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**General Accident  
Life Assurance**

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*Report and Accounts 1989*

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19 APR 1990  
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**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, B.A., F.R.I.C.S.

N.S. GRAHAM, M.A., F.I.A., F.C.I.I.

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

I.G. MENZIES, M.A., C.A.

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* 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 ACCIDENTAL LIFE ASSURANCE LIMITED

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# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Registered in England No 226742 Registered Office 2 Rougier Street, York YO1 1BR

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and Fifty-first ANNUAL GENERAL MEETING of the Company will be held at 2 Rougier Street, York, on WEDNESDAY, the eleventh day of April, 1990 at 12 noon to transact the ordinary business of the Company.

By Order of the Board,

I.A. CHAMBERS

Manager and Secretary

19th March, 1990

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 1989.

### Principal Activity

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

### Operations

The new net sums assured amounted to £5,070.3m as compared with £6,173.5m for the previous year. New annuities of £29.3m per annum were granted compared with £31.0m per annum in 1988. Permanent Health benefits of £15.5m per annum were written as compared with £12.0m per annum in 1988.

These benefits were secured by new annual premiums of £42.9m compared with £42.1m the previous year and new single premiums of £29.2m compared with £22.6m in 1988.

As a result of an agreement entered into during the year, New Zealand business was 100% reassured with The Prudential Assurance Company Limited with effect from 1st January 1989.

The annual valuation of the liabilities and assets of the Company is due to be made as at 31st December 1989 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 1989 in respect of with profits policies in force on 31st December 1989. The rates which have been declared for such policies issued 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
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
Personal Pensions	8.00 per cent Compound

### New Zealand

Policies issued up to and including February 1981	
Whole life non-superannuation policies	3.00 per cent Compound
Whole life superannuation policies	3.25 per cent Compound
Other policies	0.25 per cent less than for whole life
Policies issued after February 1981	3.00 per cent Compound

### Zimbabwe

Policies issued up to and including 1972	5.05 per cent Simple
Policies issued after 1972	
Superannuation policies	3.80 per cent Compound
Non-superannuation policies	3.30 per cent Compound

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

The bonus rates for United Kingdom and New Zealand 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, 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 1989 equal to 1.50% of the sum assured and attaching reversionary bonuses (including the ordinary reversionary bonuses declared at the end of 1989) 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, 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, 1990 are shown below:-

Year	U.K. Life Policies	Retirement Annuities Individual Pension Arrangements and Group Contracts by single premium	Individual Pension Arrangements and Group Contracts by annual premium
1985	11%	17%	11%
1980	27%	40%	27%
1975	64%	65%	47%
1970	78%	90%	—

For Money Purchase Schemes (1974) and all paid-up Pension benefits the rate of terminal bonus on 1st January 1990 was 45% of attaching declared and interim bonuses.

In New Zealand the rate of terminal bonus on 1st January, 1990 was 20% of attaching declared and interim bonuses. In Zimbabwe the rate of terminal bonus on 1st January, 1990 was 20% of attaching declared and interim bonuses.

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

## Accounts

### Long Term Business Fund

£60m has been transferred to the fund from Investment Reserve.

£23m has been transferred to the Shareholders' Fund being the Shareholders' share of surplus resulting from the 1988 and 1989 valuations of Life and Annuity business.

£7,063 has been transferred to the Shareholders' Fund in respect of the 1988 and 1989 valuations of Capital Redemption business.

There are no transfers to the Shareholders' Fund in respect of the 1988 and 1989 valuations of Permanent Health Insurance.

The fund has increased by £150m to £1,368m after taking into account the above transfers.

### Shareholders' Fund

The net amount available to the Shareholders after the transfers mentioned above is £29m.

The net amount available to the Shareholders after the transfers mentioned above is £29m. An interim dividend of £450 per share was paid in July 1989 and a second interim dividend of £150 per share was paid in December 1989. A final dividend of £300 per share is recommended for 1989.

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## Post Balance Sheet Event

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

Under a group reorganisation on the 1st January 1990, the share capital of General Accident Life Assurance Limited was transferred to General Accident Life Holdings Limited, a subsidiary of General Accident Fire and Life Assurance Corporation plc.

At the same time the operational assets of General Accident Life Assurance Limited, including the contracts of employment of all staff, were transferred to General Accident Life Services Limited, which is also a subsidiary of General Accident Life Holdings Limited.

