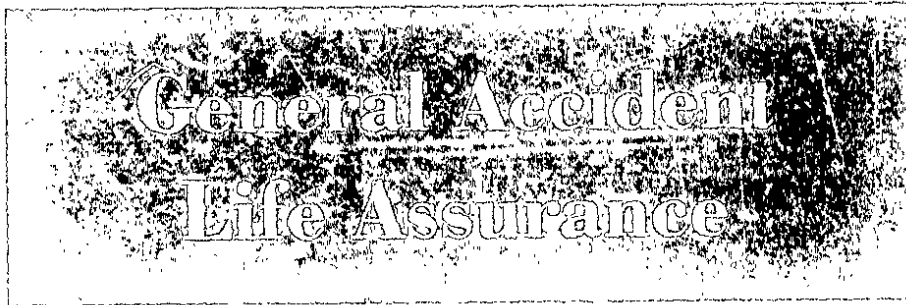
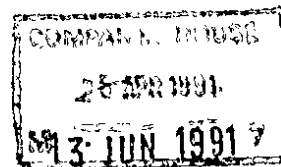


116142



# *Report and Accounts 1990*



*GA* Life

**General Accident**

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## **Chairman**

THE RT. HON. THE EARL OF AIRLIE, K.T., G.C.V.O., P.C.

## **Directors**

THE RT. HON. THE LORD BOLTON, M.A., F.R.I.C.S.

B. HOLDER, F.C.C.A.

I.A.H. JOHNSTON, B.Sc.

J.D.K. PHILP, A.C.I.I.

T. ROBERTS, C.B.E., M.A., F.C.I.I.

W.N. ROBERTSON, M.A., F.C.I.I.

J.H.R. TONKS, B.Sc., F.I.A.

*General Manager* J.D.K. PHILP, A.C.I.I.

*Deputy General Manager and Chief Actuary* J.H.R. TONKS, B.Sc., F.I.A.

*Assistant General Manager* E.M. McALLISTER-REES, F.B.C.S., F.Inst.A.M.

*Assistant General Manager & Actuary* R. NEWTON, B.Sc., F.I.A.

*Manager and Secretary* I.A. CHAMBERS, F.C.I.S., A.C.I.I.

## **Auditors**

KPMG PEAT MARWICK McLINTOCK

Chartered Accountants

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## CONTENTS

	<i>Page</i>
Notice of Meeting .. .. .	4
Directors' Report .. .. .	5, 6 & 7
Consolidated Revenue Account .. .. .	8
Profit and Loss Account .. .. .	9
Consolidated Long Term Balance Sheet .. .. .	10
Parent Company Long Term Balance Sheet .. .. .	11
Consolidated and Parent Company Balance Sheets .. .. .	12
Statement of Source and Application of Shareholders' Funds .. .. .	13
Notes on the Accounts .. .. .	14, 15, 16 & 17
Subsidiary Companies .. .. .	18
Holdings in other Companies .. .. .	18
Report of the Auditors .. .. .	19
Actuary's Certificate .. .. .	19
Review of Progress .. .. .	20

**GENERAL ACCIDENT LIFE ASSURANCE LIMITED**

Registered in England No 226742 Registered Office: 2 Rougier Street, York, England Y01 1HR

**NOTICE OF MEETING**

NOTICE IS HEREBY GIVEN that the One Hundred and Fifty-second ANNUAL GENERAL MEETING of the Company will be held at 2 Rougier Street, York, on THURSDAY, the eighteenth day of April, 1991 at 12 noon to transact the ordinary business of the Company.

By Order of the Board,  
I.A.CHAMBERS  
Manager and Secretary

25th March, 1991

A person entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

## Directors' Report

The Directors submit their Report with the Statement of Accounts of the Company as at 31st December 1990.

### Principal Activity

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

### Operations

On 12th February 1990 the company sold the whole of the issued share capital of its subsidiary N & P Life Assurance Limited for a consideration equivalent to the fair value of its net assets.

