

The Equitable Life Assurance Society  
Statutory Accounts  
1995

37038





# The Equitable Life Assurance Society

Founded 1762

## BOARD OF DIRECTORS

President

John R Sclater

Vice-Presidents

A G Tritton

I P Sedgwick

R Q Bowley

P A Davis

S M Kinnis

Peter Martin

A Nash

Miss J A Page CBE

R H Ranson

J F Taylor

D G Thomas

D W Wilson

## GENERAL MANAGEMENT

Managing Director and Actuary

R H Ranson

General Managers

R Q Bowley

S M Kinnis

A Nash

D G Thomas

# Directors' Report for 1995

## *Principal activities*

The Equitable Life Assurance Society (the Society) is the ultimate holding company of the Equitable Group of companies (the Group). The principal activities of the Group during 1995 were the transaction of life assurance, annuity, pension and permanent health insurance business in the form of guaranteed, participating and unit-linked contracts, and other financial services.

## *Financial results of the Society and its principal operating subsidiaries*

### *The Society*

Earned premiums, net of reinsurance, were £2,361.8m compared with £2,052.0m in 1994. Expenses before deferral of acquisition expenses amounted to £114.4m (1994 £113.0m).

The amount of the technical provisions comprising long-term business provision, net of reinsurance, and technical provisions for linked liabilities, increased to £14,907.1m from £12,371.3m. The market value of the assets supporting the technical provisions was £16,612.3m (1994 £13,545.0m).

### *University Life Assurance Society (University Life)*

The Society owns all the shares of this company which ceased transacting new business some years ago. The Society is entitled to 10% of the surplus distributed at each declaration, these currently taking place every three years, and of the surplus distributed as interim and terminal bonuses during each triennium. The most recent valuation for the purpose of establishing the amount of distributable surplus was made as at the end of 1993.

The Society is paid a fee for the services provided to University Life which has no staff of its own and this fee is set against the corresponding incurred expenses.

### *Equitable Unit Trust Managers Limited (EUTM)*

EUTM is a wholly-owned subsidiary of the Society.

Total sales of units of the trusts managed by EUTM, including those bought by the Society to back unit-linked policies, amounted to £151.7m (1994 £213.6m) during the year and the value of funds under management at the end of the year was £1,374.1m (1994 £1,112.0m).

### *Permanent Insurance Company Limited (Permanent)*

On 26 May 1995 the Society purchased a majority holding of shares in Permanent. The remaining shares in that company are held by Medical Sickness Annuity and Life Assurance Society Limited.

The principal activity of Permanent is the transaction of permanent health insurance.

Premium income in 1995 was £36.3m (1994 £35.2m).

## *Valuation and bonus declaration*

In accordance with the Society's Articles and Insurance Company legislation, the Society's Actuary carried out a valuation of the assets and liabilities of the Society as at 31 December 1995. In the light of the results of that valuation, the Directors decided to allocate declared bonuses with a value of £417.4m (1994 £349.6m) from the surplus revealed by the valuation.

In previous years the Directors have progressively reduced declared bonus rates in order to reflect the downward trend in the rates of interest available on gilt-edged stock. As a result of that strategy, the rates declared for 1993 were consistent with then current interest rates. Since then interest rates have remained at broadly the same level. Accordingly, the rates for 1993 were maintained for 1994 and the Directors have considered it appropriate to maintain declared bonus rates at the same levels again for 1995.

For example, the rate of declared bonus for personal pension plans for 1995 was 4% (1994 4%) which, with the rate of roll-up already guaranteed by the policy, gave an overall allocation of benefits in guaranteed form of just over 7½%. The total return allocated to this type of policy was 10% which was the rate which had applied for determining actual pay-outs during the course of 1995. The amount in excess of 7½% was in the form of final bonus which is a non-guaranteed addition and may be varied at any time before the policy benefits become contractually payable. Bonuses for other classes of policy were set on bases consistent with these rates of return.

Details of the new declared bonuses added to individual policies have been communicated to policyholders in the usual way.

Details of the rates for major classes are given in one of the Society's leaflets, which is available from branch offices on request. A description of the Society's approach to with-profits business is given in the With-Profits Guide, which is similarly available.

### *Directors*

The Directors of the Society during the year were as set out on page 3, except that Mr T G Abell was a Director until his retirement on 19 May 1995 and Mr P A Davis was appointed a Director on 1 July 1995.

The three Directors retiring at the Annual General Meeting in accordance with Regulation 34 of the Articles of Association are Mr J R Sclater, Mr I P Sedgwick and Mr D G Thomas who, all being eligible, offer themselves for re-election.

In accordance with Regulation 40 of the Articles of Association Mr P A Davis retires at the Annual General Meeting and is eligible for re-election.

Details of the Directors seeking re-election, and of the other Directors of the Society, appear on page 3 of the Annual Report and Financial Highlights 1995.

### *Corporate governance*

A statement regarding the Society's approach to corporate governance is given on pages 6 and 7 and includes a statement by the Directors of their responsibilities in respect of the Accounts.

### *Staff*

In relation to the employment of disabled persons the Society's policy in 1995 was to give the same consideration to disabled people as to other people, in regard to applications for employment, continuation of employment, training, career development and promotion – having regard to their particular aptitudes and abilities.

During 1995 it was the Society's continuing policy and practice to involve staff by providing and receiving information relevant to the progress, development and performance of the organisation. Matters of concern to staff as employees were communicated through briefing by managers, a system of written circulars (including a monthly core brief), a staff handbook, a newsletter to the staff and training courses (including the Central Training Unit). Consultation with staff on matters affecting the interests of staff and the general efficiency of the Society took place in various ways; one of these was through the elected staff representatives on a staff consultative committee which met on six occasions in the year.

All members of staff and executive Directors participate in incentive schemes designed to encourage and reward corporate or individual improvements in performance.

Profit-Related Pay Schemes, approved by the Inland Revenue, are now in operation for most of the Society's non-field staff. As a mutual company the Society has no employee share scheme in force.

### *Directors' and Officers' liability insurance*

Such insurance has been effected.

### *Auditors*

Ernst & Young have expressed their willingness to continue in office as auditors.



President  
27 March 1996



## Corporate governance

The Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee) was set up to review those aspects of corporate governance specifically related to financial reporting and accountability. The Code of Best Practice ('the Code') recommended by the Cadbury Committee is designed to achieve high standards of corporate behaviour and focuses on the control and reporting functions of boards and on the role of auditors. Companies listed on the London Stock Exchange are now required to comply with the Code. The Board of Directors considers that the Society, a mutual company, meets in all material respects the spirit and approach of the Code.

### *Directors' responsibilities in respect of the Accounts*

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Society and of the Group and of the result of the Society and of the Group for that period.

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 have complied with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the accounts comply with the Companies Act 1985 as described above. They also 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.

### *The Board of Directors*

The Board meets regularly, normally monthly, so that it can control key issues and monitor the overall performance of the Society and the Group and has a formal schedule of matters reserved for its decision.

Brief details of the Directors appear on page 3 of the Annual Report and Financial Highlights. It has long been the Society's approach for the majority of Board members to be non-executive. Currently there are eight, namely the President, the two Vice-Presidents and five further non-executive Directors: the Managing Director and four General Managers are executive Directors. Non-executive Directors' appointments are subject to a process of regular review; the terms of service of the executive Directors are in line with those of staff and it is normally required that they relinquish their directorships on retirement or leaving service.

There are four Sub-Committees of the Board as set out below.

*The Audit Committee*, which comprises three non-executive Directors, is chaired by Mr A G Tritton. It meets at least three times a year and assists the Board in meeting the Board's responsibility for ensuring that proper financial systems are in place to enable provision of accurate and timely financial information. It also reports to the Board on the accounting policies of the Society, the contents of annual reports and accounts, the conclusions drawn from internal control reports and the adequacy and scope of the audit. The Auditors attend its meetings and have direct access to the Chairman of the Committee.

*The Investment Committee* comprises three non-executive and two executive Directors. It normally meets monthly under the chairmanship of Mr I P Sedgwick. It is fully involved in strategic asset allocation for the with-profits and managed funds whilst delegating implementation to the General Manager – Investments and his team. It monitors investment results which are reviewed regularly by the Board. The Committee retains more detailed control over property investments.

*The Nominations Committee* comprises the President, as Chairman, the two Vice-Presidents and the Managing Director and Actuary. It meets as necessary and is responsible for nominating, for the approval of the Board, candidates for appointment to the Board.

*The Remuneration Committee*, which is chaired by Mr I P Sedgwick, comprises the President and the two Vice-Presidents. The Committee, which normally meets twice a year, is responsible for recommending to the Board the terms and conditions of employment of Directors including those for executive Directors. It is further responsible for considering management recommendations and advising the Board on the appropriate policy for remuneration and employment terms of the Society's staff, including incentive arrangements for bonus payments.

The Remuneration Committee's decisions are made on the basis of rewarding individuals for the size of the jobs they undertake and their performance therein. Proper regard is paid to the need to retain good quality, highly motivated staff at all levels and the remuneration being paid by competitors of the Society is taken into consideration.

The Society is compliant with all those parts of the Report of a Study Group on Directors' Remuneration which was chaired by Sir Richard Greenbury and for which recommended practices have been set. The remuneration of Directors is set out in detail in Note 8(b) on the Accounts on pages 19 and 20. No Director, executive or non-executive, has a service contract and no share options are given. All staff, including executive Directors, participate in a Business Performance Bonus Scheme, details of which are described in Note 8(b) on the Accounts.

### ***Internal control***

The Directors are ultimately responsible for establishing and monitoring that the Society has in place an appropriate system of controls, financial and otherwise, to provide reasonable assurance with respect to:

- the business being operated efficiently and effectively;
- the safeguarding of assets against unauthorised use or disposition;
- the maintenance of proper records and the reliability of financial information used within the business or for publication;
- compliance with laws and regulations.

In assessing what constitutes reasonable assurance the Directors have regard to the materiality of any financial risks incurred, the likelihood of such risks crystallising and the cost of and benefits from particular aspects of the internal control system. The effectiveness of the system of control is reviewed regularly by the Board.

### ***Going concern***

The Directors consider that the Society has adequate resources to continue in business for the foreseeable future and that, for this reason, they should continue to adopt the going concern basis in preparing the Accounts.

# Report of the Auditors to the members of The Equitable Life Assurance Society

We have audited the accounts on pages 9 to 29, which have been prepared on the basis of the accounting policies set out on pages 9 and 10.

## *Respective responsibilities of Directors and Auditors*

As described on page 6, the Society's Directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

## *Basis of opinion*

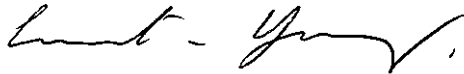
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by 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 mis-statement, 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 give a true and fair view of the state of affairs of the Society and of the Group as at 31 December 1995 and of the result of the Society and of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young  
Chartered Accountants  
Registered Auditor  
London  
27 March 1996



# Accounting policies

## *Basis of presentation*

The accounts have been prepared in accordance with sections 255 and 255A of, and Schedule 9A to, the Companies Act 1985 and in accordance with applicable accounting standards. The true and fair override provisions of the Companies Act have been invoked, see note 11(a) Non-linked investments – Land and buildings.

## *Basis of consolidation*

The Group accounts consolidate the accounts of the Society and all its subsidiary undertakings drawn up to 31 December each year.

Permanent Insurance Company Limited has been included in the Group accounts using the acquisition method of accounting. Accordingly, the Group Profit and Loss Account includes the result of Permanent for the seven month period from its acquisition on 26 May 1995. The purchase consideration has been allocated to assets and liabilities on the basis of fair value at the date of acquisition. Consolidation goodwill is set off directly against the fund for future appropriations.

## *Earned premiums*

Premiums earned are accounted for on a cash basis in respect of single premium business and recurrent single premium pension business and on an accruals basis in respect of all other business.

All pension policies now contain an open market option under which, in lieu of the benefits that must be taken on retirement, the equivalent lump sum can be transferred to another provider. All such lump sums in respect of individual and personal pension policies insured with the Society are included in payments under policies and where either annuities or managed pensions are bought the lump sums are included in premium income.

## *Investment income*

Investment income is included on an accruals basis. Dividends are included by reference to ex dividend dates.

Income on fixed-interest investments is adjusted for purchased accrued interest.

Rental income arising under operating leases is recognised in equal instalments over the period of the lease of the properties.

## *Realised gains and losses on investments*

Realised gains and losses on investments are calculated as the difference between net sales proceeds and the original cost.

## *Unrealised gains and losses on investments*

Unrealised gains and losses on investments are calculated as the difference between the valuation of investments at the Balance Sheet date and the original cost. Movements in unrealised gains and losses on investments arising in the year are shown in the Profit and Loss Account.

## *Claims incurred*

Death claims are recorded on the basis of notifications received. Surrenders, maturities and annuity payments are recorded when due. Claims on participating business include bonuses payable and interest. Reinsurance recoveries are credited to match the relevant gross amounts. Claims payable include direct costs of settlement.

## *Bonuses*

The bonuses charged to the Profit and Loss Account for a given year are the value of the new reversionary bonuses declared in respect of that year calculated by reference to the policies in force at the end of that year.

## *Deferral of acquisition costs*

For contracts of the recurrent single premium type where a series of future premiums is expected to be received, only a proportion of the acquisition costs incurred in the year of sale is covered by the premium loadings received in that year. The balance remains to be covered by loadings in future years and is shown as deferred acquisition costs in these accounts.

For single premium contracts other than managed pensions, acquisition expenses are covered by loadings in the year of sale. There is, therefore, no deferral of acquisition costs. For managed pensions, the acquisition costs are recovered by loadings in the first four years of the contract. The balance unrecovered at any time is shown as deferred acquisition costs in these accounts.

For conventional level annual premium contracts sold by the Society, the method of calculating the long-term business provision makes implicit allowance for the full acquisition costs at the end of the year of sale. There is, therefore, no deferral of acquisition costs.