## Directors

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

Mr. B.C. Marshall resigned from the Board on 31st December 1989.

Mr. T. Roberts was appointed a Director on 15th March 1990. 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 Mr. I.C. Menzies and Mr. W.N. Robertson, both of whom are eligible for re-election.

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

	Ordinary Shares		Share Options
	1st January 1989	31st December 1989	31st December 1989
The Rt. Hon. The Lord Bolton	1,436	1,436	-
Mr. N.S. Graham	566	3,404	11,573
Mr. I.A.H. Johnston	-	411	-
Mr. J.D.K. Philp	2,730	3,227	26,182
Mr. J.H.R. Tonks	2,735	3,276	5,652

The share options referred to above are options to subscribe for ordinary shares in the holding company under the terms of the General Accident SAVE Share Option Scheme and the General Accident Executive Share Option Scheme.

## Employment Policies

The Company applies the employment policies operating within General Accident Fire and Life Assurance Corporation p.l.c. (the holding company) and its subsidiaries, and is committed to close consultations with employees on matters concerning their interests and to further awareness of the financial state of the holding company and its subsidiaries. During the year communication has continued to take place in a variety of ways including written circulars and regular staff meetings. Wherever appropriate, regular meetings are held with staff representative bodies covering a wide range of topics. The Company is party to a Share Option Scheme whereby staff can acquire shares in the holding company by regular savings.

The Company recognises its responsibilities towards disabled persons, including any who become disabled during employment. During the year disabled persons were given proper consideration having regard to their particular aptitudes, both on recruitment and in career development.

## Auditors

On 1st January 1990 our auditors changed the name under which they practise to KPMG Peat Marwick McLintock 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 Peat Marwick McLintock as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

15th March 1990

  
ARCHIE  
CHAIRMAN



GENERAL ACCIDENT LIFE ASSURANCE LIMITED

**Consolidated Revenue Account**

for the year ended 31st December 1989

	Notes	Amounts in £000's	
		1989	1988
<b>LONG TERM BUSINESS FUND</b> (Life and Annuity, Capital Redemption and Permanent Health Business)			
Premiums	6	206,507	177,566
Investment income		144,300	121,786
Other income		2	1
		<u>350,809</u>	<u>299,353</u>
Claims, surrenders and annuities	7	134,259	117,395
Commission		33,644	29,152
Expenses		40,133	40,461
Taxation	8 (a)(c)	608	(2,535)
		<u>208,644</u>	<u>184,473</u>
Net Income		142,165	114,880
Fund at the beginning of the year		1,218,534	1,056,657
		<u>1,360,699</u>	<u>1,171,537</u>
Exchange adjustment	1 (n)	(44)	(116)
		<u>1,360,655</u>	<u>1,171,421</u>
Transfer of New Zealand business	15 (a)	(29,079)	-
		<u>1,331,576</u>	<u>1,171,421</u>
Transfer from Investment Reserve	1 (f)	60,000	55,000
		<u>1,391,576</u>	<u>1,226,421</u>
Shareholders' share of profits	1 (c)(d)	23,097	7,887
Fund at the end of the year		<u><u>1,368,479</u></u>	<u><u>1,218,534</u></u>

The notes on pages 14 to 17 form an integral part of these accounts

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

**Profit and Loss Account**

for the year ended 31st December 1989

	Notes	Amounts in £000's	
		1989	1988
<b>SHAREHOLDERS' FUND</b>			
Share of profits	1(c)(d)	30,796	10,516
Investment income		<u>1,760</u>	<u>1,183</u>
		32,556	11,699
Expenses		1,838	716
Taxation	8 (b)(c)	<u>7,584</u>	<u>2,767</u>
		9,422	3,483
		<u>23,134</u>	<u>8,216</u>
Extraordinary item less Taxation	15 (b)	1,613 <u>565</u>	- <u>-</u>
		1,048	-
<b>Net Income</b>		<u>24,182</u>	<u>8,216</u>
<b>Fund at the beginning of the year</b>		<u>4,684</u>	<u>4,968</u>
		28,866	13,184
<b>Dividends for the year:</b>			
Paid, July 1989		4,500	4,500
Paid, December 1989		15,500	4,000
Proposed		<u>3,000</u>	<u>-</u>
		23,000	8,500
<b>Fund at the end of the year</b>		<u><u>5,866</u></u>	<u><u>4,684</u></u>