Under a group reorganisation on 1st January 1990, the share capital of the Company was transferred to General Accident Life Holdings Limited, a subsidiary of General Accident Fire and Life Assurance Corporation p.l.c. (GAFLAC). Under a Scheme of Arrangement, detailed under the heading "Directors" on page 7, shares in GAFLAC were exchanged for shares in General Accident plc.

On 1st January 1990 the operational assets of the Company were purchased by General Accident Life Services Limited, which is also a subsidiary of General Accident Life Holdings Limited. The contracts of employment of all staff employed by the Company were transferred to General Accident Life Services Limited on that date.

The new net sums assured amounted to £4,113m as compared with £5,070m for the previous year. New annuities of £28m per annum were granted compared with £29m per annum in 1989. Permanent Health benefits of £23m per annum were written as compared with £15m per annum in 1989.

These benefits were secured by new annual premiums of £39m compared with £43m in the previous year and new single premiums of £40m compared with £29m in 1989.

Under a Scheme of Arrangement, sanctioned by the High Court of New Zealand during the year, all liabilities in respect of policies issued or insured in New Zealand were transferred to The Prudential Assurance Company Limited with effect from 31st October 1990.

The annual valuation of the liabilities and assets of the Company is due to be made as at 31st December 1990 and details of the valuation and distribution of profits will be furnished in due course in the returns to the Department of Trade and Industry.

The Directors have declared reversionary bonuses for 1990 in respect of with profits policies in force on 31st December 1990. The rates which have been declared for such policies issued on or after 9th November 1970 are as follows:-

### United Kingdom

Life policies – issued after 1981	4.75 per cent of sum assured plus 6.00 per cent of attaching bonuses
– issued up to and including 1981	7.50 per cent Simple
Unitised With Profits	6.00 per cent Compound
Assurances in the Pensions Business Fund and all Deferred Annuities	
Retirement Annuities	9.00 per cent of Equivalent Capital Value plus 10.10 per cent of attaching bonuses
Group Single Premium contracts, excluding Money Purchase Schemes (1974)	8.80 per cent of Equivalent Capital Value plus 9.90 per cent of attaching bonuses
Individual Pension Arrangements and Group Annual Premium contracts	7.20 per cent of Equivalent Capital Value plus 8.10 per cent of attaching bonuses
Money Purchase Schemes (1974)	7.30 per cent of Equivalent Capital Value plus 8.40 per cent of attaching bonuses
Unitised With Profits	8.00 per cent Compound

### Zimbabwe

Policies issued up to and including 1972	5.35 per cent Simple
Policies issued after 1972	
Superannuation policies	4.10 per cent Compound
Non-superannuation policies	3.50 per cent Compound

## GENERAL ACCIDENT LIFE ASSURANCE LIMITED

The bonus rates for United Kingdom policies issued prior to 9th November 1970 by this Company, The Yorkshire Insurance Company Limited and Scottish Insurance Corporation Limited are related to the post 9th November 1970 rates by the Joint Actuaries Report dated 24th June 1970, prepared in connection with the Scheme approved by the High Court.

For the time being interim bonuses on Unitised With Profits policies will be increased to 7.00% compound for Life and 9.00% compound for Pensions with effect from 1st January 1991. Interim bonuses on other policies, where applicable, will be allowed at the rates just declared on with profits policies becoming claims before the next declaration of bonus.

A special reversionary bonus was declared for policies in the Life Assurance Fund issued in the United Kingdom and in force as with profits policies at the end of 1990 equal to 1.00% of the sum assured and attaching reversionary bonuses (including the ordinary reversionary bonuses declared at the end of 1990) for each full year in force as a with profits policy in excess of ten years.