For contracts sold by Permanent, the method of calculating the long-term business provision assumes that acquisition costs will be recovered regularly from the series of premiums payable. The balance of acquisition costs to be recovered from loadings in future premiums is shown as deferred acquisition costs in these accounts.

Where a deferred acquisition costs asset is created the rate of amortisation of that asset is consistent with a prudent assessment of the expected pattern of receipt of the relevant future loadings over the period in which the contracts concerned are expected to remain in force.



## Accounting policies *continued*

### *Pension costs*

Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are matched evenly, so far as possible, to the service lives of the employees concerned.

### *Leases*

Payments under operating leases are charged to the Profit and Loss Account equally over the lease term.

### *Deferred taxation*

Deferred taxation is calculated using the liability method but is provided only where the amount is likely to become payable in the foreseeable future.

### *Valuation of investments*

Investments are stated at current value at the Balance Sheet date, calculated as follows:

- Freehold and leasehold properties are individually valued by qualified surveyors on the basis of open market value, account being taken of the cost of disposal. The valuation is carried out on an annual basis.
- Listed securities are stated at the middle market value.
- Unit trust units are stated at bid value.
- Short-term deposits are included at cost.
- Other investments are stated at Directors' valuation having prudent regard to the likely realisable value.

### *Fixed assets and depreciation*

Expenditure on motor vehicles, fixtures, fittings, computer equipment and other equipment is capitalised and depreciated by equal annual instalments over the expected useful lives of the relevant assets, having regard to expected residual values.

The periods generally applicable are:

- motor vehicles                      2½ years
- plant, fixtures and fittings    5 to 10 years
- computer equipment            5 years

### *Long-term business provision*

The long-term business provisions for the Group are determined by the respective Appointed Actuary of each entity following, in each case, his annual investigation of the long-term business. For the Society and University Life, the long-term business provision is calculated using the gross premium method of valuing the liabilities. In the case of Permanent the calculation uses the net premium valuation method.

Since the Society is a mutual office all assets belong to the policyholders. For the purpose of these accounts, however, the liability to policyholders in respect of these assets has to be divided into two parts. The first part, called technical provisions, is represented by assets needed to meet the guaranteed benefits under contracts, including declared bonuses added up to and including the date of the accounts and making allowance, in accordance with the assumptions used, for specific levels of future declared bonuses.

The balance of the assets, which is mainly represented by the fund for future appropriations, comprises assets which are held on account for future bonus additions of various kinds in excess of the levels allowed for in the technical provisions.

In the case of University Life a similar treatment applies except that, since this society is a proprietary office, the Proprietor will ultimately be entitled to an appropriate proportion of the surplus to be distributed in the future.

For Permanent, an office writing non-profit business, all unappropriated surpluses arising in the year are available to the shareholders.

### *Foreign currency translation*

Assets and liabilities in foreign currencies are expressed in sterling at the exchange rates ruling at 31 December. Revenue transactions and those relating to the acquisition and realisation of investments have been translated at rates of exchange ruling at the time of the respective transactions.

### *Segmental reporting*

In the opinion of the Directors, the Group operates in one business segment.

# Profit and Loss Accounts

For the year ended 31 December 1995

Technical Account – Long-term Business		NOTES	GROUP		SOCIETY	
			1995	1994	1995	1994
			£m	£m	£m	£m
Earned premiums, net of reinsurance						
Gross premiums written	1		2,385.5	2,053.8	2,363.8	2,053.5
Outward reinsurance premiums			(4.2)	(1.5)	(2.0)	(1.5)
			<u>2,381.3</u>	<u>2,052.3</u>	<u>2,361.8</u>	<u>2,052.0</u>
Investment income	2		1,150.8	860.7	1,131.7	855.6
Unrealised gains on investments			1,139.7	–	1,131.9	–
Other technical income	3		14.9	5.9	6.3	1.9
			<u>4,686.7</u>	<u>2,918.9</u>	<u>4,631.7</u>	<u>2,909.5</u>
Claims incurred, net of reinsurance						
Claims paid – gross amount	4		1,489.6	1,152.5	1,433.6	1,116.6
Reinsurers' share			(0.7)	(2.4)	(0.3)	(2.4)
			<u>1,488.9</u>	<u>1,150.1</u>	<u>1,433.3</u>	<u>1,114.2</u>
Changes in other technical provisions, net of reinsurance						
Long-term business provision – gross amount			1,862.8	476.7	1,851.4	478.2
Reinsurers' share			(3.4)	(1.5)	0.1	(1.5)
			<u>1,859.4</u>	<u>475.2</u>	<u>1,851.5</u>	<u>476.7</u>
Other technical provisions						
Technical provisions for linked liabilities			246.8	65.6	263.6	101.9
			<u>2,106.2</u>	<u>540.8</u>	<u>2,115.1</u>	<u>578.6</u>
Bonuses			417.4	349.6	417.4	349.6
Net operating expenses	5		107.7	102.9	98.4	97.8
Commission	9		2.9	nil	nil	nil
Investment expenses and charges	2(b)		10.1	11.5	9.5	10.7
Unrealised losses on investments			–	1,550.7	–	1,537.1
Taxation	10		32.5	14.9	28.0	11.7
Minority interests			0.8	–		
Transfers to/(from) the fund for future appropriations	15		520.2	(801.6)	530.0	(790.2)
			<u>1,091.6</u>	<u>1,228.0</u>	<u>1,083.3</u>	<u>1,216.7</u>
			<u>4,686.7</u>	<u>2,918.9</u>	<u>4,631.7</u>	<u>2,909.5</u>
Balance on the Technical Account			–	–	–	–

Recognised gains and losses are dealt with in the Profit and Loss Accounts.

# Balance Sheets

As at 31 December 1995

Assets	NOTES	GROUP		SOCIETY	
		1995	1994	1995	1994
		£m	£m	£m	£m
Investments					
Land and buildings	11(a)	1,051.3	1,043.3	1,016.6	1,014.1
Investments in group undertakings	11(b)			112.7	56.4
Investments in participating interests	11(b)	36.3	—	36.3	—
Other financial investments	11(c)	13,965.2	11,163.0	13,723.1	11,082.3
		<u>15,052.8</u>	<u>12,206.3</u>	<u>14,888.7</u>	<u>12,152.8</u>
Assets held to cover linked liabilities	12	1,433.7	1,177.9	1,351.2	1,084.3
Debtors	13				
Debtors arising out of direct insurance operations		36.3	20.4	28.8	20.4
Debtors arising out of reinsurance operations		0.2	—	—	—
Other debtors		63.6	131.6	73.1	129.0
		<u>100.1</u>	<u>152.0</u>	<u>101.9</u>	<u>149.4</u>
Other assets					
Tangible assets	14	24.9	24.8	24.6	24.5
Cash at bank and in hand		12.5	2.8	—	—
		<u>37.4</u>	<u>27.6</u>	<u>24.6</u>	<u>24.5</u>
Prepayments and accrued income					
Accrued interest and rent		110.0	94.1	107.4	94.1
Deferred acquisition costs	6	252.0	219.1	224.8	219.1
Other prepayments and accrued income		68.8	80.8	68.3	79.3
		<u>430.8</u>	<u>394.0</u>	<u>400.5</u>	<u>392.5</u>
		<u>17,054.8</u>	<u>13,957.8</u>	<u>16,766.9</u>	<u>13,803.5</u>

Liabilities	NOTES	GROUP		SOCIETY	
		1995	1994	1995	1994
		£m	£m	£m	£m
Minority interests		42.7	–		
Fund for future appropriations	15	1,698.1	1,189.0	1,705.2	1,173.7
Technical provisions	16				
Long-term business provision – gross amount		13,731.0	11,328.5	13,566.4	11,294.4
Less: reinsurance amount		(13.1)	(5.8)	(5.7)	(5.8)
		<u>13,717.9</u>	<u>11,322.7</u>	<u>13,560.7</u>	<u>11,288.6</u>
Technical provisions for linked liabilities	16	1,428.8	1,176.3	1,346.4	1,082.7
Provisions for other risks and charges	17	6.9	5.7	5.5	4.8
Creditors	18				
Creditors arising out of direct insurance operations		25.1	20.6	23.1	20.1
Creditors arising out of reinsurance operations		0.5	–	0.3	–
Debenture loans		41.4	41.0	41.4	41.0
Other creditors including taxation and social security		62.8	175.5	53.9	165.6
		<u>129.8</u>	<u>237.1</u>	<u>118.7</u>	<u>226.7</u>
Accruals and deferred income		30.6	27.0	30.4	27.0
		<u>17,054.8</u>	<u>13,957.8</u>	<u>16,766.9</u>	<u>13,803.5</u>

John R Schlater  
President

A G Tritton  
Vice-President

R H Ranson  
Managing Director and Actuary

27 March 1996

# Notes on the Accounts

## 1. Earned premiums

(a) Analyses of gross premiums written are as follows:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Individual premiums	1,912.4	1,601.5	1,895.1	1,601.2
Premiums under group contracts	473.1	452.3	468.7	452.3
Total	2,385.5	2,053.8	2,363.8	2,053.5
Regular premiums	1,096.0	1,018.6	1,074.3	1,018.3
Single premiums	1,289.5	1,035.2	1,289.5	1,035.2
Total	2,385.5	2,053.8	2,363.8	2,053.5
Premiums from non-profit contracts	245.0	269.3	223.6	269.2
Premiums from with-profits contracts	1,928.4	1,565.2	1,928.3	1,565.0
Premiums from linked contracts	212.1	219.3	211.9	219.3
Total	2,385.5	2,053.8	2,363.8	2,053.5
Premiums from life business	225.6	220.8	220.0	220.6
Premiums from annuity business	71.0	50.8	71.0	50.8
Premiums from pension business	2,074.2	1,782.2	2,072.5	1,782.1
Premiums from permanent health business	14.7	—	0.3	—
Total	2,385.5	2,053.8	2,363.8	2,053.5
Premiums from U.K. business	2,306.1	1,985.2	2,284.4	1,984.9
Premiums from overseas business	79.4	68.6	79.4	68.6
Total	2,385.5	2,053.8	2,363.8	2,053.5

Earned premiums relate to continuing operations.

(b) New business	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Individual premiums	1,487.3	1,227.3	1,485.5	1,227.3
Premiums under group contracts	130.8	116.4	130.4	116.4
Total	1,618.1	1,343.7	1,615.9	1,343.7
Regular premiums	328.6	308.5	326.4	308.5
Single premiums	1,289.5	1,035.2	1,289.5	1,035.2
Total	1,618.1	1,343.7	1,615.9	1,343.7
Premiums from non-profit contracts	187.3	225.8	185.2	225.8
Premiums from with-profits contracts	1,306.8	968.0	1,306.8	968.0
Premiums from linked contracts	124.0	149.9	123.9	149.9
Total	1,618.1	1,343.7	1,615.9	1,343.7
Premiums from life business	162.9	170.0	162.4	170.0
Premiums from annuity business	53.2	33.0	53.2	33.0
Premiums from pension business	1,400.8	1,140.7	1,400.0	1,140.7
Premiums from permanent health business	1.2	—	0.3	—
Total	1,618.1	1,343.7	1,615.9	1,343.7
Premiums from U.K. business	1,544.9	1,281.5	1,542.7	1,281.5
Premiums from overseas business	73.2	62.2	73.2	62.2
Total	1,618.1	1,343.7	1,615.9	1,343.7

**Classification of new business**

In classifying new business premiums the basis of recognition adopted is as follows:

- New recurrent single premium contracts are classified as regular where they are deemed likely to renew at or above the amount of initial premium. Incremental increases on existing policies are classified as new business premiums.
- DSS rebates are classified as new single premiums.
- Funds at retirement under individual pension contracts left with the Society and transfers from group to individual contracts are classified as new business single premiums and for accounting purposes are included in both claims incurred and as single premiums within gross premiums written.
- Increments under existing group pension schemes are classified as new business premiums.

Where regular premiums are received other than annually the regular new business premiums are on an annualised basis.

