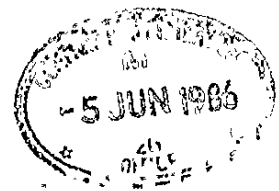


226742/17

General Accident Life Assurance

Report and Accounts 1985



General
Accident
Life Assurance

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Chairman

G.R. SIMPSON, D.S.O., L.V.O., T.D., D.L.

Directors

D.A. BLAIKIE, F.C.I.I.

THE RT. HON. THE LORD BOLTON, J.P., B.A., F.R.I.C.S.

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

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

B.C. MARSHALL, C.A.

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

C.G. MYERS, M.A., LL.B., F.I.A., F.F.A.

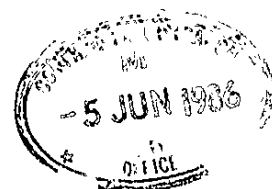
W.N. ROBERTSON, M.A., F.C.I.I.

General Manager and Actuary N.S. GRAHAM, M.A., F.I.A., F.C.I.I.

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

Manager and Secretary A. CADE, F.C.I.I., A.C.I.S.

Auditors PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants



GENERAL ACCIDENT LIFE ASSURANCE LIMITED

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GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Registered in England No. 226742

Registered Office: 2 Rougier Street, York YO1 1HR

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and Forty-seventh ANNUAL GENERAL MEETING of the Company will be held at 2 Rougier Street, York, on WEDNESDAY, the twenty-third day of April, 1986 at 12 noon to transact the ordinary business of the Company.

By Order of the Board,

A. CADE

Manager and Secretary

31 March, 1986

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

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Directors' Report

The Directors submit their Report with the Statement of Accounts of the Company as at 31st December 1985.

Principal Activity

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

Operations

The new net sums assured amounted to £2,979,896,000 as compared with £2,966,666,000 for the previous year. New annuities of £42,481,000 per annum were granted compared with £51,646,000 per annum in 1984. Permanent Health benefits of £6,543,000 per annum were written as compared with £7,522,000 per annum in 1984.

These benefits were secured by new annual premiums of £19,031,000 compared with £24,362,000 the previous year and new single premiums of £13,755,000 compared with £16,912,000 in 1984.

The annual valuation of the liabilities and assets of the Company is due to be made as at 31st December 1985 and details of the valuation and distribution of profits will be furnished in due course in the returns to the Department of Trade and Industry.

The Directors have declared reversionary bonuses for 1985 in respect of with profits policies in force on 31st December 1985. The rates which have been declared for such policies issued after 9th November 1970 are as follows:-

United Kingdom

Life policies — issued after 1981	5.00 per cent of sum assured
	plus 5.50 per cent of attaching bonuses
— issued up to and including 1981	7.50 per cent Simple
Assurances in the Pensions Business Fund and all Deferred Annuities	
Retirement Annuities	9.50 per cent Compound
Group Single Premium contracts, excluding Money Purchase Schemes (1974)	9.30 per cent Compound
Individual Pension Arrangements and Group Annual Premium contracts	7.60 per cent Compound
Money Purchase Schemes (1974)	7.80 per cent Compound

New Zealand

Policies issued up to and including February 1981	
Whole life non-superannuation policies	2.70 per cent Compound
Whole life superannuation policies	2.95 per cent Compound
Other policies	0.25 per cent less than for whole life
Policies issued after February 1981	2.70 per cent Compound

Zimbabwe

Policies issued up to and including 1972	4.45 per cent Simple
Policies issued after 1972	
Superannuation policies	3.40 per cent Compound
Non-superannuation policies	2.90 per cent Compound

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

For the time being interim bonuses, where applicable, will be allowed at the rates just declared on with profits policies becoming claims before the next declaration of bonus.

The rates of terminal bonus payable on United Kingdom and New Zealand contracts issued after 9th November 1970 were increased as follows on 1st January 1986. These rates may be changed at any time without notice.

UNITED KINGDOM

Life Policies

— issued after 1981	70	per cent of attaching declared and interim bonuses.
— issued up to and including 1981	Nil	for the first three years as a with profits policy,
	2.70	per cent per annum for the next seven years,
	3.70	per cent for each complete year thereafter, of the sum assured plus attaching declared and interim bonuses.
Assurances in the Pensions Business Fund and all Deferred Annuities	50	per cent of declared and interim bonuses.

NEW ZEALAND

All Series	10	per cent of attaching declared and interim bonuses.
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Accounts

Long Term Business Fund

£10,000,000 has been transferred to the fund from Investment Reserve.

£4,537,000 has been transferred to the Proprietors' Fund being the Proprietors' share of surplus resulting from the 1984 valuation of Life and Annuity business, after allowance for tax relief attributable directly to the distribution of profits to policies in the Annuity Funds.

£3,000 has been transferred to the Proprietors' Fund in respect of the 1984 valuation of Capital Redemption business.

£20,000 has been transferred from the Proprietors' Fund in respect of the 1984 valuation of Permanent Health Insurance business.

The fund has increased by £84,187,000 to £784,489,000 after taking into account the above transfers.

Proprietors' Fund

The net amount available to the Proprietors after the transfers mentioned above is £8,336,000. Out of this sum an interim dividend of £175 per share was paid in July 1985 and a second interim dividend of £300 per share was paid in December 1985. No further dividend is recommended for 1985.

Directors

The names of the present Directors appear on Page 1.

Mr. I.C. Menzies was appointed as Director on 26th September 1985. In accordance with the Articles of Association he will retire at the Annual General Meeting and will then be eligible for re-election.

The Directors retiring by rotation are Mr. D.A. Blaikie, Mr. C.G. Myers and Mr. I.A.H. Johnston, who are eligible for re-election.