The notes on pages 14 to 17 form an integral part of these accounts

# Consolidated Long Term Balance Sheet

as at 31st December 1989

Amounts in £'00's

	1989	1988
<b>LONG TERM BUSINESS FUND</b>		
Life and Annuity	1,362,476	1,213,141
Capital Redemption	30	34
Permanent Health	5,973	5,359
	<u>1,368,479</u>	<u>1,218,534</u>
Represented by:		
Investments less reserves (notes 1(e) & 13)		
Freehold and Leasehold Properties	248,253	220,874
Mortgages and Loans	35,490	34,283
Fixed Interest Securities	569,587	541,416
Ordinary Stocks and Shares	398,474	357,359
Reversions and Life Interests	4,135	4,179
Deposits at Interest	65,825	12,236
	<u>1,321,764</u>	<u>1,170,347</u>
Fixed Assets (notes 1(l) and 12(a))	4,566	3,100
Group Companies		
Debentures in Holding Company	260	260
Due from Fellow Subsidiary Companies	7,918	2,848
	<u>8,178</u>	<u>3,108</u>
Less due to:		
Holding Company	3,170	1,291
Fellow Subsidiary Companies	1,787	1,167
	<u>4,957</u>	<u>2,458</u>
	3,221	650
Current Assets		
Due from Policyholders and Agents	5,875	4,112
Debtors and Accrued Interest	36,880	54,282
Cash at Bank	24,324	8,543
	<u>67,079</u>	<u>66,937</u>
Less Current Liabilities		
Finance Leases Provision (notes 1(l) and 12 (b))	4,362	3,136
Claims Outstanding	8,936	8,782
Creditors	8,973	7,509
Deferred Taxation (notes 1(o) and 9)	3,105	3,015
Due to Shareholders' Fund	2,775	58
	<u>28,151</u>	<u>22,500</u>
	38,928	44,437
<b>LONG TERM BUSINESS FUND</b>		
Net Assets	<u>1,368,479</u>	<u>1,218,534</u>

The notes on pages 14 to 17 form an integral part of these accounts

# Parent Company Long Term Balance Sheet

as at 31st December 1989

Amounts in £000's

	1989	1988
<b>LONG TERM BUSINESS FUND</b>		
Life and Annuity	1,362,866	1,212,541
Capital Redemption	30	34
Permanent Health	5,973	5,359
	<u>1,368,869</u>	<u>1,217,934</u>
Represented by:		
Investments less reserves (notes 1(e))		
Freehold and Leasehold Properties	243,119	220,354
Mortgages and Loans	34,987	33,735
Fixed Interest Securities	569,587	541,416
Ordinary Stocks and Shares	398,474	357,359
Deposits at Interest	64,788	11,174
	<u>1,310,955</u>	<u>1,164,038</u>
Fixed Assets (notes 1(l) and 12(a))	4,566	3,100
Group Companies		
Shares in Subsidiary Companies (note 3)	1,024	1,122
Debentures in Holding Company	260	260
Due from:		
Subsidiary Companies	10,368	3,770
Fellow Subsidiary Companies	7,918	2,848
	<u>19,570</u>	<u>8,000</u>
Less due to:		
Holding Company	3,170	1,291
Subsidiary Companies	113	1
	<u>3,283</u>	<u>1,292</u>
	16,287	6,708
Current Assets		
Due from Policyholders and Agents	5,875	4,112
Debtors and Accrued Interest	34,222	52,525
Cash at Bank	23,923	8,930
	<u>64,020</u>	<u>65,567</u>
Less Current Liabilities		
Finance Leases Provision (notes 1(l) and 12(b))	4,362	3,136
Claims Outstanding	8,936	8,782
Creditors	7,814	6,522
Deferred Taxation (notes 1(o) and 9)	3,072	2,981
Due to Shareholders' Fund	2,775	58
	<u>26,959</u>	<u>21,479</u>
	37,061	44,088
<b>LONG TERM BUSINESS FUND</b>		
Net Assets	<u>1,368,869</u>	<u>1,217,934</u>