**2. Investment income**

(a) Investment income comprises:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Group companies			4.0	7.8
Other investments				
- land and buildings	74.6	72.7	74.4	72.7
- other investments	733.9	645.5	721.9	636.6
- listed				
- other	35.7	22.1	35.1	21.7
	844.2	740.3	831.4	731.0
Gains on realisation of investments	306.6	120.4	296.3	116.8
Total	1,150.8	860.7	1,131.7	855.6

(b) Investment expenses and charges comprise:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Investment management expenses	6.0	5.9	5.4	5.1
Interest charges				
- payable on bank loans, overdrafts and short-term loans	0.7	1.0	0.7	1.0
- payable on all other loans	3.4	4.6	3.4	4.6
Total	10.1	11.5	9.5	10.7

(c) Investment activity account	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Investment income	844.2	740.3	835.4	738.8
Realised investment gains	306.6	120.4	296.3	116.8
Movement in unrealised investment gains and (losses)	1,139.7	(1,550.7)	1,131.9	(1,537.1)
	2,290.5	(690.0)	2,263.6	(681.5)
Investment management expenses including interest	(10.1)	(11.5)	(9.5)	(10.7)
Investment return for the year	2,280.4	(701.5)	2,254.1	(692.2)

Notes on the Accounts *continued*

## 3. Other technical income

Other technical income comprises:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Profits of Group companies	12.6	4.0		
Other Group income			4.0	—
Stock lending and underwriting commission	2.3	1.9	2.3	1.9
Total	14.9	5.9	6.3	1.9

## 4. Claims paid

Gross claims paid comprise:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
On death	59.5	56.2	55.0	55.8
On maturity and surrender	1,074.0	809.8	1,032.0	774.8
By way of periodic payments	350.9	280.3	341.7	279.8
Claims handling expenses	5.2	6.2	4.9	6.2
Total	1,489.6	1,152.5	1,433.6	1,116.6
Life business	109.3	117.9	102.7	115.3
Pension and annuity business	1,366.5	1,028.4	1,325.9	995.1
Permanent health business	8.6	—	0.1	—
Claims handling expenses	5.2	6.2	4.9	6.2
Total	1,489.6	1,152.5	1,433.6	1,116.6
Linked business	108.4	88.5	71.4	57.4
Non-linked business	1,376.0	1,057.8	1,357.3	1,053.0
Claims handling expenses	5.2	6.2	4.9	6.2
Total	1,489.6	1,152.5	1,433.6	1,116.6
U.K. business	1,472.3	1,138.5	1,416.6	1,102.6
Overseas business	12.1	7.8	12.1	7.8
Claims handling expenses	5.2	6.2	4.9	6.2
Total	1,489.6	1,152.5	1,433.6	1,116.6

## 5. Net operating expenses

Net operating expenses comprise:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Acquisition costs	87.9	78.7	82.9	78.7
Change in deferred acquisition costs	(5.9)	(3.9)	(5.7)	(3.9)
Administrative expenses	25.7	28.1	21.2	23.0
Total	107.7	102.9	98.4	97.8

## 6. Deferred acquisition costs

<b>GROUP</b>		<i>1994</i> <i>Deferred</i> <i>£m</i>	<i>1994</i> <i>Charge</i> <i>£m</i>
Deferred costs at 1 January 1994		215.2	
Acquisition costs incurred in the year	78.7		
Dealt with in the technical provisions	(34.3)		34.3
	<u>44.4</u>		
Apportionment for the year		40.0	4.4
Amortisation of prior year acquisition costs		(36.1)	36.1
<b>Deferred costs at 31 December 1994</b>		<u>219.1</u>	
<b>Acquisition costs charged for 1994</b>			<u>74.8</u>
		<i>1995</i> <i>Deferred</i> <i>£m</i>	<i>1995</i> <i>Charge</i> <i>£m</i>
Deferred costs at 1 January 1995		219.1	
Arising from company acquired in year		27.0	
Acquisition costs incurred in the year	87.9		
Dealt with in the technical provisions	(32.6)		32.6
	<u>55.3</u>		
Apportionment for the year		49.0	6.3
Amortisation of prior year acquisition costs		(43.1)	43.1
<b>Deferred costs at 31 December 1995</b>		<u>252.0</u>	
<b>Acquisition costs charged for 1995</b>			<u>82.0</u>

<b>SOCIETY</b>		<i>1994</i> <i>Deferred</i> <i>£m</i>	<i>1994</i> <i>Charge</i> <i>£m</i>
Deferred costs at 1 January 1994		215.2	
Acquisition costs incurred in the year	78.7		
Dealt with in the technical provisions	(34.3)		34.3
	<u>44.4</u>		
Apportionment for the year		40.0	4.4
Amortisation of prior year acquisition costs		(36.1)	36.1
<b>Deferred costs at 31 December 1994</b>		<u>219.1</u>	
<b>Acquisition costs charged for 1994</b>			<u>74.8</u>
		<i>1995</i> <i>Deferred</i> <i>£m</i>	<i>1995</i> <i>Charge</i> <i>£m</i>
Deferred costs at 1 January 1995		219.1	
Acquisition costs incurred in the year	82.9		
Dealt with in the technical provisions	(32.6)		32.6
	<u>50.3</u>		
Apportionment for the year		44.6	5.7
Amortisation of prior year acquisition costs		(38.9)	38.9
<b>Deferred costs at 31 December 1995</b>		<u>224.8</u>	
<b>Acquisition costs charged for 1995</b>			<u>77.2</u>



Notes on the Accounts *continued*

## 7. Expenses before deferral of acquisition costs

(a) Expenses before deferral and expense ratio	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Net operating expenses as reported in the Profit and Loss Account	107.7	102.9	98.4	97.8
Acquisition costs deferred in the year	49.0	40.0	44.6	40.0
Amortisation of prior year acquisition costs	(43.1)	(36.1)	(38.9)	(36.1)
	113.6	106.8	104.1	101.7
Claims handling expenses	5.2	6.2	4.9	6.2
Investment management expenses	10.1	11.5	9.5	10.7
Interest charge	(4.1)	(5.6)	(4.1)	(5.6)
	6.0	5.9	5.4	5.1
Expenses before deferral	124.8	118.9	114.4	113.0
Earned premiums	2,385.5	2,053.8	2,363.8	2,053.5
Expense ratio (expenses before deferral as a percentage of earned premiums)	5.2%	5.8%	4.8%	5.5%

(b) Expenses include:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£000	£000	£000	£000
Auditors' remuneration (including VAT):				
audit services	316.4	287.3	200.2	204.7
non-audit services	85.8	38.0	78.4	38.0
Depreciation of tangible fixed assets	9,418.4	8,828.0	9,316.7	8,731.0
Operating lease rentals – land and buildings	7,240.4	6,318.5	7,240.4	6,318.5

## 8. Directors and employees

(a) Staff costs comprise:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Salaries and wages	60.5	62.0	59.4	62.0
Social security costs	5.4	6.1	5.3	6.1
Other pension costs	7.9	7.6	7.8	7.6
Total	73.8	75.7	72.5	75.7
The weekly average number of employees during the year was as follows:				
Administration	1,022	1,099	1,022	1,099
Marketing	893	960	864	960
Investment	59	60	59	60
Total	1,974	2,119	1,945	2,119

<b>(b) Emoluments of Directors</b>	<b>1995</b>	<b>1994</b>
The total emoluments of the Directors comprise:	<b>£</b>	<b>£</b>
Fees of non-executive Directors	207,869	165,075
Remuneration of executive Directors		
Basic remuneration	715,927	673,898
Performance-related remuneration	222,420	216,362
Pension contributions	102,041	95,615
	<b>1,248,257</b>	<b>1,150,950</b>

<b>The total emoluments of the Directors comprise:</b>							
	Fees and salaries	Taxable benefits	Business Performance Bonus	Total 1995	Total 1994	Pension contributions Total 1995	Pension contributions Total 1994
	£	£	£	£	£	£	£
<b>Non-Executive Directors</b>							
John R Sclater	38,075	336		38,411	25,800	2,640	1,965
A G Tritton	*46,537	565		47,102	25,400	1,530	1,277
I P Sedgwick	27,500	336		27,836	23,750		
T G Abell	11,458	–		11,458	26,250		
P A Davis	10,000	–		10,000	–		
Peter Martin	**24,222	336		24,558	17,625		
Miss J A Page CBE	16,000	168		16,168	10,625		
E B O Sherlock CBE	–	–		–	5,208		
Professor Sir Roland Smith	–	–		–	12,500	–	4,367
J F Taylor	16,000	336		16,336	–		
Sir Christopher Wates	–	–		–	7,292		
D W Wilson	16,000	–		16,000	10,625		
<b>Executive Directors</b>							
R H Ranson	176,900	19,759	59,892	256,551	237,975	26,423	22,500
R Q Bowley	116,900	10,930	39,579	167,409	157,278	17,423	15,750
S M Kinnis	126,900	11,034	42,963	180,897	173,800	18,923	17,250
A Nash	106,900	7,983	36,192	151,075	145,434	15,923	15,000
D G Thomas	129,350	9,271	43,794	182,415	175,773	19,179	17,506

#### **Fees and salaries**

Included in the above fees –

\* A G Tritton received fees of £12,850 from a directorship of University Life and £4,687 from a directorship of Permanent.

\*\* Peter Martin received fees of £2,191 from a directorship of Permanent.

#### **Taxable benefits**

Taxable benefits comprise miscellaneous reimbursed expenses and other benefits regarded as taxable. For executive Directors these benefits mainly arise from the provision of a company car. The annual benefit is assessed according to the cost of the car provided, and, in the case of R Q Bowley, S M Kinnis, A Nash and D G Thomas, with reductions for business mileage undertaken.

#### **Business Performance Bonus**

The Society operates a Business Performance Bonus Scheme for its non-field staff including therefore its executive Directors. The scheme operates by comparing on an annual basis the actual costs of running the administration of the Society with the amounts available for that purpose from charges in the new and renewal business in the year. Management fees received by the Society for services provided to subsidiary undertakings are also brought into account. A part of any profit thus made is distributed among the non-field staff including executive Directors in proportions which vary according to seniority. Payments under the scheme to both non-field staff and executive Directors are non-pensionable. The scheme forms the basis of the Society's approved Profit-Related Pay Schemes for non-field staff including executive Directors.

As a mutual company the Society has no employee share scheme in force.

#### **Pension contributions**

The pension contributions are in respect of the Society's non-contributory defined benefits scheme and are based on the contribution rate made under that scheme. The Directors covered by this scheme include all those who are executives as well as two of the non-executive Directors, John R Sclater and A G Tritton, who are consequently in receipt of lower fees.

# Notes on the Accounts *continued*

## 8. Directors and employees – continued

### Number of Directors with emoluments excluding pension contributions in the bands specified

1995 1994			1995 1994			1995 1994		
£5,001 – £10,000	1	2	£45,001 – £50,000	1	–	£170,001 – £175,000	–	1
£10,001 – £15,000	1	3	£145,001 – £150,000	–	1	£175,001 – £180,000	–	1
£15,001 – £20,000	3	1	£150,001 – £155,000	1	–	£180,001 – £185,000	2	–
£20,001 – £25,000	1	1	£155,001 – £160,000	–	1	£235,001 – £240,000	–	1
£25,001 – £30,000	1	3	£165,001 – £170,000	1	–	£255,001 – £260,000	1	–
£35,001 – £40,000	1	–						

### (c) Pension arrangements

The Society operates two non-contributory pension schemes. The schemes are fully insured under policies held with the Society:

#### (i) Defined Benefits Scheme

The majority of permanent members of staff together with certain Directors (see note 8(b)) are members of this scheme. The scheme actuary values the scheme triennially using the projected unit method with a 50 year control period and an allowance for new entrants. The most recent actuarial valuation was performed as at 1 January 1995 and the key assumptions used were as follows:

Salary increases	8% per annum
Investment return	9% per annum
Rate of increase to current and future pensions in payment	5% per annum

On this basis the value of the with-profits policy of £102.1m represented 112% of the liabilities determined.

#### (ii) Defined Contributions Scheme

This scheme was set up during 1995. All employees will normally become eligible to join this scheme upon becoming permanent members of staff.

The scheme actuary is of the opinion that the pension cost included within management expenses of £7.9m (1994 £7.6m), which was the amount contributed to both schemes during the year, is consistent with the cost of providing the promised pension benefits in accordance with Statement of Standard Accounting Practice 24.

## 9. Commission

All commission payments are made by Permanent. The Society does not pay commission to third parties.

## 10. Taxation

### (a) Charge for taxation

Provisions for taxation on the income and profits for the year have been made on bases and at rates appropriate to the business of the Group and the Society as follows:

	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
U.K. corporation tax	16.3	8.4	14.7	7.2
Double taxation relief	(0.6)	(0.5)	(0.5)	(0.5)
	15.7	7.9	14.2	6.7
Irrecoverable tax credits	8.1	5.6	7.7	5.5
Overseas taxation	7.6	4.2	5.5	4.2
Deferred taxation	0.2	(1.5)	0.4	(3.4)
	31.6	16.2	27.8	13.0
Adjustments in respect of previous years	0.9	(1.3)	0.2	(1.3)
Total	32.5	14.9	28.0	11.7

## (b) Deferred taxation

The potential liability for deferred taxation comprises:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
<b>Provided in the accounts:</b>				
Accelerated capital allowances	1.4	1.7	1.4	1.7
Short-term timing differences	1.2	1.2	0.5	1.0
Unrealised appreciation in investments	4.0	2.8	3.3	2.1
	<u>6.6</u>	<u>5.7</u>	<u>5.2</u>	<u>4.8</u>
<b>Not provided in the accounts:</b>				
Unrealised appreciation in investments	37.8	21.9	37.4	21.9
Accelerated capital allowances	1.2	1.2	1.1	1.2
	<u>39.0</u>	<u>23.1</u>	<u>38.5</u>	<u>23.1</u>

## 11. Non-linked investments

## (a) Land and buildings

GROUP	Long leasehold £m	Freehold £m	Total £m
<b>Land and buildings at current value</b>			
At 1 January 1995	147.8	895.5	1,043.3
Acquisition	—	4.3	4.3
Additions	—	42.1	42.1
Disposals	(8.8)	(8.6)	(17.4)
Deficit on revaluation	(20.3)	(0.7)	(21.0)
At 31 December 1995	<u>118.7</u>	<u>932.6</u>	<u>1,051.3</u>
<b>Land and buildings at cost</b>			
At 31 December 1995	<u>112.4</u>	<u>828.6</u>	<u>941.0</u>
At 31 December 1994	<u>141.3</u>	<u>752.5</u>	<u>893.8</u>

SOCIETY	Long leasehold £m	Freehold £m	Total £m
<b>Land and buildings at current value</b>			
At 1 January 1995	147.8	866.3	1,014.1
Additions	—	42.1	42.1
Disposals	(8.8)	(8.6)	(17.4)
Deficit on revaluation	(20.3)	(1.9)	(22.2)
At 31 December 1995	<u>118.7</u>	<u>897.9</u>	<u>1,016.6</u>
<b>Land and buildings at cost</b>			
At 31 December 1995	<u>112.4</u>	<u>791.1</u>	<u>903.5</u>
At 31 December 1994	<u>141.3</u>	<u>719.2</u>	<u>860.5</u>

Included in the figures shown for current value is £20.9m (1994 £24.6m) in respect of buildings which are owned and occupied by the Society. Notional rent of £1.8m (1994 £1.9m), based on market rentals, is charged to expenses and is included in investment income.