In the United Kingdom terminal bonus rates on Life policies other than Unitised With Profits policies and Individual Pension Arrangements and Group contracts by annual premium, depend on the year of commencement of the policy or benefit. Terminal bonus rates for Retirement Annuities, and Individual Pension Arrangements and Group contracts by single premium, depend on the year of purchase of Equivalent Capital Value. Rates of terminal bonus are expressed as a percentage of sum assured and attaching declared and interim bonuses for Life policies and as a percentage of Equivalent Capital Value and attaching declared and interim bonuses for Individual Pension Arrangements, Retirement Annuities and Group contracts. Specimen rates of terminal bonus applicable on 1st January, 1991 are shown below:-

Year	U.K. Life Policies excluding Unitised With Profits Policies	Retirement Annuities Individual Pension Arrangements and Group Contracts by single premium	Individual Pension Arrangements and Group Contracts by annual premium
1985	12%	17%	11%
1980	33%	40%	27%
1975	66%	70%	47%
1970	84%	100%	-

For Money Purchase Schemes (1974) and all paid-up Pension benefits the rate of terminal bonus on 1st January 1991 was 40% of attaching declared and interim bonuses.

In Zimbabwe terminal bonus rates depend on the year of commencement of the policy or benefit. Terminal bonus rates are expressed as a percentage of sum assured and attaching declared and interim bonuses. Specimen rates of terminal bonus applicable on 1st January 1991 are shown below:-

Year	Zimbabwe Policies
1985	3%
1980	8%
1975	13%
1970	18%

The rates of terminal bonus may be changed at any time without notice.

### Accounts

#### Long Term Business Fund

£42m has been transferred to the fund from Investment Reserve.

£15m has been transferred to the Shareholders' Fund being the Shareholders' share of surplus resulting from the 1990 valuation of Life and Annuity business.

£4,000 has been transferred to the Shareholders' Fund in respect of the 1990 valuation of Capital Redemption business.

£250,000 has been transferred from the Shareholders' Fund in respect of the 1990 valuation of Permanent Health Insurance.

The fund has increased by £176m to £1,544m after taking into account the above transfers.

#### Shareholders' Fund

The net amount available to the Shareholders after the transfers mentioned above is £21m.

Out of this sum an interim dividend of £150 per share was paid in July 1990 and a second interim dividend of £1,425 per share was paid in December 1990. No further dividend is recommended for 1990.

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## Directors

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

Mr N.S. Graham retired from the Board on 11th April 1990.

Mr. I.C. Menzies resigned from the Board on 31st December 1990.

Mr. T. Roberts was appointed a Director on 15th March 1990.

Mr. B. Holder was appointed a Director on 14th March 1991. In accordance with the Articles of Association he will retire at the Annual General Meeting and, being eligible, will offer himself for re-election.

The Directors retiring by rotation are The Rt. Hon. The Earl of Airlie and The Rt. Hon. The Lord Bolton, both of whom are eligible for re-election.

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

	Ordinary Shares			
	At 1st January 1990		At 31st December 1990	
The Rt. Hon. The Lord Bolton	-		-	
Mr. I.A.H. Johnston	411 *		839	
Mr. J.D.K. Philp	3,227 *		7,628	
Mr. J.H.R. Tonks	3,276 *		8,528	

	Share Options			
	At 1st January 1990	Options granted during 1990	Options exercised or lapsed during 1990	At 31st December 1990
Mr. J.D.K. Philp	26,182 *	1,309 *	-	65,163
Mr. J.H.R. Tonks	5,651 *	1,309 *	746	26,835
		13,661		

Figures marked \* relate to ordinary shares in General Accident Fire and Life Assurance Corporation p.l.c. (GAFLAC) and options to subscribe for such shares in terms of the UK Employee Savings Related Share Option Scheme and the Executive Share Option Scheme. Under a Scheme of Arrangement in terms of section 425 of the Companies Act 1985, the Effective Date of which was 6th July 1990, these shares and options were exchanged for shares in, and options to subscribe for shares in, General Accident plc (GA) on the basis of two shares in GA for each ordinary share in GAFLAC.