The notes on pages 14 to 17 form an integral part of these accounts

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Consolidated and Parent Company Balance Sheets

as at 31st December 1989

	Amounts in £000's			
	1989		1988	
	Consolidated	Parent	Consolidated	Parent
<b>SHAREHOLDERS' FUND</b>				
<b>Share Capital</b>				
Authorised - 10,000 Shares of £100 each	<u>1,000</u>		<u>1,000</u>	
Issued - 10,000 Shares of £100 each £25 paid up	250		250	
<b>Reserve</b>				
Profit and Loss Account	<u>5,866</u>		<u>4,684</u>	
	6,116	6,116	4,934	4,934
<b>LONG TERM BUSINESS FUND</b>				
(Separate Balance Sheets pages 10 and 11)	<u>1,368,479</u>	<u>1,368,869</u>	<u>1,218,534</u>	<u>1,217,934</u>
	<u>1,374,595</u>	<u>1,374,985</u>	<u>1,223,468</u>	<u>1,222,868</u>
Represented by:				
Investments less reserves (notes 1(e) & 13)				
Fixed Interest Securities	1,283		1,812	
Ordinary Stocks and Shares	3,279		2,824	
Deposits at Interest	<u>2,534</u>		<u>134</u>	
	7,096	7,096	4,770	4,770
<b>Group Companies</b>				
Due to Holding Company	<u>900</u>	<u>900</u>	<u>313</u>	<u>313</u>
	6,196	6,196	4,457	4,457
<b>Current Assets</b>				
Debtors and Accrued Interest	60		85	
Cash at Bank	390		356	
Due from Long Term Business Fund	<u>2,775</u>		<u>58</u>	
	<u>3,225</u>		<u>499</u>	
<b>Less Current Liabilities</b>				
Creditors	3,284		-	
Deferred Taxation (notes 1(o) and 9 (a))	<u>21</u>		<u>22</u>	
	<u>3,305</u>		<u>22</u>	
	(80)	(80)	477	477
<b>SHAREHOLDERS' FUND</b> Net Assets	<u>6,116</u>	<u>6,116</u>	<u>4,934</u>	<u>4,934</u>
<b>LONG TERM BUSINESS FUND</b>				
Net Assets	<u>1,368,479</u>	<u>1,368,869</u>	<u>1,218,534</u>	<u>1,217,934</u>
(Separate Balance Sheets pages 10 and 11)	<u>1,374,595</u>	<u>1,374,985</u>	<u>1,223,468</u>	<u>1,222,868</u>

The notes on pages 14 to 17 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 1989

	<i>Amounts in £000's</i>	
	1989	1988
<b>SOURCE OF FUNDS</b>		
Investment income less expenses	(78)	467
Extraordinary item	1,613	—
Share of profits (net of shareholders' attributable tax)	23,097	7,887
	<u>24,632</u>	<u>8,354</u>
Adjustments necessary to convert transactions to a cash basis		
Increase (decrease) from changes in:		
current liabilities	586	42
current assets	<u>(2,709)</u>	<u>979</u>
	<u>(2,123)</u>	<u>1,021</u>
<b>Total Cash generated from operations</b> (excluding the effect of realisation of investments — see note 1 (f))	<u>22,509</u>	<u>9,375</u>
<b>APPLICATION OF FUNDS</b>		
Dividends paid to Shareholders	20,000	8,500
Tax paid	<u>149</u>	<u>337</u>
	<u>20,149</u>	<u>8,837</u>
<b>Net Funds available for Investment</b>	<u><u>2,360</u></u>	<u><u>538</u></u>
<b>Movements in Investments and Liquid Funds</b>		
Increase in:		
Investments less reserves	2,326	213
Cash at Bank	34	325
	<u>2,360</u>	<u>538</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 or under cost.

#### 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. Prior year comparatives have been restated accordingly, following a change in presentation this year.

#### 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 13).
- (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 relative 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.

#### Capital Expenditure

- (k) Capital expenditure, including amounts spent on computer equipment and motor cars, is normally written off to expenses of management in the year of purchase.

#### Leased Assets

- (l) Assets financed by leasing arrangements, which transfer substantially all the benefits and risks of ownership (i.e. finance leases), are treated as if they had been purchased. Such assets are shown as Fixed Assets with the corresponding obligations to the lessor being included under the heading of Finance Lease Provision. Depreciation is provided by equal instalments over the shorter of the lease term and the useful life of the asset (2-5 years). Lease payments are treated as consisting of capital and interest elements; the capital element of each payment is applied to reduce the outstanding obligations and the interest element is charged to the revenue account as incurred. Payments made under leases other than finance leases (i.e. operating leases) are charged directly to the revenue account. There are no operating leases other than those for plant and machinery.