99% of the Group's and of the Society's properties were valued individually as at 31 December 1995 by independent professional valuers and are included in the accounts at those valuations. Unit-linked properties were valued by independent professional valuers on a four-month rolling basis over the year. The valuations were carried out by Hillier Parker in respect of commercial properties and by Savills PLC in respect of agricultural properties.

No depreciation is provided in respect of investment properties. The Directors consider that this accounting policy is necessary for the accounts to give a true and fair view. Depreciation is only one of the factors reflected in the annual valuation, and the amount which might otherwise have been shown cannot be separately identified or quantified.

Notes on the Accounts *continued*

## 11. Non-linked investments – continued

## (b) Investments in Group undertakings and participating interests

(i) Group undertakings	Shares at market value		Loans at market value		Total at market value	
	1995	1994	1995	1994	1995	1994
	£m	£m	£m	£m	£m	£m
At 1 January	39.4	35.1	17.0	24.2	56.4	59.3
Additions	66.1	3.8	–	0.3	66.1	4.1
Disposals	–	–	(2.0)	(2.5)	(2.0)	(2.5)
Exchange adjustments	0.2	(0.8)	0.1	(0.6)	0.3	(1.4)
(Deficiency)/Surplus on revaluation	(4.3)	1.3	(3.8)	(4.4)	(8.1)	(3.1)
At 31 December	101.4	39.4	11.3	17.0	112.7	56.4
	Shares at cost		Loans at cost		Total at cost	
	1995	1994	1995	1994	1995	1994
	£m	£m	£m	£m	£m	£m
At 31 December	98.6	42.5	14.3	17.0	112.9	59.5

(ii) Participating interests	GROUP AND SOCIETY Shares at market value	
	1995	1994
	£m	£m
At 1 January	–	–
Additions	35.3	–
Disposals	–	–
Surplus on revaluation	1.0	–
At 31 December	36.3	–
	Shares at cost	
	1995	1994
	£m	£m
At 31 December	35.3	–

Participating interests comprise investments in four associated undertakings.

## (c) Other financial investments

GROUP	CURRENT VALUE		COST	
	1995	1994	1995	1994
	£m	£m	£m	£m
Shares and other variable yield securities and units in unit trusts	7,592.5	5,926.9	5,575.8	4,612.2
Debt and other fixed-income securities	6,044.5	4,990.0	5,665.8	4,977.0
Loans secured by mortgages	14.2	16.6	14.2	16.6
Loans secured by policies	10.7	11.6	10.7	11.6
Other loans	0.2	0.2	0.2	0.2
Deposits with credit institutions	300.8	201.7	301.0	201.6
Other investments	2.3	16.0	0.4	33.3
	13,965.2	11,163.0	11,568.1	9,852.5

SOCIETY	CURRENT VALUE		COST	
	1995	1994	1995	1994
	£m	£m	£m	£m
Shares and other variable yield securities and units in unit trusts	7,529.1	5,892.1	5,533.6	4,585.3
Debt and other fixed-income securities	5,896.6	4,957.6	5,529.9	4,947.2
Loans secured by mortgages	13.7	15.9	13.7	15.9
Loans secured by policies	10.4	11.3	10.4	11.3
Other loans	0.1	0.2	0.1	0.2
Deposits with credit institutions	271.3	189.2	271.4	189.1
Other investments	1.9	16.0	0.3	33.3
	<u>13,723.1</u>	<u>11,082.3</u>	<u>11,359.4</u>	<u>9,782.3</u>

Investments of £159m (1994 £74m), which have been lent in the normal course of business to authorised money brokers on a secured basis, are included in other financial investments.

**(d) Listed investments**

Included in current value above:	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Listed in the U.K.	11,157.6	8,955.0	10,988.5	8,905.4
Listed on overseas stock exchanges	2,292.9	1,811.6	2,250.8	1,810.5
Non-listed investments	514.7	396.4	483.8	366.4
	<u>13,965.2</u>	<u>11,163.0</u>	<u>13,723.1</u>	<u>11,082.3</u>

**12. Linked investments**

GROUP	CURRENT VALUE		COST	
	1995	1994	1995	1994
	£m	£m	£m	£m
Invested assets	1,417.1	1,167.6	1,138.3	1,004.7
Net current assets	16.6	10.3	16.6	10.3
	<u>1,433.7</u>	<u>1,177.9</u>	<u>1,154.9</u>	<u>1,015.0</u>

SOCIETY	CURRENT VALUE		COST	
	1995	1994	1995	1994
	£m	£m	£m	£m
Invested assets	1,335.5	1,075.5	1,075.7	920.5
Net current assets	15.7	8.8	15.7	8.8
	<u>1,351.2</u>	<u>1,084.3</u>	<u>1,091.4</u>	<u>929.3</u>

Notes on the Accounts *continued*

## 13. Debtors

	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
<b>Debtors arising out of direct insurance operations</b>				
Amounts owed by policyholders	29.0	20.4	28.8	20.4
Amounts owed by intermediaries	7.3	—	—	—
	36.3	20.4	28.8	20.4
<b>Debtors arising out of reinsurance operations</b>	0.2	—	—	—
<b>Other debtors</b>				
Debtors other than Group and related companies	50.1	39.6	39.5	34.3
Outstanding sales of investments	13.5	92.0	13.5	92.0
Group companies			20.1	2.7
	63.6	131.6	73.1	129.0
<b>Total</b>	100.1	152.0	101.9	149.4

## 14. Tangible assets

GROUP				
	Motor vehicles £m	Plant, fixtures & fittings £m	Computer equipment £m	Total £m
<b>Cost</b>				
At 1 January 1995	7.1	21.4	33.6	62.1
Acquisition	0.1	—	—	0.1
Additions	4.0	2.1	4.4	10.5
Disposals	(3.0)	—	—	(3.0)
At 31 December 1995	8.2	23.5	38.0	69.7
<b>Depreciation</b>				
At 1 January 1995	3.1	11.2	23.0	37.3
Provided in year	1.7	3.4	4.3	9.4
Disposals	(1.9)	—	—	(1.9)
At 31 December 1995	2.9	14.6	27.3	44.8
<b>Net book value at 31 December 1995</b>	5.3	8.9	10.7	24.9
<i>Net book value at 31 December 1994</i>	4.0	10.2	10.6	24.8

SOCIETY				
	Motor vehicles £m	Plant, fixtures & fittings £m	Computer equipment £m	Total £m
<b>Cost</b>				
At 1 January 1995	7.1	21.0	33.6	61.7
Additions	4.0	2.1	4.4	10.5
Disposals	(3.0)	—	—	(3.0)
At 31 December 1995	8.1	23.1	38.0	69.2
<b>Depreciation</b>				
At 1 January 1995	3.1	11.1	23.0	37.2
Provided in year	1.7	3.3	4.3	9.3
Disposals	(1.9)	—	—	(1.9)
At 31 December 1995	2.9	14.4	27.3	44.6
<b>Net book value at 31 December 1995</b>	5.2	8.7	10.7	24.6
<i>Net book value at 31 December 1994</i>	4.0	9.9	10.6	24.5

**15. Fund for future appropriations**

The fund for future appropriations comprises all funds the allocation of which to policyholders has not been determined by the end of the financial year.

Movement in the year	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Balance at 1 January	1,189.0	1,990.6	1,173.7	1,963.9
Transfer from/(to) the Profit and Loss Account	520.2	(801.6)	530.0	(790.2)
Goodwill on acquisition of control of Permanent (see note 19)	(12.6)	–		
Exchange gain on retranslation of foreign branch accounts	1.5	–	1.5	–
Balance at 31 December	1,698.1	1,189.0	1,705.2	1,173.7

The exchange gain on retranslation of foreign branch accounts has not been included in a separate statement of recognised gains and losses due to its insignificance.

**16. Technical provisions****(a) The long-term business provision**

The long-term business provisions for the Society and University Life were calculated using the gross premium method of valuing the long-term, non-linked liabilities. In the case of Permanent, the net premium method of valuing that company's long-term, non-linked liabilities was used.

The principal assumptions used in valuing the main classes of business of each office were as follows:

**The Equitable Life Assurance Society**

Class of business	Mortality	Interest	Future	Rates of future bonus	
		rate	expense	On sum	On existing
			allowance	assured	bonus additions
		%	%	%	%
Endowment assurances					
Basic Life and General Annuity business	A67/70 – 1	4.50	3.00	2.50	1.50
Pension business	A67/70 – 1	6.00	4.00	3.00	3.00
Non-profit temporary assurance					
Basic Life and General Annuity business	A67/70 – 3	4.50	3.00	–	–
Pension business	A67/70 – 3	6.00	4.00	–	–
Recurrent single premium (with profits)					
Life business	–	0.00	0.5% p.a.	(i)	(i)
Pension annuity in payment	PA(90) – 4	4.50	£40 p.a.	(i)	(i)
Pension business	–	4.50	0.5% p.a.	(i)	(i)
Non-profit annuity in payment					
Basic Life and General Annuity business	a(90) – 2	8.00	£40 p.a.	–	–
Pension business	PA(90) – 4	8.00	£40 p.a.	–	–

(i) For recurrent single premium business the interest rate shown is the effective discount rate applied i.e. the valuation interest rate reduced by the future expense allowance and the assumed rate of future bonus.

(ii) Except for annuities in payment and recurrent single premium business, expense allowances are a percentage of premiums. Additionally, for certain assurance contracts, the value of a policy fee of £3.00 p.a. is included in the provision.

(iii) The basis for calculating the provision at 31 December 1994 used interest rates of 8.50% p.a. for annuities in payment and 5.00% p.a. for recurrent single premium pension business. The mortality basis for valuing General Annuity business annuities in payment was a(90) – 1 and the future expense allowance for annuities in payment was £1.00 per payment. Otherwise the same assumptions were used at both 31 December 1995 and 31 December 1994.



Notes on the Accounts *continued***16. (a) The long-term business provision – continued**  
**University Life Assurance Society**

Class of business	Mortality	Interest rate	Future expense allowance	Rates of future bonus	
		%	%	On sum assured	On existing bonus additions
				%	%
Endowment assurances					
Basic Life and General Annuity business	A67/70	5.25	6.75	3.25	2.00
Pension business	A67/70	7.00	9.00	2.75	2.75
Whole-life assurances	A67/70	5.25	6.75	3.75	2.00
Deferred annuities					
Basic Life and General Annuity business	A67/70	6.00	9.00	2.25	2.25
Pension business	A67/70	7.00	9.00	2.75	2.75
Recurrent single premium pension	–	4.00	(iv)	(iv)	(iv)
Annuity in payment	a(90)	8.00	1.00	–	–

(iv) For recurrent single premium business the interest rate shown is the effective discount rate applied i.e. the valuation interest rate reduced by the future expense allowance and the assumed rate of future bonus.

(v) The expense allowances shown are a percentage of future premiums, except for annuities in payment where they are a percentage of the provision.

(vi) The assumptions are unchanged from those used at 31 December 1994.

**Permanent Insurance Company Limited**

Class of business	Mortality	Interest rate	Future expense allowance
		%	
With-profits assurances	A67/70	3.50	Office less net premiums
Non-profit temporary assurances	TM80	4.50	Office less net premiums
Other assurances	A67/70	4.50	Office less net premiums
Permanent health insurance	A67/70	6.25	Office less net premiums

(vii) The valuation of permanent health insurance contracts uses assumptions regarding future morbidity experience which are percentages of a standard Manchester Unity type table adjusted to reflect the experience of the policyholders. Group permanent health insurance contracts are valued using an active lives reserve of one-half of the premiums in force plus a reserve on claimants which allows for A67/70 mortality, 7.50% p.a. interest and appropriate recovery assumptions.

(viii) The basis used for calculating the provision in respect of permanent health insurance contracts at 31 December 1994 incorporated an interest rate of 6.50% p.a. and a less strong assumption as to future morbidity experience. There were no other significant differences between the bases used at 31 December 1995 and 31 December 1994.

**(b) Technical provisions for linked liabilities**

The technical provision in respect of linked business is equal to the value of the assets to which the contracts are linked. An additional provision in respect of future expenses, morbidity and mortality risks on linked business is included in the long-term business provision.

(c) Technical provision movements	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Balance at 1 January				
Long-term business provision	11,322.7	10,497.9	11,288.6	10,462.3
Provisions for linked liabilities	1,176.3	1,110.7	1,082.7	980.8
	12,499.0	11,608.6	12,371.3	11,443.1
Retranslation of opening foreign branch technical provisions	3.3	—	3.3	—
Acquisition	120.8	—		
Changes in technical provisions	2,106.2	540.8	2,115.1	578.6
Bonuses	417.4	349.6	417.4	349.6
Balance at 31 December	15,146.7	12,499.0	14,907.1	12,371.3
Balance at 31 December				
Long-term business provision	13,717.9	11,322.7	13,560.7	11,288.6
Provisions for linked liabilities	1,428.8	1,176.3	1,346.4	1,082.7
	15,146.7	12,499.0	14,907.1	12,371.3

## 17. Provisions for other risks and charges

	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Provisions for deferred taxation	6.6	5.7	5.2	4.8
Other provisions	0.3	—	0.3	—
	6.9	5.7	5.5	4.8

## 18. Creditors

	GROUP		SOCIETY	
	1995	1994	1995	1994
	£m	£m	£m	£m
Creditors arising out of direct insurance operations	25.1	20.6	23.1	20.1
Creditors arising out of reinsurance operations	0.5	—	0.3	—
Debenture loans				
Amounts repayable in greater than five years	41.4	41.0	41.4	41.0
Other creditors including taxation and social security				
Bank loans and overdrafts	4.8	19.1	4.8	19.1
Foreign currency loans	—	12.8	—	12.8
Outstanding purchases of investments	34.4	115.2	34.4	115.2
Group companies			10.6	11.7
Other creditors	23.6	28.4	4.1	6.8
	62.8	175.5	53.9	165.6
Total	129.8	237.1	118.7	226.7

Debenture loans were issued in connection with the financing of a limited partnership located in the U.S.A. The Society's interest in the investments of the limited partnership is included in the Balance Sheet under Other financial investments.

