
Cash at bank	25.2	32.6	24.0	25.5	-	-
	<u>105.7</u>	<u>118.7</u>	<u>96.0</u>	<u>82.0</u>	<u>24.3</u>	<u>25.3</u>

10 CURRENT LIABILITIES	Long Term				Shareholders	
	Consolidated		Parent Company		1994 £m	1993 £m
	1994 £m	1993 £m	1994 £m	1993 £m		
Claims outstanding	18.9	17.8	14.8	16.0	-	-
Creditors	72.5	66.1	36.4	30.2	3.0	-
Amounts owed to shareholders' fund	23.0	23.7	23.0	23.7	-	-
Amounts owed to group undertakings	7.0	5.5	6.7	4.7	-	-
Corporation tax	0.5	-	-	-	-	0.1
Proposed dividend	-	-	-	-	7.0	3.5
Provisions for liabilities and charges	-	2.5	-	2.5	-	-
	<u>121.9</u>	<u>115.6</u>	<u>80.9</u>	<u>77.1</u>	<u>10.0</u>	<u>3.6</u>

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

11 SHARE CAPITAL

	1994 £m	1993 £m
Authorised:		
Ordinary shares of £100 each	1.0	1.0
Allotted, called up and 25% paid:		
Ordinary shares of £100 each	0.25	0.25

12 RESERVES

	Consolidated Long Term Revenue Account		Shareholders' Profit and Loss Account	
	1994 £m	1993 £m	1994 £m	1993 £m
Balance at 1st January	2,955.0	2,361.4	24.1	7.0
Movement in the financial year	374.3	577.3	0.8	17.1
Acquisition of subsidiaries	(10.8)	16.3	-	-
Balance at 31st December	<u>3,318.5</u>	<u>2,955.0</u>	<u>24.9</u>	<u>24.1</u>

13 REVALUATION RESERVES

	Long Term				Shareholders	
	Consolidated 1994 £m	Consolidated 1993 £m	Parent Company 1994 £m	Parent Company 1993 £m	1994 £m	1993 £m
Balance at 1st January	1,447.3	1,011.4	1,407.1	993.7	10.7	8.8
Gross movement for the financial year	(334.8)	639.8	(370.5)	615.1	(1.0)	1.9
Transfer to Revenue Account	(27.9)	(203.9)	(29.5)	(201.7)	-	-
Balance at 31st December	<u>1,084.6</u>	<u>1,447.3</u>	<u>1,007.1</u>	<u>1,407.1</u>	<u>9.7</u>	<u>10.7</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £m	1993 £m
Profit for the financial year	23.8	23.7
Dividends	(23.0)	(6.6)
Other recognised gains and losses relating to the year (net)	0.8	17.1
Net (reduction)/addition to shareholders' funds	(0.2)	19.0
Opening shareholders' funds	35.1	16.1
Closing shareholders' funds	<u>34.9</u>	<u>35.1</u>

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

15 LONG TERM BUSINESS FUND

The Long Term Business Fund includes the following amounts attributable to policyholders of subsidiary undertakings:

	1994 £m	1993 £m
General Accident Vie SA	185.3	130.2
Assecura Versicherungsholding SA	75.9	64.6
NZI Life (Ireland) Limited	19.2	13.3
	<u>280.4</u>	<u>208.1</u>

The interest of the Company in the issued share capital of the above companies is detailed in note 21.

16 COMMITMENTS

Major investment contracts entered into but not provided for in these accounts amounted to £36.4m (1993 £Nil).

17 CONTINGENT LIABILITY

The Company has guaranteed bank loans on behalf of a group undertaking amounting to £Nil (1993 £3.3m). These liabilities have not been provided for in the accounts.

18 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.

19 INSURANCE BROKING TRANSACTIONS

The Company has taken advantage of the transitional provision available to insurers as outlined in the amendment to Financial Reporting Standard No. 5, Reporting the Substance of Transactions, (FRS 5). This states that insurers need not apply paragraph 29 of FRS 5 in respect of balances arising from insurance broking transactions until accounting periods ending after 21st September 1996. Accordingly, certain amounts due to and from the Company arising from insurance broking transactions have been reported on a net basis.

20 ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of 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. The largest group in which the results of the Company are consolidated is that headed by General Accident plc. No other group accounts include the results of the Company.

21 SUBSIDIARY UNDERTAKINGS AND OTHER SHAREHOLDINGS

Principal Subsidiary Undertakings

	Principal Activity	Percentage of Ordinary Share Capital held	Country of Registration or Incorporation
General Accident Vie SA	Long Term Insurance	100	France
Assecura Versicherungsholding SA	Long Term Insurance	88	Luxembourg
NZI Life (Ireland) Limited	Long Term Insurance	79	Republic of Ireland
GAMAX Management AG	Fund Management	51	Luxembourg
The Lancashire and Yorkshire Reversionary Interest Company Limited	Investment in reversions and life interests	100	England & Wales
General Accident Life Developments Limited	Property Development	100	England & Wales
Stuart Wyse Ogilvie Estates Limited	Estate Agents	50*	Scotland
ICOT Investments Limited	Property Development	100	USA

* 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

Associated Undertaking

	Principal Activity	Percentage of Ordinary Share Capital held	Country of Registration or Incorporation
The New Zealand Insurance Life Limited	Long Term Insurance	49*	New Zealand

* Remainder of shares held by General Accident Pacific Limited, a wholly owned subsidiary of General Accident plc.

Holdings in Other Companies

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

	Principal Activity	Percentage of Ordinary Share Capital held	Country of Registration or Incorporation
McKay Securities plc	Investment Company	11	England & Wales

22 PURCHASE OF SUBSIDIARY UNDERTAKINGS

Included below are details relating to the acquisition of 100% of ICOT Investments Limited with effect from 30th December 1994 and an additional 28% of Assecura Versicherungsholding SA with effect from 20th May 1994. The subsidiaries have been consolidated using the acquisition method of accounting.

	ICOT Investments Limited	Assecura Versicherungsholding SA	Total 1994	Total 1993
	1994 £m	1994 £m	1994 £m	1993 £m
Net (liabilities)/assets	4.5	(9.1)	(4.6)	(17.2)
Goodwill	—	11.3	11.3	26.4
Consideration	<u>4.5</u>	<u>2.2</u>	<u>6.7</u>	<u>9.2</u>

23 PENSION TRANSFER AND OPT-OUT PROVISION

The long term business fund includes a provision in respect of potential compensation payments arising from the review of the advice given to all customers who purchased personal pensions from company representatives, together with the costs associated with the review.

A provision had previously been included within current liabilities and has been transferred to the long term business fund following guidance issued by the Association of British Insurers.

A contingent liability exists in respect of future levies under the Investors Compensation Scheme, in so far as they relate to defaults arising from the mis-selling of personal pensions by independent intermediaries. There is no basis at the present time for assessing the likely extent of any such levy.

Review of Progress

Amounts in £ millions