#### Staff Pension Schemes

- (m) Under the provision of SSAP24 the 1989 revenue account of the company carries an appropriate proportion of the group charge for the normal cost of contributions to, adjusted for an amount representing the amortisation of the surplus in, the group UK pension scheme. Previously pension fund contributions were charged annually at the rate, calculated by the scheme actuary, necessary to maintain the funding of the scheme in relation to projected final salaries and death in service benefit.

#### Foreign Currencies

- (n) 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.

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## Deferred Taxation

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

## Disclosure Requirements

(p) 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 HOLDING COMPANY

The Company's ultimate holding company is General Accident Fire and Life Assurance Corporation p.l.c. which is incorporated in Great Britain.

## 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

In respect of services as Directors to the Company and its subsidiaries

Other emoluments

	1989	1988
	£7,500	£5,494
	£136,545	£119,897
	<u>£144,045</u>	<u>£125,391</u>

Emoluments of the Chairman

Nil Nil

Emoluments of the highest paid Director

£73,742 £64,413

Number of other Directors whose emoluments fall within the bands:

Nil

4 3

£1 to £5,000

3 3

£10,001 to £15,000

- 1

£40,001 to £45,000

- 1

£60,001 to £65,000

1 -

### (b) Employees' Emoluments

The number of employees in the United Kingdom, excluding Directors, whose emoluments exceeded £30,000 was:

	1989	1988
£30,001 - £35,000	31	18
£35,001 - £40,000	29	15
£40,001 - £45,000	10	5
£45,001 - £50,000	1	2
£50,001 - £55,000	1	2
£55,001 - £60,000	2	-
£60,001 - £65,000	2	-
£75,001 - £80,000	1	-

### Loans to other Officers

(c) As at 31st December 1989, 3 officers of the Company and its subsidiary companies, other than Directors, had secured house purchase loans outstanding amounting in aggregate to £115,000 (1988 4 officers £123,750).

## 5 AUDITORS' REMUNERATION

The total remuneration payable by the Company and its subsidiary companies amounted to £49,864 (1988 £60,813) of which £41,775 (1988 £37,850) related to the Parent Company.

## 6 PREMIUMS

### (a) Analysis by class

	Total Premiums		New Business	
	1989 £000's	1988 £000's	Annualised	Single Premiums
			Regular Premiums 1989 £000's	1989 £000's
Life & Annuity	216,993	181,103	45,022	30,085
Permanent Health	1,923	1,778	497	-
Capital Redemption	-	-	-	-
<b>Gross</b>	<u>218,916</u>	<u>182,881</u>	<u>45,519</u>	<u>30,085</u>
Reassurances	12,409	5,315	2,569	877
<b>Net</b>	<u><u>206,507</u></u>	<u><u>177,566</u></u>	<u><u>42,950</u></u>	<u><u>29,208</u></u>



# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## (b) Analysis by territory

	Total Premiums	
	1989 £000's	1988 £000's
United Kingdom	213,650	177,825
New Zealand	5,209	4,992
Zimbabwe	57	64
Gross	218,916	182,881
Reassurances	12,409	5,315
Net	206,507	177,566

## 7 CLAIMS

	1989 £000's	1988 £000's
Claims	69,755	62,782
Surrenders	57,366	43,907
Annuities	12,760	11,884
Gross	139,881	118,573
Reassurances	5,622	1,178
Net	134,259	117,395

## 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% (1988 35%) together with tax on franked investment income.
- (c) The amounts charged in these Accounts are made up as follows:-

	1989		1988	
	Revenue Account £000's	Profit and Loss Account £000's	Revenue Account £000's	Profit and Loss Account £000's
Corporation Tax	331	(213)	1,098	45
Less:- Double Taxation relief	-	-	616	-
	331	(213)	482	45
Tax attributable to U.K. dividends received	2,758	99	2,222	89
Overseas Taxation	177	-	1,508	-
Deferred Taxation	169	( 1)	(1,920)	4
	3,435	(115)	2,292	138
Adjustments in respect of prior years	(2,827)	-	(4,827)	-
	608	(115)	(2,535)	138
Shareholders' attributable tax	-	7,699	-	2,629
	608	7,584	(2,535)	2,767

## 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 (c).

## 10 TURNOVER

Turnover of £352,569,000 (1988 £300,536,000) 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 PENSION COSTS

The Company is a member of the General Accident Companies UK Pension Scheme, a funded defined benefit scheme. Actuarial details of the scheme are contained in the accounts of the holding company, General Accident Fire and Life Assurance Corporation plc.