## Notes on the Accounts continued

### 19. Subsidiary and associated undertakings

#### (a) Acquisition of subsidiary and associated undertakings

##### (i) Acquisition of investment trust subsidiaries.

During the year the Society acquired controlling holdings in two new investment trusts, Asia Healthcare Investment Trust Plc (60.4%) and Finsbury Worldwide Pharmaceutical Trust Plc (52.6%), for a total consideration of £17.8m.

##### (ii) Acquisition of a controlling holding in Permanent Insurance Company Limited.

On 26 May 1995 five thousand and one ordinary shares, representing just over 50% of the ordinary share capital, of Permanent were acquired. The consideration for the acquisition, including expenses, amounted to £36.3m.

The identifiable assets and liabilities of Permanent at the acquisition date were as follows:

	Acquired book value and fair value £000
<b>Long-term fund</b>	
Investments	122,610
Net current assets	33,580
Inter-fund balance	(35,344)
Technical provisions	(120,846)
	<u>0</u>
<b>Shareholders</b>	
Debt and other fixed-income securities	11,991
Inter-fund balance representing a share of the long-term assets and net current assets	35,344
Net current assets	<u>50</u>
Total net assets	<u>47,385</u>
Society share of net assets acquired	23,692.5
Goodwill	12,615.5
	<u>36,308.0</u>
Total consideration	<u>36,308.0</u>

Permanent contributed £19.3m of post-acquisition net premiums and earned £1.2m of profit in the period.

##### (iii) The Society acquired participating interests in four associated undertakings in 1995.

(b) The principal subsidiary undertakings, wholly owned unless otherwise indicated, are as follows:

	Country of registration or incorporation	Year end	Nature of business
Equitable Life – Finanzberatung und Versicherungsvermittlung GmbH	Germany	31 December	Sales and marketing of life assurance and pensions
Equitable Services and Consultancy Limited	England	31 December	Consultancy and sale/hire of computer systems
Equitable Unit Trust Managers Limited	England	31 December	Unit trust management
Permanent Insurance Company Limited (50.01%)	England	31 December	Permanent health insurance, life assurance and annuity business
University Life Assurance Society	England	31 December	Life assurance and annuity business. Closed to new business

All the above holdings are of ordinary or like shares. Other holdings in subsidiary undertakings do not materially affect the result or assets of the Group.

(c) At 31 December 1995 the Group and Society held more than 10% of the nominal value of a class of equity shares in 60 companies, in 23 of which the Group and the Society held more than 20%. Four of these companies have been accounted for as associated undertakings, as disclosed in Note 11(b)(ii). The remainder are not regarded by the Directors as associated undertakings and do not materially affect the results or assets of the Group or of the Society. These investments are included in the Balance Sheet at market value.

(d) Full information on subsidiary and associated undertakings, and companies in which the Group and the Society hold more than 10% of the nominal value of a class of equity share will be annexed to the Society's next annual return.

## 20. Commitments

(a) Property investment commitments not provided for in the accounts amounted to £37.0m (1994 £10.9m) for the Group and the Society.

(b) Commitments in respect of uncalled capital on certain investments amounted to £108.0m (1994 £46.3m) for the Group and for the Society.

(c) The Society has a commitment for uncalled capital on investments in a subsidiary undertaking amounting to £0.6m (1994 £0.6m).

(d) The Society has purchase order commitments of £1.0m (1994 £1.1m).

(e) Operating lease commitments, all of which relate to land and buildings, payable within one year of the Balance Sheet date were in respect of leases expiring:

	GROUP AND SOCIETY	
	1995	1994
	£m	£m
Between one and five years	0.1	0.1
After five years	6.9	5.8
	<u>7.0</u>	<u>5.9</u>



37058



# The Equitable Life Assurance Society

Founded 1762

## BOARD OF DIRECTORS

President

John R Sclater

Vice-Presidents

A G Tritton

I P Sedgwick

R Q Bowley

P A Davis

S M Kinnis

Peter Martin

A Nash

Miss J A Page CBE

R H Ranson

J F Taylor

D G Thomas

D W Wilson

## GENERAL MANAGEMENT

Managing Director and Actuary

R H Ranson

General Managers

R Q Bowley

S M Kinnis

A Nash

D G Thomas

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that  
the 234th Annual General  
Meeting of The Equitable Life  
Assurance Society will be held  
at Ironmongers' Hall, Barbican,  
London, on Wednesday, 22 May  
1996 at 11a.m., when the business  
of the meeting will be as follows:

1. To receive and consider the  
report of the Directors and  
the statement of accounts for  
the year ended 31 December  
1995, together with the report  
of the Auditors thereon.
2. To elect Directors in place  
of those retiring.
3. To reappoint the Auditors.

By Order of the Board  
*R Q Bowley*  
Secretary  
15 April 1996

Only members are entitled to  
attend the meeting. Members may  
vote only in accordance with the  
Society's Articles of Association.

Ironmongers' Hall is located  
in Shaftesbury Place, off  
Aldersgate Street, near to the  
Museum of London. Barbican  
and St Paul's are the nearest  
Underground stations.

# THE SOCIETY'S DIRECTORS

Members of:    Audit Committee (a)  
                       Investment Committee (i)  
                       Nominations Committee (n)  
                       Remuneration Committee (r)

## *John Sclater*

President

Age 55 (i,n,r)

Appointed a director in 1985 and President in May 1994. Chairman of Hill Samuel Bank Ltd. Foreign & Colonial Investment Trust plc and Berisford plc and a director of a number of other companies.

## *Alan Tritton*

Vice-President

Age 64 (a,i,n,r)

Appointed a director in 1976 and a Vice-President in 1983. Chairman of Plantations & General Investments plc and a consultant to Barclays Bank plc, having retired as a main Board director of Barclays Bank plc.

## *Peter Sedgwick*

Vice-President

Age 60 (i,n,r)

Appointed a director in 1991 and a Vice-President in 1995. Vice-Chairman of Schroders plc, as well as being a director of a number of investment trusts.

## *Roy Ranson*

Managing Director and Actuary

Age 66 (i,n)

Appointed an executive director in 1985. Joined the Society in 1953. Was appointed Deputy Actuary in 1972 then Joint Actuary in 1982, since when he has been the Appointed Actuary (for statutory supervision purposes). Became Managing Director and Actuary in 1991. A director of Marks & Spencer Life Assurance Limited.

## *Roger Bowley*

Age 56

Appointed an executive director in 1989. Joined the Society in 1961 and has held various senior management roles. Appointed Company Secretary in 1985. Currently holds the position of General Manager – Central Services and Secretary.

## *Peter Davis*

Age 54 (a)

Appointed a director on 1 July 1995. Director General of the National Lottery. A director of Provident Financial plc.

## *Shaun Kinnis*

Age 58

Appointed an executive director in 1989. Joined the Society in 1968 and has held a number of senior management positions in the marketing organisation. Currently holds the position of General Manager – Sales and Marketing.

## *Peter Martin*

Age 61 (a)

Appointed a director in 1984. Solicitor. A director of Finsbury Underwriting Investment Trust plc, Hucklecote Manufacturing Ltd and Sterling Underwriting Agencies Ltd.

## *Alan Nash*

Age 47

Appointed an executive director in 1993. Joined the Society in 1971 and has held various senior management roles. Currently holds the position of General Manager – Finance.

## *Jennifer Page CBE*

Age 51

Appointed a director in 1994. Chief Executive of the Millennium Commission. A director of Railtrack Group PLC.

## *Jonathan Taylor*

Age 60

Appointed a director on 1 January 1995. Chairman of Booker plc and Ellis & Everard plc, and a director of MEPC plc and Tate & Lyle plc.

## *David Thomas*

Age 51 (i)

Appointed an executive director in 1989. Joined the Society in 1984, following other senior investment management roles, and took over responsibility for the Society's investment area. Currently holds the position of General Manager – Investments.

## *David Wilson*

Age 54

Appointed a director in 1994. Chairman and Chief Executive of Wilson Bowden plc.



## PRESIDENT'S STATEMENT TO MEMBERS



*John Sclater – President*

Dear Member

### **Mutuality and Success**

I am pleased to be able to report to you another very successful year in the long history of our Society. We have secured record levels of new premium income, both regular and single, and we have been able to do this in a most cost-effective way. Our expense ratio has dropped yet further, from 5.5% to 4.8%, our systems are second-to-none and we are confident in the future.

The Equitable's success, not just in 1995 but over many years, demonstrates clearly the benefits of a well-run mutual society, bringing excellent results to its members at cost. In these days of demutualisations and takeovers, it is instructive to reflect on how successful a mutual society can be when it has a clear and simple vision of its purpose and applies that vision with determination and consistency. We hope that other mutual life assurance companies will recognise that mutuality can be a real competitive advantage and,

therefore, something to be proud of and to preserve. It is encouraging that a number of building societies are publicly restating their belief in mutuality.

We are one of the most efficient life assurance enterprises in the U.K. We are satisfied that we can safely and securely continue to develop our business and maintain the interests of our policyholders without the need for any injection of shareholder capital. We are convinced that The Equitable should remain a mutual.

In the accompanying Management Report, on pages 7 to 18, you will find more information on our principles of operation, and on how these have been successfully applied for the benefit of all our members.

### **Planning for the Future**

It is our principal job to secure the continued health and success of The Equitable. We must therefore look to longer-term developments and ensure that we are well placed to participate in them. We are accordingly taking a number of initiatives upon which I would like to report to you. I will focus on three.

First, it is commonly accepted that major opportunities will arise in the provision of health and long-term care benefits. The State is likely to cut back its involvement in this sector and the longevity of the population is increasing. The considerations in providing the necessary benefits are different from those in

supplying the life assurance and pension products upon which we have traditionally concentrated. We have therefore secured a majority interest in the Permanent Insurance Company Limited, a leading provider of permanent health insurance contracts. This will provide us with a way of developing this type of business as the market develops in the rest of this century and into the next.

Second, it is self evident that technology and modern life change the ways in which people wish to do business. In recognition of this, we are introducing the Equitable Direct service through which clients can seek information and buy contracts by telephone. This will be a natural extension of our existing telephone services. Our traditional way of communicating directly with clients, through our branch representatives, will continue to be available to all who prefer that form of service.

And third, we have been continuing our developments outside the U.K., with pleasing increases in business stemming from all our overseas operations in 1995, whilst applying tight cost control. We are convinced that continued cost-effective expansion will enable us to spread our overheads, keep down our expense ratio and thus help to secure our long-term future as a major player in our industry.

### **Systems**

We now have available to us advanced systems – planned and developed almost entirely by our own staff – which enable any

fully-trained member of our client servicing staff to deal with virtually any query, normally on the day of receipt and, if the query is by telephone, often at once. Our image processing systems mean that we have been able to eliminate paper from our client servicing activities, with the consequent advantages of immediate access and lower costs. We have also re-engineered our work processes and management structures with the result that we have systems and staff which we are often told are the envy of the industry.

In order to capitalise on these resources we have set up a wholly-owned subsidiary, Equitable Services and Consultancy Limited, which makes our systems and expertise available on a commercial basis to other organisations, subject to proper safeguards. The profits arising from these activities will flow through to the Society for the benefit of members. In 1995, a major contract was signed with Marks & Spencer Life Assurance Limited for the provision of systems and consultancy. We are currently exploring with potential clients, both at home and overseas, a number of similarly attractive opportunities.

The provision of consultancy services gives our staff further development opportunities and experience. These attributes will be important in future years as we go on striving to keep the Society ahead of our competitors on a long-term basis.

### **Policy Benefits and Bonuses**

An essential tenet of our mutuality is that each generation of policyholders should be treated fairly and receive a return fully reflecting the investment conditions experienced over the period of the relevant contract. There should be no deliberate holding back of profits from one generation to the next. This principle is paramount in our consideration of bonuses to be declared in each year. While we have been at the forefront of those raising bonus levels when investment returns increase, we have not been afraid in the past to reduce bonus levels to reflect reduced investment returns where this was appropriate.

Most of you will have received bonus notices earlier this year and will know that for 1995 the Directors decided to maintain the bonus rates at the same levels as those declared for 1994, there being no justification on investment grounds to reduce them. This is in contrast to some of our competitors, who have decreased bonus rates this year having deferred the decision from an earlier year.

I am pleased to say that our policy benefits feature favourably in the comparisons of actual results published in the various financial journals, and that they have provided attractive returns. The financial journals, and financial commentators generally, have also acknowledged the very competitive nature of our contracts, with their low charges, flexibility and fairness, which coupled with

good investment returns produce our very attractive results.

### **Regulation**

We are glad to note that the regulators are recognising the significant burdens that have been placed on the financial services industry in recent years. There have been major policy statements by the Chairmen of both the Securities and Investments Board (SIB) and the Personal Investment Authority (PIA) which indicate the possibility of reducing the amount of detailed and prescriptive regulation to which the industry has been subject. Such a development, which we would warmly welcome, would stem to a large extent from the improved disclosure to investors of the terms of contracts and charges. We have strongly supported such disclosure as it further distinguishes our contracts for the features mentioned above – low charges, flexibility and fairness. For us, full disclosure has already paid dividends, and there should be more to come.

A continuing major aspect of regulation for the whole of the life assurance and pensions industry during 1995 was the review of the past sales of pensions transfers and opt-outs. After various delays, including legal challenges, the PIA issued detailed instructions to its members on the reviews to be undertaken. The timetable set for the review process covers several years but we aim to complete our reviews well in advance of those timescales. We had no choice

## PRESIDENT'S STATEMENT TO MEMBERS

about the policyholders to whom we had to write and we are aware that some irritation was caused. However, that original circularisation was finished before the end of 1995 and has enabled us to confirm that a large number of those policies do not need to be included further in the review. Work is continuing on those cases where more detailed consideration has to be applied but the current information available confirms the view I reported last year that there will be no material impact on members' benefits as a result of the review.