## Auditors

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

14th March 1991

  
Chairman

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

**Consolidated Revenue Account**

for the year ended 31st December 1990

Amounts in £000's

		1990	1989
	Notes		
<b>LONG TERM BUSINESS FUND</b>			
<b>(Life and Annuity, Capital Redemption and Permanent Health Business)</b>			
Premiums	6	244,352	206,507
Investment income		162,146	144,300
Other income		37	2
		<u>406,535</u>	<u>350,809</u>
Claims, surrenders and annuities	7	162,340	134,259
Commission		37,123	33,644
Expenses	11	46,239	40,133
Taxation	8 (a)(c)	12,565	608
		<u>258,267</u>	<u>208,644</u>
<b>Net income</b>		148,268	142,165
<b>Fund at the beginning of the year</b>		1,368,479	1,218,534
		<u>1,516,747</u>	<u>1,360,699</u>
Exchange adjustment	1 (k)	(310)	(44)
		<u>1,516,437</u>	<u>1,360,655</u>
Transfer of New Zealand business	16 (a)	-	(29,079)
		<u>1,516,437</u>	<u>1,331,576</u>
Transfer from investment reserve	1 (f)	42,038	60,000
		<u>1,558,475</u>	<u>1,391,576</u>
Shareholders' share of profits	1 (c)(d)	14,590	23,097
<b>Fund at the end of the year</b>		<u>1,543,885</u>	<u>1,368,479</u>

The notes on pages 14 to 18 form an integral part of these accounts.



GENERAL ACCIDENT LIFE ASSURANCE LIMITED

**Profit and Loss Account**

for the year ended 31st December 1990

*Amounts in £000's*

	Notes	1990	1989
<b>SHAREHOLDERS' FUND</b>			
Share of profits	1(c)(d)	19,537	30,796
Investment income		<u>1,110</u>	<u>1,760</u>
		20,647	32,556
Expenses		190	1,838
Taxation	8 (b)(c)	<u>5,237</u>	<u>7,584</u>
		5,427	9,422
		<u>15,220</u>	<u>23,134</u>
Extraordinary item	16 (b)	-	1,613
less taxation		<u>-</u>	<u>565</u>
		-	1,048
<b>Net income</b>		<u>15,220</u>	<u>24,182</u>
<b>Fund at the beginning of the year</b>		<u>5,866</u>	<u>4,684</u>
		21,086	28,866
<b>Dividends for the year:</b>			
Paid, July 1990		1,500	4,500
Paid, December 1990		14,250	15,500
Proposed		<u>-</u>	<u>3,000</u>
		15,750	23,000
<b>Fund at the end of the year</b>		<u>5,336</u>	<u>5,866</u>

*The notes on pages 14 to 18 form an integral part of these accounts.*

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

**Consolidated Long Term Balance Sheet**

as at 31st December 1990

Amounts in £000's

	1990	1989
<b>LONG TERM BUSINESS FUND</b>		
Life and annuity	1,537,603	1,362,476
Capital redemption	29	30
Permanent health	6,253	5,973
	<u>1,543,885</u>	<u>1,368,479</u>
Represented by:		
Investments less reserves (notes 1(e) and 14)		
Freehold and leasehold properties	338,662	248,253
Mortgages and loans	40,840	35,490
Fixed interest securities	558,700	569,587
Ordinary stocks and shares	468,379	398,474
Reversions and life interests	4,083	4,135
Deposits at interest	107,826	65,825
	<u>1,518,490</u>	<u>1,321,764</u>
Fixed Assets (note 13(a))	-	4,566
Group Companies		
Debentures in group companies	260	260
Due from group companies	9,669	7,918
	<u>9,929</u>	<u>8,178</u>
Less:		
Due to group companies	2,387	4,957
	<u>2,387</u>	<u>4,957</u>
	7,542	3,221
Current Assets		
Due from policyholders and agents	7,765	5,875
Debtors and accrued interest	27,141	36,880
Cash at bank	6,012	24,324
	<u>40,918</u>	<u>67,079</u>
Less Current Liabilities		
Finance leases provision (note 13(b))	-	4,362
Claims outstanding	11,911	8,936
Creditors	7,851	8,973
Deferred taxation (notes 1(l) and 9)	3,303	3,105
Due to shareholders' fund	-	2,775
	<u>23,065</u>	<u>23,161</u>
Net current assets	17,853	38,928
Net assets	<u>1,543,885</u>	<u>1,368,479</u>

The notes on pages 14 to 18 form an integral part of these accounts.