The pension charge for the period was £2,860,000 (1988 Nil) representing the proportionate charge for normal contributions less amortisation of the surplus of the fund over the average remaining service lives of group employees.

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## 12 LEASES

### (a) Fixed Assets

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

	Cost £000's	Depreciation £000's	Net Book Value £000's
<b>Plant and Machinery:</b>			
Balance as at 1st January 1989	3,381	( 281)	3,100
Additions	2,668	( 74)	2,594
Charge for the year	-	(1,128)	(1,128)
Balance as at 31st December 1989	<u>6,049</u>	<u>(1,483)</u>	<u>4,566</u>

### (b) Finance Leases Provision

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

	1989 £000's	1988 £000's
Amounts due within 1 year	2,247	1,043
Amounts due within 2 to 5 years	2,115	2,093
	<u>4,362</u>	<u>3,136</u>

### (c) Operating Leases

A charge has been made in the consolidated revenue account for operating lease payments amounting to £1,309,000 (1988 £1,282,000).

### (d) Contingent Liabilities and Financial Commitments

(i) Commitments not provided for 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 £1,840,000. (1988 £1,840,000).

(ii) The total amount payable under operating leases in the next financial year is £795,000 analysed as follows:-

	£000's
Contracts which expire within one year	293
Contracts which expire within 2 to 5 years	502
	<u>795</u>

## 13 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 1989 amounted to approximately:

Long Term Business Fund	£1,039m	(1988 £735m)
Shareholders' Fund	£7.5m	(1988 £5.6m)

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.

## 14 FUTURE COMMITMENTS

Major investment contracts entered into but not provided for in these accounts amounted to £80m (1988 £101m) including notional interest.

## 15 TRANSFER OF NEW ZEALAND BUSINESS


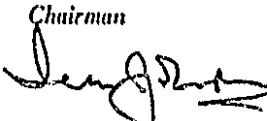
(a) The Company reassured the whole of its New Zealand branch business on 21st December 1989 with effect from 1st January 1989.


(b) The figure shown in the Profit and Loss Account relates to the amount paid to the Shareholders.

## 16 POST BALANCE SHEET EVENT

The details of the post balance sheet events are given in the Directors' Report.

Approved by the Board  
15th March 1990

  
Chairman  


Director   
Director

# GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## Subsidiary Companies

	<i>Principal Activity</i>	<i>Interest of General Accident Life in Ordinary Shares</i>
<b>INSURANCE COMPANY</b>		
N & P Life Assurance Ltd. (see note 16) (Formerly English Assurance Ltd.)	Long term insurance	100%
<b>NON-INSURANCE COMPANIES</b>		
The Lancashire and Yorkshire Reversionary Interest Co. Ltd.	Investment in reversions and life interests	100%
General Development Property Co. Ltd.	Non-trading	100%
General Accident Life Developments Ltd. (Incorporated 23rd May 1989)	Property Development	100%
Stuart Wyse Ogilvie Estates Ltd.	Estate Agents	50%*
*(Remainder of shares held by Holding Company)		

## Holdings in other Companies

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

	<i>Class Held</i>	<i>Interest of General Accident Life</i>	<i>Interest of General Accident Life and subsidiaries</i>
City Commercial Real Estate Holdings Ltd.	'B' Ordinary	40%	40%
McKay Securities PLC.	Ordinary	11.36%	11.36%

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

## Report of the Auditors

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.

121 The Mount, York  
15<sup>th</sup> March 1990

*KPMG Ross & Gaudin McKinnell*  
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 1989 did not exceed the amount of the Long Term Business Fund as shown in the Consolidated and Parent Company Balance Sheets.

15<sup>th</sup> March 1990

*J. R. B.*  
ACTUARY

# Review of Progress

Amounts in £ millions