### **Board, Management and Staff**

The continued success of the Society is, in no small measure, the result of the committed and clear-sighted efforts of the Board, management and staff. We are fortunate to have such an able team and I thank and congratulate each and every one of our colleagues for helping us to achieve yet another successful year and an even stronger base from which to move forward.

### **The Future**

We are determined to maintain The Equitable's position as a leading provider of life assurance and pensions in the U.K. We will build on this position by developing all aspects of our U.K. business in accordance with the changing needs of society and by carefully controlled expansion overseas. We are confident that we can do all this in an evolutionary and

cost-effective way, for the benefit of our members. We are also certain that our mutual status will remain a major competitive advantage for the foreseeable future.

The next few years give us great opportunities for taking The Equitable even further forward.

We are not complacent but we are confident that by maintaining our clear vision, and our commitment to the benefit of our members, we will continue to have a Society of which we can all be proud long into the future.



John Sclater  
27 March 1996



# MANAGEMENT REPORT

## THIS MANAGEMENT REPORT COMPRISES:

### **An Appraisal of the Society Today**

A review of the Society today, setting out its principles of operation and how these are applied for the benefit of members and policyholders generally.

It shows evidence of the Society's success in applying these principles, including information obtained from external sources and independent commentators comparing the Society with other companies in the life assurance and pensions industry.

Importantly, it shows clearly that mutuality, as The Equitable defines it, works.

### **Features of 1995**

Brief details of some of the important aspects of our business during 1995.

# MANAGEMENT REPORT

## AN APPRAISAL OF THE SOCIETY TODAY

### THE DEVELOPMENT OF THE PRINCIPLES OF OPERATION

The Society was founded in 1762 as the first mutual life assurance society in the world.

The use of the word 'equitable' in the Society's name indicated that it would be operated on 'equitable' or 'fair' principles.

'Start up' capital was raised from the initial policyholders and eventually repaid to them.

The concept of membership was introduced at the beginning so that members could share (as effective proprietors) in the profits (or losses) of the Society.

In 1765, the Society rejected an approach from a third party for the payment of commission for the introduction of business and decided to carry on dealing only directly with customers. That decision still stands today.

Methods of distribution of profits by way of bonuses on contracts began to be developed in the 1770s and much effort was made to determine a fair means of their distribution. In particular, attention was paid to the problems arising if profits were held back from one generation and paid to a succeeding one. In 1793 the concept of 'policyholder expectations' was introduced.

### STATEMENT OF THE PRINCIPLES ON WHICH THE SOCIETY OPERATES TODAY

The Society still essentially operates according to principles consistent with the intentions of its founding members.

In modern terms they are:

To operate as a mutual body providing financial and associated services directly to the policyholders at cost.

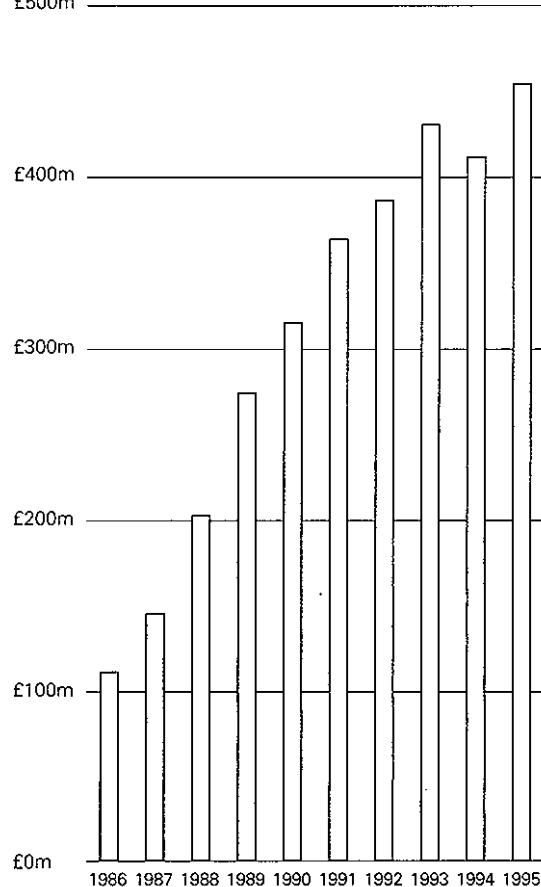
To run a full distribution of profits policy and to avoid the unfairness created by the retention of profits earned by one generation of policyholders for the benefit of successors. Furthermore, to aim at 'fair' bonuses between all classes and durations of policy.

Because the Society is self-financing, that is it has no shareholder capital, it still essentially looks to its members for development capital and still expects to repay individual members. Today that is managed through the bonus policy.

### DOES THE CONCEPT WORK?

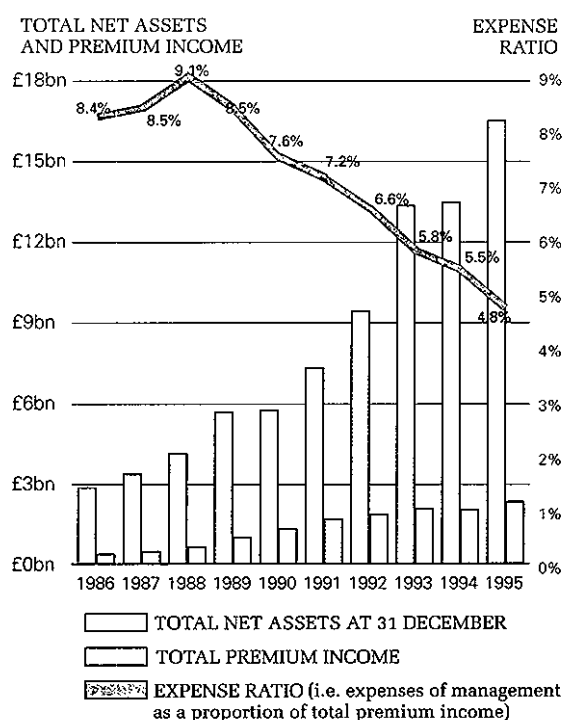
These tables show how the Society has grown over the past 10 years and has steadily driven down costs of operation. In other words, there are more policyholders benefiting from the existence of the Society today with lower operating costs than in previous years.

### NEW PREMIUM INCOME GROWTH



The new premium income shown above is new annual premiums plus 10% of new single premiums.

### BUSINESS GROWTH AND EXPENSE CONTROL



THE FACTORS  
CONTRIBUTING  
TO THE  
COST-EFFECTIVE  
INTERNALLY  
FINANCED  
GROWTH

**Policy Performance**

The evidence of consistently good performance, in tables of relative performance across the industry created by independent commentators, encourages existing policyholders to remain and place further business with the Society and also attracts new policyholders.

**Low Operating Costs**

The clear evidence collected from the Department of Trade and Industry returns by independent commentators of the Society's relatively low operating costs is a powerful influence.

The tables below show acquisition and renewal expense ratios as published in *Planned Savings*.

**Acquisition Expense Ratio 1994**

LOWEST – The Equitable Life	<b>18.08%</b>
NEAREST COMPETITOR	<b>45.52%</b>
AVERAGE	<b>101.90%</b>

**Renewal Expense Ratio 1994**

LOWEST – The Equitable Life	<b>3.22%</b>
NEAREST COMPETITOR	<b>6.61%</b>
AVERAGE	<b>17.73%</b>

Source: *Planned Savings*, October 1995

TOP TEN APPEARANCES  
FOR PERSONAL PENSION PLANS  
1974-1995

THE EQUITABLE LIFE	<b>41</b>
NEAREST COMPETITOR	<b>28</b>

Source: *Planned Savings surveys of regular contribution with-profits personal pension plans published 1974 to 1995*

TOP THREE APPEARANCES  
FOR 10 YEAR WITH-PROFITS ENDOWMENTS  
1974-1995

THE EQUITABLE LIFE	<b>14</b>
NEAREST COMPETITOR	<b>8</b>

Source: *Money Management surveys of with-profits endowments published 1974 to 1995*

*MONEY MANAGEMENT*  
FREE-STANDING AVC SURVEY

FIVE STAR 'BEST BUY' FOR WITH-PROFITS  
AND UNIT-LINKED CONTRACTS

(only one other company, wholly unit-linked, gained this recognition)

Source: *Money Management*, February 1996

*MONEY MANAGEMENT*  
PERSONAL PENSIONS SURVEY

FIVE STAR 'BEST BUY' FOR MONTHLY PREMIUMS

Source: *Money Management*, March 1996

Please note : Past performance is no guarantee of future performance.

The value of the units can fall as well as rise.

# MANAGEMENT REPORT

## AN APPRAISAL OF THE SOCIETY TODAY

### Fair Profits Distribution

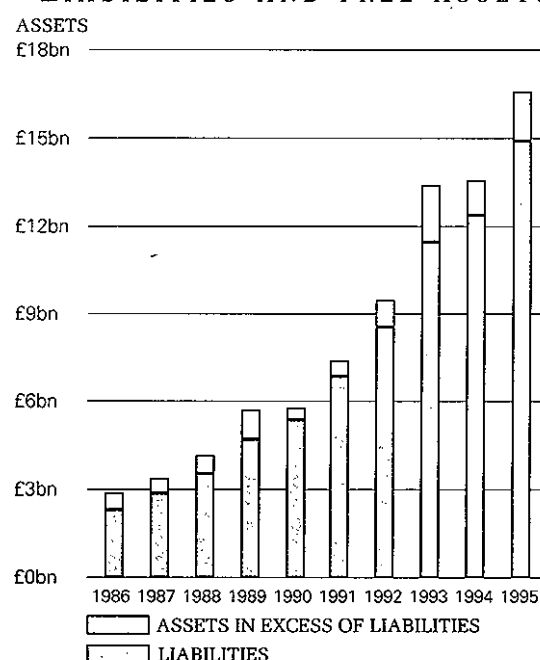
The public demonstration of deliberately avoiding the building up of excessive 'free assets' illustrates the Society's 'fair' policy on profits distribution in action.

That a full profits distribution policy does not lead to restriction on growth of business or delivery of benefits to policyholders, is demonstrated in this Report and is a reflection of the overall management strategy of the Society.

### Investment Performance

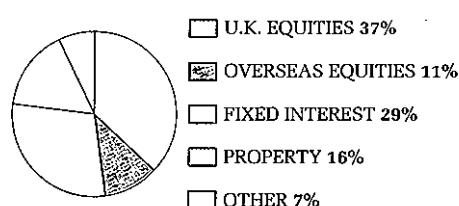
A full distribution policy does not lead to investment considerations different from those applying to life assurance companies generally. The asset mix from time to time reflects relative price movements and preferences on investment grounds over the years rather than blind adherence to any particular 'culture'. Over many years there have not been any particular technical restrictions placed on the investment team.

### LIABILITIES AND FREE ASSETS

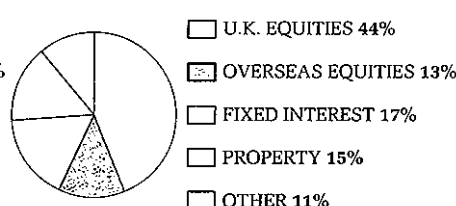


### INVESTMENT MIX OF WITH-PROFITS ASSETS

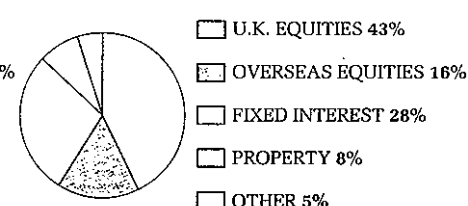
31 December 1985



31 December 1990

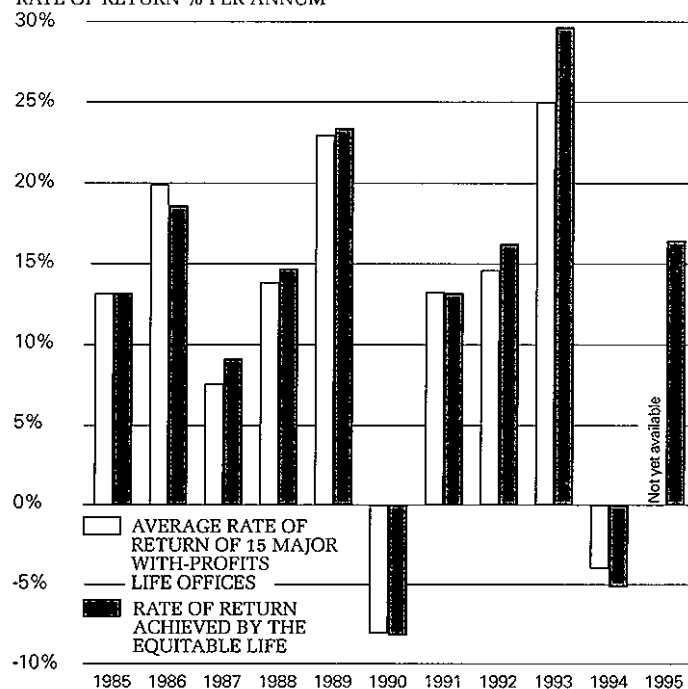


31 December 1995



### RATES OF RETURN ON TOTAL POLICYHOLDERS' FUNDS

RATE OF RETURN % PER ANNUM



CUMULATIVE RATES OF RETURN

	PERIOD TO 31 DECEMBER 1994	
	5 YEARS	10 YEARS
THE EQUITABLE LIFE	48.8%	208.2%
AVERAGE OF 15 MAJOR WITH-PROFITS LIFE OFFICES	43.3%	193.3%

THE 15 MAJOR WITH-PROFITS LIFE OFFICES USED IN THE COMPARISON

AXA EQUITY & LAW  
CLERICAL MEDICAL  
FRIENDS PROVIDENT  
LEGAL & GENERAL  
NPI  
NORWICH UNION  
PROVIDENT MUTUAL  
PRUDENTIAL  
SCOTTISH AMICABLE  
SCOTTISH EQUITABLE  
SCOTTISH LIFE  
SCOTTISH PROVIDENT  
SCOTTISH WIDOWS  
STANDARD LIFE  
SUN ALLIANCE

Financial year end 31 December (except Standard Life 15 November)

Rates of return are calculated from data in DTI returns and therefore relate to the total business covered by the returns. Where business is transacted through subsidiaries, the calculations are based on the returns for the main office only.