# Parent Company Long Term Balance Sheet

as at 31st December 1990

Amounts in £000's

	1990	1989
<b>LONG TERM BUSINESS FUND</b>		
Life and annuity	1,539,939	1,362,866
Capital redemption	29	30
Permanent health	6,253	5,973
	<u>1,546,221</u>	<u>1,368,869</u>
Represented by:		
<b>Investments less reserves (note 1(e))</b>		
Freehold and leasehold properties	327,014	243,119
Mortgages and loans	40,357	34,987
Fixed interest securities	558,700	569,587
Ordinary stocks and shares	468,379	398,474
Deposits at interest	105,636	64,788
	<u>1,500,086</u>	<u>1,310,955</u>
<b>Fixed Assets</b> (note 13(a))	-	4,566
<b>Group Companies</b>		
Shares in subsidiary companies (note 3)	424	1,024
Debentures in group companies	260	260
Due from group companies	9,668	7,918
Due from subsidiary companies	17,808	10,368
	<u>28,160</u>	<u>19,570</u>
Less:		
Due to group companies	-	3,170
Due to subsidiary companies	47	113
	<u>47</u>	<u>3,283</u>
	28,113	16,287
<b>Current Assets</b>		
Due from policyholders and agents	7,164	5,875
Debtors and accrued interest	26,672	34,222
Cash at bank	6,096	23,923
	<u>39,932</u>	<u>64,020</u>
<b>Less Current Liabilities</b>		
Finance leases provision (note 13(b))	-	4,362
Claims outstanding	11,911	8,936
Creditors	6,713	7,814
Deferred taxation (notes 1(l) and 9)	3,286	3,072
Due to shareholders' fund	-	2,775
	<u>21,910</u>	<u>26,959</u>
<b>Net current assets</b>	18,022	37,061
<b>Net assets</b>	<u>1,546,221</u>	<u>1,368,869</u>

The notes on pages 14 to 18 form an integral part of these accounts.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

**Consolidated and Parent Company Balance Sheets**

as at 31st December 1990

		<i>Amounts in £000's</i>			
		1990		1989	
	<i>Consolidated</i>	<i>Parent</i>	<i>Consolidated</i>	<i>Parent</i>	
<b>SHAREHOLDERS' FUND</b>					
<b>Share Capital</b>					
Authorised – 10,000 shares of £100 each	1,000		1,000		
Issued – 10,000 shares of £100 each £25 paid up	250		250		
Reserve Profit and loss account	5,336		5,866		
	5,586	5,586	6,116	6,116	
<b>LONG TERM BUSINESS FUND</b>					
(Separate balance sheets pages 10 and 11)	1,543,885	1,546,221	1,368,479	1,368,869	
	1,549,471	1,551,807	1,374,595	1,374,985	
Represented by:					
Investments less reserves (notes 1(e) and 14)					
Fixed interest securities	1,230		1,283		
Ordinary stocks and shares	3,136		3,279		
Deposits at interest	3,064		2,534		
	7,430	7,430	7,096	7,096	
<b>Group Companies</b>					
Due to group companies	1,868	1,868	900	900	
	5,562	5,562	6,196	6,196	
<b>Current Assets</b>					
Debtors and accrued interest	2,987		60		
Cash at bank	55		390		
Due from long term business fund	–		2,775		
	3,042		3,225		
<b>Less Current Liabilities</b>					
Creditors	3,002		3,284		
Deferred taxation (notes 1(f) and 9(a))	16		21		
	3,018		3,305		
Net current assets (liabilities)	24	24	(80)	(80)	
<b>SHAREHOLDERS' FUND</b> Net assets	5,586	5,586	6,116	6,116	
<b>LONG TERM BUSINESS FUND</b>					
Net assets	1,543,885	1,546,221	1,368,479	1,368,869	
(Separate balance sheets pages 10 and 11)	1,549,471	1,551,807	1,374,595	1,374,985	