## Capital and Expenses Management

The useful discipline of needing to raise development capital internally is a powerful incentive towards effective use of capital. The prime need for capital is to finance the up-front costs of new business, although there will also be the occasional need for, say, a major investment in developing new systems.

Both the costs of new business and operating the business are covered by explicit charges in the various premium rates which are publicly disclosed. The costs of acquiring new single premium business are met at the outset. For new annual premium business, costs are incurred at the outset and are recouped over the lifetime of the policy. That requires a loan from the main fund to cover acquisition costs which the Society identifies and manages explicitly as repayments are made. The following table shows the additional loan required in 1995 to finance new business.

### Investments in U.K. New Business

NEW U.K. ANNUAL PREMIUM  
BUSINESS IN 1995 **£315.0m**

NEW BUSINESS LOAN  
Outstanding amount invested in  
acquiring new U.K. annual  
premium business to end 1994 **£326.9m**

Additional net loan to finance  
1995 new U.K. annual  
premium business **£ 38.8m**

Total **£365.7m**

The outstanding loan is 'rolled up' with an allowance for interest. The total U.K. with-profits reserves as at 31 December 1995

were £11,345m. The outstanding loan, which is effectively an investment in the business on behalf of the with-profits policyholders, thus represents only 3.2% of those reserves. The repayment of these loans to outgoing with-profits policyholders is reflected in the final bonuses.

## Development of Systems

Over the last seven years or so, the Society has 'invested' some £50m in the complete redevelopment of all operating systems. These 'investments' are explicitly accounted for in the management accounts and as each tranche of the system has come on line, the managers concerned are required to produce sufficient gains in productivity to repay the respective 'investment' over an agreed period of time.

## Improved Productivity

The Society operates a notional 'Management Company' whose income each year is the aggregate explicit amount built into premiums for administration (less the rebate given at the end of each year to the larger pension cases)

and whose outgoings are the actual cost of operation plus a repayment of an agreed tranche of the system development cost with interest. Because the Management Company has been used over the past three years to operate a Profit-Related Bonus Scheme for staff, these accounts are objective and are audited. The profits made on the renewal charges (that is the amount by which the allowances were undershot) are shown in the table below.

The implementation of the new systems has led to further productivity gains for the benefit of policyholders. All pension plans for individuals share the same simple standard charging structure regardless of size. Since 1994 a rebate of charges has been made at the end of the calendar year for such policies where the aggregate contribution paid by the policyholder over the year was over £5,000.

In 1995 the fund charge on the internal linked funds was reduced to 1/2% (from 3/4% p.a. for pension funds and 1 1/16% p.a. for life funds).

The table below summarises these benefits and compares them to the total operating costs of the Society.

## IMPROVED PRODUCTIVITY – THE BENEFITS TO POLICYHOLDERS

	Profits on renewal charges	Rebates to larger individual pension plans*	Benefit from reduction in fund charge	Total operating costs
1992	£1.55m	-	-	£124.3m
1993	£1.63m	-	-	£121.0m
1994	£2.49m	£10.9m	-	£113.0m
1995	£2.43m	£12.4m	£2.8m	£114.4m

\*These figures exclude the rebates given to large pension schemes.



# MANAGEMENT REPORT

## AN APPRAISAL OF THE SOCIETY TODAY

### Low Policy Charges

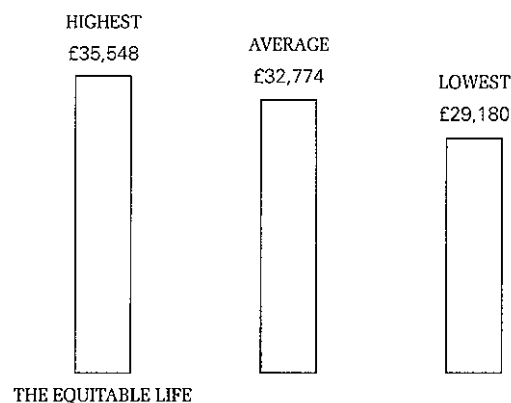
The Society is living within the publicly disclosed standard charges in the premium rates, making profits on them and passing these back to the policyholder.

Despite this, the Society's standard charges, before the rebates to policyholders, are themselves very competitive.

Good evidence of this is found in projections in financial journals based on standard assumptions on future investment performance but also based on the companies' own charges. In many cases the Society's charges are the lowest available, and our products are well placed in these surveys.

For example, in the October 1995 *Money Management* survey of 10 year with-profits regular premium personal pension plans The Equitable had the lowest charges, and hence the highest projected fund.

### PROJECTED FUNDS



Source: *Money Management* survey of 10 year with-profits regular premium personal pension plans, October 1995

### SUMMARY

The statistics in this Report indicate the benefits which the Society is bringing to policyholders of operating on a basis where it is only their interests which are relevant. Because the Society is a self-financing mutual organisation it can concentrate solely on policyholders and pass all of the profits of the operation back to them. The effects of the self discipline imposed by the need to raise capital internally are amply demonstrated.

Clearly mutuality, as The Equitable defines it, works.

# MANAGEMENT REPORT

## FEATURES OF 1995

### INTRODUCTION

1995 has been another year of considerable progress for the Society.

New business has been at record levels, in a year when the industry generally has seen significant reductions in new premium income.

By strong cost control and effective use of systems, we have been able to conduct our business even more cost-effectively. This is evidenced by the further reduction in our expense ratio to 4.8% for 1995 from the already low figure of 5.5% for 1994 – which in itself was the lowest in the industry and less than half the industry average.

The international rating agency, Standard and Poor, have confirmed again the AA (Excellent) rating which they first awarded us in 1993.

In an independent survey measuring the balance of positive and negative press comments, we have again received the highest favourable balance of comments of any life assurance and pension company.

The remainder of this section gives more detail on these and other aspects on which we normally report to policyholders. Some of the financial highlights for 1995 are set out on page 19, together with details of how they compare with previous years.

### NEW BUSINESS AND SALES

The Personal Investment Authority's disclosure regime inevitably brought about a cautious start to 1995. Sales during the first quarter were sluggish but as disclosure made the Society's price advantage more apparent new business recovered.

New annual premiums increased by 6%, compared with the previous year, to £326m. New single premiums were even more buoyant with £1,289m of contributions; 25% more than the previous year. Again, the Society's new annual premiums were the largest of all U.K. life assurance companies, based on ordinary long-term business.

By disclosing our charges much earlier than our competitors and

some six months ahead of the deadline set by the PIA, our sales force was able to gain invaluable experience of this new regime.

The value-for-money culture about which they had often spoken to clients was now more clearly demonstrated.

Another key factor in the Society's sales success is a complete focus on our target market of high net worth individuals. This is reflected in field force recruitment, training and branch activity. A highly-targeted direct response advertising effort during 1995, which accounted for almost 40% of new annual premiums from new clients, also supported this tight focus.

Equally important is the development of new products aimed at our target market. In that respect the Managed Pension, introduced in July, has been very

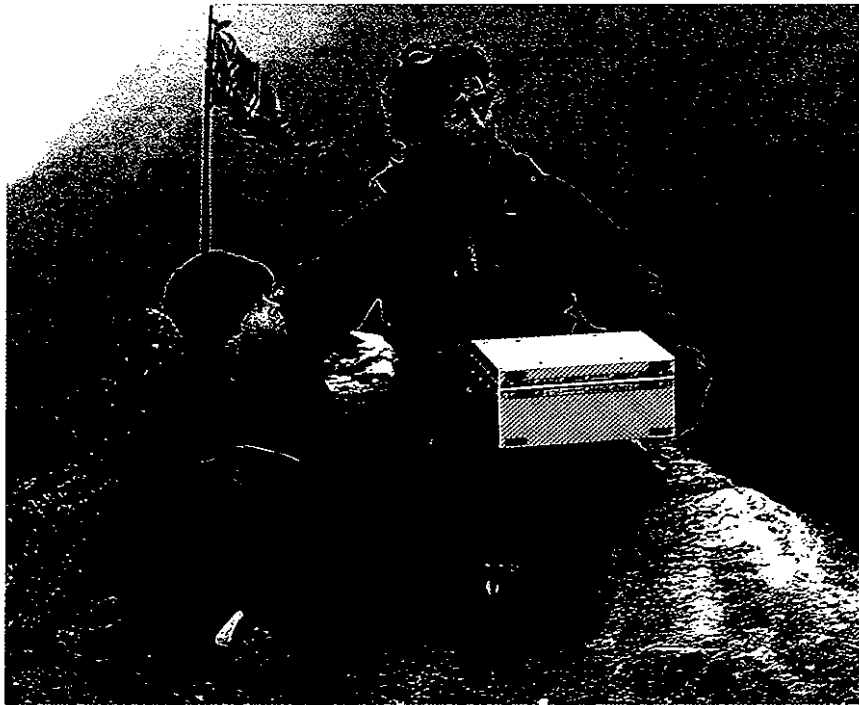
well received. More than £250m in single premium sales was achieved during the second half of 1995.

Our range of health care products was widened during the year when the Society bought a controlling interest in the Permanent Insurance Company Limited. Through this acquisition the Society is now able to offer Permanent Health Insurance and Business Expenses Protection. These competitive and flexible plans strengthen our ability to respond to the demand created by receding State provision.

Sales of Group Pension Schemes were also excellent with more than 200 new schemes being recorded during the year. In the present competitive environment such sales represent remarkable progress. Again, many august and well-known institutions were included in the list of new clients. These

## MANAGEMENT REPORT

### FEATURES OF 1995



*The Society has launched a new television advertising campaign designed to increase awareness further among its target market.*

include Britannia Building Society, Costain, Greenalls and The Lord Chancellor's Department.

Progress continued overseas. Our German operation benefited from the introduction of a new deferred annuity plan. The plan offers excellent investment choice and flexibility, as well as enabling clients to take advantage of generous tax allowances. U.K.-style products, which we were able to introduce into the German market in 1994, now represent 85% of our new business in Germany.

In the Republic of Ireland total new premium income increased by 36%, placing the Society within the 10 largest life assurance companies in the Republic, based on new business levels. Sales were boosted by activity in the Group Pension area where it is

good to report that Guinness (Ireland) now has an Additional Voluntary Contribution Scheme with the Society.

Our International Branch based in Guernsey saw new annual premiums increase by 42%, although single premiums dipped by 13%. Clearly, International business is more affected by investors' attitudes to currency swings than other areas.

#### INVESTMENT

Returns achieved in most asset categories over 1995 were rather better than had been anticipated at the start of the year. Contrary to expectations, interest rates in the world's major economies did not continue rising – indeed, towards the end of 1995, they were falling as a result of slowing economic growth and continuing low rates of

inflation. Liquidity in the securities markets was, however, plentiful, largely as the result of a significant change in policy by the Bank of Japan, responding to the strong yen and to the banking and real estate crisis in Japan. The substantial purchases of U.S. Treasury Bonds by the Bank of Japan not only arrested the rise of the yen but also made room for U.S. domestic liquidity to flow into the U.S. stock market. As a result, the Dow Jones Index rose by approximately one-third over the year.

In the U.K., the corporate sector enjoyed, in general, further increases in profitability and there was a substantial increase in take-over activity. Almost £41bn worth of such activity was initiated during the year, of which about £27bn was paid to shareholders of target companies in the form of cash. On the other

side of the coin, only £2.6bn was raised in initial public offerings (74% down on 1994) and about £5bn via rights issues. This 'excess' of cash, and the influence of developments on Wall Street, contributed to increased buying interest on the stock market, so that the FTSE-100 Index appreciated by approximately one-fifth during 1995. Such a performance was achieved in spite of funding pressures in the gilt market, as expectations of the Public Sector Borrowing Requirement for the 1995/96 fiscal year were steadily increased, from £21½bn to nearer £30bn. As a result, yields on longer dated stocks were slow to fall, but eventually finished the year at around 7½%, having started it at around 8½%.

Against this background, it was decided to invest a substantial amount of new money in equities (principally of U.K. companies) in the first quarter of 1995 and to acquire some fixed-interest stock at yields over 8%.

With any mixed portfolio, like the Society's, the overall return will depend on the performance and weightings of the various sectors. When it is borne in mind that property assets had an uninspiring year (returning less than 5%) and Far Eastern investments produced only modest returns, the combined effect of all markets on the with-profits fund was to produce a total return of 16.6% for the year, which compares with -4.2% for 1994 and 28.8% for 1993.

The chart on page 10 shows the asset mix of the Society's investments.

Having been over-cautious 12 months ago as regards likely returns in 1995, it may seem unwise to make similar comments about the investment environment in 1996. Nevertheless, it seems appropriate so to do, bearing in mind the lower rate of growth of corporate profits and the possibility of rising interest rates in 1997 if economic activity generally picks up later this year.

## B O N U S D E C L A R A T I O N

Following a valuation of the assets and liabilities of the fund, the Directors decided to allocate an overall rate of return for with-profits recurrent single premium pension contracts for 1995 of 10% per annum, the rate which applied to actual pay-outs during the year. This was in a year when the Society earned 16.6% on its with-profits assets at market value. The rate of return allocated to such policies for 1994 was also 10% but in a year when the actual underlying earnings were -4.2%.