The notes on pages 14 to 18 form an integral part of these accounts.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

**Statement of Source and  
Application of Shareholders' Funds**

for the year ended 31st December 1990

*Amounts in £000's*

	1990	1989
<b>SOURCE OF FUNDS</b>		
Investment income less expenses	920	(78)
Extraordinary item	-	1,613
Share of profits (net of shareholders' attributable tax)	14,590	23,097
	<u>15,510</u>	<u>24,632</u>
Adjustments necessary to convert transactions to a cash basis		
Increase (decrease) from changes in:		
Current liabilities	3,675	586
Current assets	<u>(152)</u>	<u>(2,709)</u>
	3,523	(2,123)
<b>Total cash generated from operations</b> (excluding the effect of realisation of investments - see note 1 (f))	<u>19,033</u>	<u>22,509</u>
<b>APPLICATION OF FUNDS</b>		
Dividends paid	18,750	20,000
Tax paid	<u>284</u>	<u>149</u>
	<u>19,034</u>	<u>20,149</u>
<b>Net funds available for investment</b>	<u>(1)</u>	<u>2,360</u>
<b>Movements in Investments and Liquid Funds</b>		
Increase (decrease) in:		
Investments less reserves	334	2,326
Cash at bank	<u>(335)</u>	<u>34</u>
	<u>(1)</u>	<u>2,360</u>

## Notes on the Accounts

### 1 ACCOUNTING POLICIES

#### Subsidiary Companies and consolidation basis

- (a) 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.
- (b) Shares in subsidiary companies are shown in the Parent Company's balance sheet at the lower of cost and net realisable value.

#### Shareholders' Share of Profits

- (c) 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.
- (d) 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.

#### Investments

- (e) Investments are included at cost less investment reserves with the exception of properties, which are included at market value less investment reserve. (See notes 9(b) and 14).
- (f) Profits and losses on realisation of investments, after adjusting for taxation, and on revaluation of properties are transferred to investment reserves. Transfers between investment reserves and revenue are determined by the Directors, having regard to the Actuary's Valuation Report.
- (g) 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 and with notional income on certain properties in the course of development.
- (h) No depreciation is charged on freehold properties, all of which are held as investments.

#### Premiums

- (i) Premiums are accounted for when due for payment.

#### Claims

- (j) 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.

#### Foreign Currencies

- (k) Assets and liabilities and revenue transactions in currencies other than sterling are converted at the approximate rates of exchange ruling on the balance sheet date. Exchange adjustments relating to the overseas investments of the U.K. Life Fund are transferred to investment reserves; those relating to overseas branch operations are shown as a separate item in the consolidated revenue account.

#### Deferred Taxation

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

#### Disclosure Requirements

- (m) These accounts are prepared in accordance with Chapter II of Part VII of the Companies Act 1985. Advantage has been taken of certain disclosure exemptions presently available to insurance companies.

### 2 ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is General Accident plc which is incorporated in Great Britain (registered in Scotland).

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## 3 SUBSIDIARIES AND OTHER SHAREHOLDINGS

Particulars of the subsidiary companies and shareholdings therein together with details of holdings in companies which are in excess of 10% of the equity capital of those companies are given on page 18.

## 4 DIRECTORS AND EMPLOYEES

(a) Directors' Emoluments	1990	1989
In respect of services as Director to the Company and its subsidiaries	£5,000	£7,500
Other emoluments	Nil	£136,545
	£5,000	£144,045
Emoluments of the Chairman	Nil	Nil
Emoluments of the highest paid Director	£2,500	£73,742
Number of other Directors whose emoluments fall within the bands:		
Nil	6	4
£1 to £5,000	1	3
£50,001 to £65,000	-	1

### Loans to other Officers

(b) As at 31st December 1990, 3 officers of the Company and its subsidiary companies, other than Directors, had secured house purchase loans and policy loans outstanding amounting in aggregate to £116,450 (1989 3 officers £116,450).

## 5 AUDITORS' REMUNERATION

The total remuneration payable by the Company and its subsidiary companies amounted to £49,774 (1989 £49,864) of which £43,624 (1989 £41,775) related to the Parent Company.

## 6 PREMIUMS

### (a) Analysis by class

	Total Premiums		New Business	
	1990	1989	Annualised Regular Premiums	Single Premiums
	£000's	£000's	1990 £000's	1990 £000's
Life and Annuity	252,508	216,993	39,987	44,212
Permanent Health	2,291	1,923	677	-
Capital Redemption	-	-	-	-
Gross	254,799	218,916	40,664	44,212
Reassurances	10,447	12,409	1,740	4,048
Net	244,352	206,507	38,924	40,164

### (b) Analysis by territory

	Total Premiums	
	1990	1989
	£000's	£000's
United Kingdom	254,760	213,650
New Zealand	-	5,209
Zimbabwe	39	57
Gross	254,799	218,916
Reassurances	10,447	12,409
Net	244,352	206,507

## 7 CLAIMS

	1990	1989
	£000's	£000's
Claims	92,956	69,755
Surrenders	58,768	57,366
Annuities	14,185	12,760
Gross	165,909	139,881
Reassurances	3,569	5,622
Net	162,340	134,259

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## 8 TAXATION

- (a) The charge for taxation in the consolidated revenue account, has been computed in accordance with the current legislation appropriate to the business of each company.
- (b) The charge in the profit and loss account is U.K. Corporation Tax at a composite rate of 35% (1989 35%) together with tax on franked investment income.
- (c) The amounts charged in these Accounts are made up as follows:-

	1990		1989	
	Revenue Account £000's	Profit and Loss Account £000's	Revenue Account £000's	Profit and Loss Account £000's
Corporation Tax	9,881	182	351	(213)
Tax attributable to UK dividends received	3,024	113	2,758	99
Overseas taxation	398	—	177	—
Deferred taxation	198	(5)	169	(1)
	<u>13,501</u>	<u>290</u>	<u>3,435</u>	<u>(115)</u>
Adjustments in respect of prior years	(936)	—	(2,827)	—
	<u>12,565</u>	<u>290</u>	<u>608</u>	<u>(115)</u>
Shareholders' attributable tax	—	4,947	—	7,699
	<u>12,565</u>	<u>5,237</u>	<u>608</u>	<u>7,584</u>

## 9 DEFERRED TAXATION

- (a) Deferred taxation represents tax provided on accrued interest receivable.
- (b) No provision has been made for deferred taxation attributable to the property revaluation referred to in note 1(e).

## 10 TURNOVER

Turnover of £408m (1989 £353m) is represented by premiums and other income appearing in the consolidated revenue account together with investment income appearing in the consolidated revenue and profit and loss accounts.

## 11 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.

## 12 PENSION COSTS

The pension charge for the period was £Nil (1989 £2,860,000) representing the proportionate charge for normal contributions less amortisation of the surplus of the fund over the average remaining service of group employees.

In 1989 the Company was a member of the General Accident Companies U.K. Pension Scheme, a funded defined benefit scheme. On 1 January 1990, the contracts of employment of all staff were transferred to General Accident Life Services Limited, which is a member of the General Accident Companies U.K. Pension Scheme. Actuarial details of the scheme are contained in the accounts of the holding company, General Accident plc.

## 13 LEASES

### (a) Fixed Assets

The balance appearing in these Accounts represents the capitalised value of finance leases:-

	Cost £000's	Depreciation £000's	Net Book Value £000's
<b>Plant and Machinery:</b>			
Balance as at 1st January 1990	6,049	(1,483)	4,566
Group Transfer	(6,049)	1,483	(4,566)
Balance as at 31st December 1990	<u>—</u>	<u>—</u>	<u>—</u>



# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## (b) Finance Leases Provision

The balance appearing in these Accounts is made up as follows.-

	1990 £000's	1989 £000's
Amounts due within 1 year	-	2,247
Amounts due within 2 to 5 years	-	2,115
	<u>-</u>	<u>4,362</u>

All capitalised finance leases were transferred to General Accident Life Services Limited at 1 January 1990, for a consideration equivalent to net book value less finance leases provisions.