This demonstrates how the with-profits system smoothes out the short-term peaks and troughs of performance. The overall aim is broadly to pass on a rolling average of the underlying performance over appropriate periods. That process means that the relative peak of performance in 1995 was smoothed, as were the troughs in earlier years.

For many years, our declared bonus rates have followed the trend in redemption yields on gilt-edged securities available from time to time, with the

additional benefit from running a mixed fund of assets being passed on by way of final bonus. Interest rates have generally declined over the past few years and there has been widespread agreement that declared rates need to be reduced in sympathy. The Society has followed a disciplined strategy in this regard.

As a consequence of that strategy, the declared bonus rates established for 1993 were consistent with then current yields. Since then fixed-interest yields have remained broadly at the same level. Accordingly, the Society was able to maintain the same rates for 1994 and again for 1995.

Recently, holders of with-profits policies will have received bonus notices and statements, together with a letter of explanation of the Society's approach to the bonuses for 1995.

## MANAGEMENT REPORT

### FEATURES OF 1995

#### CUSTOMER SERVICE

##### Individual Policies

The final stage of our systems work for clients' individual business was completed during 1995 when all unit trust and PEP business, transacted through the Society's wholly-owned subsidiary Equitable Unit Trust Managers Limited, was transferred to the main administrative systems. The staff in the Client Servicing Centre in Aylesbury now provide after-sales service across the entire range of individual U.K. business.

Existing clients are increasingly making use of our Telephone Desk (01296 385588) to enquire about their policies and to give us instructions. By having immediate access to all existing client and business data, as well as much previous and current correspondence, staff routinely

respond to 85% of all calls on the spot. The Telephone Desk is open from 8.30a.m. to 6.30p.m. on Monday to Friday. At other times, a facility is available for leaving messages. It is planned to extend the live service later this year.

Further training of staff in the Client Servicing Centre is being carried out so that each can undertake a wider range of servicing work. That, coupled with continuing efforts to simplify procedures, will make it possible to secure further reductions in operating costs whilst handling increased volumes of business.

##### Group Pensions Business

During 1995 the levels of service provided to our group pension clients improved still further over those provided in previous years. Hand in hand with those improvements in service there

was another significant reduction in operating costs for the area.

We aim to answer almost all enquiries from our group pension clients on the day on which they are received. Whether an enquiry is sent by letter, fax or telephone, we aim to issue a full and accurate response to the client the same day wherever possible. In 1995 well over 80% of all such enquiries were dealt with on the day of receipt.

#### SYSTEMS AND CONSULTANCY

Our subsidiary company, Equitable Services and Consultancy Limited (ESC), provides systems and consultancy services on commercial terms to other organisations in the U.K. and overseas. Discussions with many visitors indicate that the Society's reputation for its first-class administration and systems is

*Our Telephone Desk answers 85% of clients' enquiries about their policies there and then.*





*Many of Britain's best known companies have a pension arrangement with The Equitable. Here, one of the Society's Group Client Managers speaks to members of the Argos pension scheme at their head office in Milton Keynes.*

spreading far and wide. ESC represents a real opportunity to use the Society's systems and expertise to generate income for the Society's members and to provide development for its staff.

## STAFF

As will be apparent from earlier sections of this Report, the Society continues to process rising business volumes with fewer staff. The number of permanent staff at Aylesbury has steadily declined in recent years and fell below 1,000 in December 1995, having peaked at 1,402 in September 1991. Staff numbers at the end of 1995 were back to the level of 1989 – at that time, total premium income was £1.0bn compared with £2.4bn in 1995. The number of branch administration staff also reduced from 361 at the beginning of 1995 to 311 at the end.

The reduction in staff numbers has been based upon our determination to maximise the potential of new systems. Staff numbers are tightly controlled and the need for any expansion of staff in an area has to be fully justified. Any vacancies have generally been filled by the internal redeployment of existing staff, and there is a policy of not recruiting new staff at Aylesbury (except for a small number of school leavers and graduates). There is a very limited use of temporary staff to fill short-term jobs. Promotions are authorised only where there is a demonstrable requirement for work to be done at a higher level.

The Society's business aims have been supported by training programmes for the administrative staff where the development of customer service skills is a key element. In 1995 we continued to

operate the Central Training Unit (CTU) which involves an eight-week programme. Since the CTU started in 1992, nearly 300 staff have undergone this form of training. The programme develops an awareness and understanding of the Society's business and of the personal attributes needed by staff. Separate programmes with similar aims have been developed for the few new entrants to the Society.

Managers and staff alike continue to have to cost-justify all pay and increases thereto through the operation of our corporate bonus scheme. If managers and staff can run the business within the amounts built into the premium scales, a share of the 'profit' so generated is distributed to staff as a bonus at the year end under our Inland Revenue-approved Profit-Related Pay scheme, the rest going to the Society's members.

# MANAGEMENT REPORT FEATURES OF 1995


In response to the trend towards more flexible careers a money purchase pension scheme was introduced for all new employees joining on or after 1 September 1995. Existing staff were given the opportunity of transferring to the new scheme from the Society's defined benefit scheme.

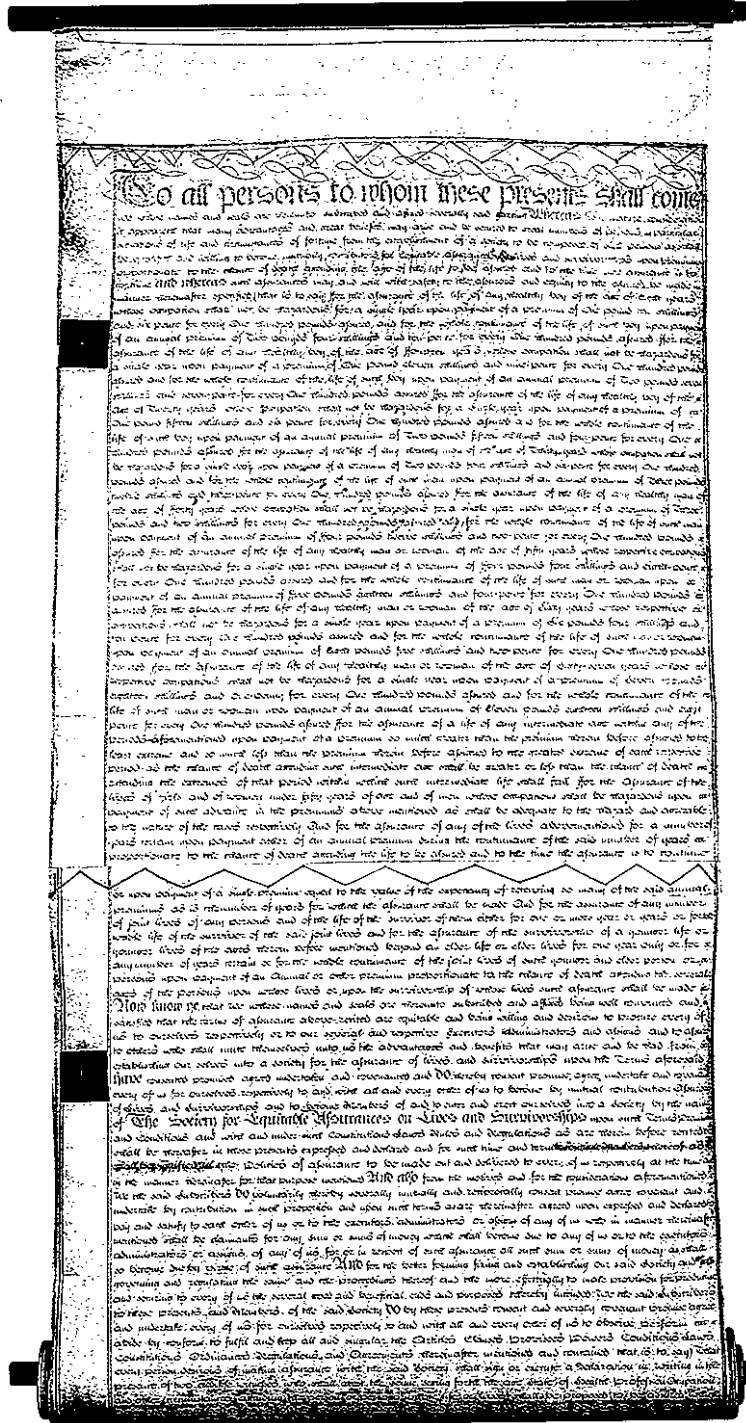
## LOOKING AHEAD

The Society has a very strong base from which to move ever further forward as a major provider of life assurance, pension and health and long-term care benefits, both in the U.K. and internationally.

I hope that the President's Statement and this Report show how the principles of mutuality are being put into operation in an effective way, without constraints on the Society's development.

That we can, and should, bring the benefits of this well-run mutual society to a wider membership is clearly in the interest of both existing and future members.

  
Managing Director & Actuary  
27 March 1996



The Society's Deed of Settlement, executed in 1762, states that  
 "...from mature consideration it appeareth, that many advantages  
 and great benefits, may arise, and be secured to great numbers of  
 persons... from the establishment of a society, to be composed of  
 such persons as shall be qualified and willing to become mutually  
 contributors for Equitable assurances on lives and survivorships.'

# FINANCIAL HIGHLIGHTS

## 10 YEAR TRENDS

	1995 £m	1994 £m	1993 £m	1992 £m	1991 £m	1990 £m	1989 £m	1988 £m	1987 £m	1986 £m
<b>New business</b>										
New annual premiums	326.4	308.5	323.0	294.2	281.2	258.2	234.0	190.2	133.1	100.7
Single premiums	1,289.5	1,035.2	1,087.4	931.7	834.7	577.6	408.0	131.0	132.0	103.7
<b>Income</b>										
Premium income	2,361.8	2,052.0	2,100.8	1,876.6	1,715.4	1,345.4	1,040.2	678.1	499.8	398.2
Investment income (excluding realised gains)	841.7	740.7	668.4	571.6	459.0	376.1	298.4	237.2	201.2	169.4
<b>Expenditure</b>										
Payments under policies	1,428.4	1,108.0	1,121.7	946.3	838.7	659.2	471.8	349.4	225.3	160.6
Expenses of management	114.4	113.0	121.0	124.3	124.3	101.6	88.1	61.6	42.3	33.6
Commission	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Taxation	28.0	11.7	19.5	6.9	1.2	6.3	(2.1)	5.4	7.6	10.5
Expense ratio	4.8%	5.5%	5.8%	6.6%	7.2%	7.6%	8.5%	9.1%	8.5%	8.4%
<b>Assets</b>										
Value of total net assets	16,612	13,545	13,407	9,497	7,368	5,786	5,705	4,163	3,386	2,885



# THE SOCIETY'S U.K. AND INTERNATIONAL OFFICES

## HEAD OFFICE

City Place House, 55 Basinghall Street London EC2V 5DR  
(0171) 606 6611

## UNITED KINGDOM

### Chief Administrative Office

Walton Street  
Aylesbury Bucks.  
HP21 7QW  
(01296) 393100

### Branch Offices

#### Birmingham (North)

The Crescent  
Solihull Parkway  
Birmingham Business Park  
Birmingham  
B37 7YE  
(0121) 693 8000

#### Birmingham (South)

The Crescent  
Solihull Parkway  
Birmingham Business Park  
Birmingham  
B37 7YE  
(0121) 693 8000

#### Brighton

21-33 Dyke Road  
Brighton  
East Sussex BN1 3FE  
(01273) 324501

#### Bristol

143 Redcliff Street  
Bristol BS1 6NP  
(0117) 929 0515

#### Cambridge

2 Mount Pleasant  
Cambridge CB3 0BL  
(01223) 352703

#### Central London

Crown House  
51 Aldwych  
London WC2B 4AX  
(0171) 379 3000

#### Chelmsford

Chancellors Place  
64 Broomfield Road  
Chelmsford Essex CM1 1SW  
(01245) 359444

#### City East

10th Floor  
1 Minster Court  
Mincing Lane  
London EC3R 7AA  
(0171) 661 3800

#### City West

10th Floor  
1 Minster Court  
Mincing Lane  
London EC3R 7AA  
(0171) 661 3800

## Edinburgh

1 St Andrew Square  
Edinburgh  
EH2 2BD  
(0131) 556 9711

## Epsom

32 West Hill  
Epsom Surrey  
KT19 8JD  
(01372) 724661

## Exeter

Pembroke House  
Southernhay Gardens  
Exeter EX1 1UN  
(01392) 432135

## Glasgow

Sutherland House  
149 St Vincent Street  
Glasgow G2 5NW  
(0141) 248 6996

## Guildford

1 Milkhouse Gate  
Guildford GU1 3EZ  
(01483) 506755

## Leeds

Westgate Point  
30 Westgate  
Leeds LS1 2QZ  
(0113) 245 8458

## Liverpool

Silkhouse Court  
Tithebarn Street  
Liverpool L2 2LZ  
(0151) 236 1825

## Maidstone

Gail House  
5 Lower Stone Street  
Maidstone Kent  
ME15 6NB  
(01622) 761547

## Manchester (North)

55 Spring Gardens  
Manchester M2 2BT  
(0161) 234 2000

## Manchester (South)

55 Spring Gardens  
Manchester M2 2BT  
(0161) 234 2000

## Milton Keynes

Equitable Life House  
249 Silbury Boulevard  
Milton Keynes  
MK9 1NA  
(01908) 236236

## Newcastle

75-85 Grey Street  
Newcastle-upon-Tyne  
NE1 6EF  
(0191) 232 7227

## Northern Ireland

17-25 College Square East  
Belfast BT1 6DE  
(01232) 243401

## Nottingham

Marina Road  
Castlebridge Office Village  
Nottingham  
NG7 1TN  
(0115) 950 0422

## St Albans

103 St Peter's Street  
St Albans Herts.  
AL1 3EN  
(01727) 831131

## Sheffield

Orchard Lane Wing  
The Fountain Precinct  
Balm Green  
Sheffield S1 2JA  
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## Westminster

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