## (c) Operating Leases

No charge has been made in the consolidated revenue account for operating lease payments as these were transferred to General Accident Life Services Limited on 1 January 1990 (1989 £1,309,000).

## (d) Contingent Liabilities and Financial Commitments

Commitments not provided in these accounts in respect of finance leases entered into before the balance sheet date, but whose inception occurs after the year end, amounted to £Nil. (1989 £1,840,000).

## 14 MARKET VALUE OF INVESTMENTS

(a) The excess of market values in aggregate over balance sheet values of the investments shown in the consolidated balance sheets at 31st December 1990 amounted to approximately:

Long Term Business Fund	£738m	(1989 £1,039m)
Shareholders' Fund	£6.6m	(1989 £7.5m)

The market value of investments has been determined by reference to the Insurance Companies (Accounts and Statements) Regulations 1983.

(b) The above figures do not take account of any tax charge which would arise if the investments were realised at these values.

## 15 FUTURE COMMITMENTS

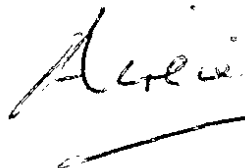
Major investment contracts entered into but not provided for in these accounts amounted to £40m (1989 £80m) including notional interest; capital expenditure authorised but not contracted for amounted to £16m (1989 £Nil).

## 16 TRANSFER OF NEW ZEALAND BUSINESS

(a) The Company reassured the whole of its New Zealand branch business on 21st December 1989 with effect from 1st January 1989. Under a Scheme of Arrangement, sanctioned by the High Court of New Zealand during the year, all liabilities in respect of policies issued or insured in New Zealand were transferred to The Prudential Assurance Company Limited with effect from 31st October 1990.

(b) The figure shown in the profit and loss account relates to the amount paid to the Shareholders.

Approved by the Board  
March 1991

  
Chairman



Director

## GENERAL ACCIDENT LIFE ASSURANCE LIMITED

### Subsidiary Companies

	<i>Principal Activity</i>	<i>Interest of General Accident Life in Ordinary Shares</i>	<i>Country of Incorporation</i>
<b>NON-INSURANCE COMPANIES</b>			
The Lancashire and Yorkshire Reversionary Interest Co. Ltd.	Investment in reversions and life interests	100%	UK
General Development Property Co. Ltd.	Non-trading	100%	UK
General Accident Life Developments Ltd.	Property Development	100%	UK
Stuart Wyse Ogilvie Estates Ltd.	Estate Agents	50%*	UK
*(Remainder of shares held by General Accident Fire and Life Assurance Corporation p.l.c.)			

All of the above companies are registered in England, with the exception of Stuart Wyse Ogilvie Estates Ltd., which is registered in Scotland.

### 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 Incorporation</i>
City Commercial Real Estate Holdings Ltd.	Property Development	'B' Ordinary	40%	UK
McKay Securities plc.	Investment Company	Ordinary	11.36%	UK
Assecura S.A.	Long term insurance	Ordinary	40%	Luxembourg

All of the above companies are registered in England, with the exception of Assecura S.A. which is registered in Luxembourg.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

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

We have audited the accounts on pages 8 to 18 in accordance with Auditing Standards.

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

*KPMG Peat Marwick McLintock*

121 The Mount, York  
YO2 2DA  
14<sup>th</sup> March 1991

CHARTERED ACCOUNTANTS

**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 1990 did not exceed the amount of the Long Term Business Fund as shown in the Consolidated and Parent Company Balance Sheets.

14<sup>th</sup> March 1991

*J. H. R. [Signature]*  
ACTUARY

# Review of Progress

Amounts in £ millions