The following Directors had beneficial interests as shown in the ordinary shares of General Accident Fire and Life Assurance Corporation p.l.c., these shares having been allocated under the U.K. Employee Profit Sharing Scheme.

	at 1st January 1985	at 31st December 1985
Mr. N.S. Graham	384	384
Mr. C.G. Myers	909	909

In addition to the above interests, Mr. N.S. Graham has been granted an option to subscribe for 2,665 ordinary shares under the U.K. Employee Savings Related Share Option Scheme.

Employment Policies

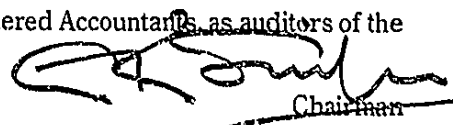
The Company applies the employment policies operating within General Accident Fire and Life Assurance Corporation p.l.c. (the Parent Company) and its subsidiary companies, and is committed to close consultations with employees on matters concerning their interests and to further their awareness of the financial state of the Parent Company and its subsidiary companies. During the year communication has continued to take place in a variety of ways including written circulars, regular staff meetings and staff newspapers which are issued approximately eight times a year. Wherever appropriate, regular meetings are held with staff representative bodies covering a wide range of topics. In addition four employees now serve as member representatives on the Board of Trustees of the General Accident Companies' U.K. Staff Pension Scheme in which this Company participates. The Company is party to a U.K. Staff Profit Sharing Scheme whereby employees are enabled to participate directly in U.K. profits by the allocation of Ordinary Shares in the Parent Company and a Share Option Scheme whereby shares may be acquired by regular savings. As a result of these two schemes over 60% of the employees of the Parent Company and its subsidiary companies now hold shares in the Parent Company.

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

Auditors

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co., Chartered Accountants, as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

20th March 1986


Chairman

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Consolidated Revenue Account

for the year ended 31st December 1985

	Notes	Amounts in £000's	
		1985	1984
LONG TERM BUSINESS FUND (Life and Annuity, Capital Redemption and Permanent Health Business)			
Premiums		119,105	110,574
Investment income		87,626	81,033
Other income		1	1
Variation of investment values		<u>—</u>	<u>66</u>
		206,732	191,674
Claims and surrenders		68,426	70,598
Annuities		9,401	8,723
Commission		13,608	15,406
Expenses		25,054	21,304
Taxation	6 (a)(c)	<u>7,906</u>	<u>7,724</u>
		124,395	123,755
Net Income		82,337	67,919
Fund at the beginning of the year		<u>700,302</u>	<u>602,484</u>
		782,639	670,403
Exchange adjustment	1 (m)	<u>(3,630)</u>	<u>(1,752)</u>
		779,009	668,651
Transfer from Investment Reserve	1 (f)	<u>10,000</u>	<u>35,000</u>
		789,009	703,651
Proprietors' share of profits	1 (c)(d)	4,520	3,349
Fund at the end of the year		<u>784,489</u>	<u>700,302</u>

The notes on pages 12 and 13 form an integral part of these accounts

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Profit and Loss Account

for the year ended 31st December 1985

	Notes	Amounts in £000's	
		1985	1984
PROPRIETORS' FUND			
Investment income		844	622
Expenses		21	16
Taxation	6 (b)(c)	<u>326</u>	<u>256</u>
		347	272
		497	350
Share of profits	1 (c)(d)	4,520	3,349
Net Income		<u>5,017</u>	<u>3,699</u>
Fund at the beginning of the year		3,319	3,120
		<u>8,336</u>	<u>6,819</u>
Dividends for year:			
Paid, July 1985		1,750	1,500
Paid, December 1985		<u>3,000</u>	<u>2,000</u>
		4,750	3,500
Fund at the end of the year		<u><u>3,586</u></u>	<u><u>3,319</u></u>

The notes on pages 12 and 13 form an integral part of these accounts

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Consolidated Long Term Balance Sheet

as at 31st December 1985

	Amounts in £000's	
	1985	1984
LONG TERM BUSINESS FUND		
Life and Annuity	781,360	697,794
Capital Redemption	35	35
Permanent Health	3,094	2,473
	<u>784,489</u>	<u>700,302</u>
Represented by:		
Investments less reserves		
Freehold and Leasehold Properties	142,866	108,949
Mortgages and Loans	31,800	32,439
Fixed Interest Securities	380,671	350,752
Ordinary Stocks and Shares	186,733	169,615
Reversions and Life Interests	4,774	4,840
Deposits at Interest	15,266	11,694
	<u>762,110</u>	<u>678,289</u>
Group Companies		
Debentures in Holding Company	260	260
Due from:		
Holding Company	117	—
Fellow Subsidiary Companies	780	1,557
	<u>1,157</u>	<u>1,817</u>
Less due to:		
Holding Company	—	136
Fellow Subsidiary Company	149	—
	<u>149</u>	<u>136</u>
	1,008	1,681
Current Assets		
Due from Policyholders and Agents	1,172	1,733
Sundry Debtors and Accrued Interest	28,839	23,212
Cash at Bank	3,905	6,208
Due from Proprietors' Fund	221	146
	<u>34,137</u>	<u>31,299</u>
Less Current Liabilities		
(including Deferred Taxation)		
Claims outstanding	4,192	3,217
Sundry Creditors	3,774	3,356
Deferred Taxation (notes 1 (n) and 7)	4,800	4,394
	<u>12,766</u>	<u>10,967</u>
	21,371	20,332
LONG TERM BUSINESS FUND		
Net Assets	<u>784,489</u>	<u>700,302</u>

The notes on pages 12 and 13 form an integral part of these accounts

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Parent Company Long Term Balance Sheet

as at 31st December 1985

	Amounts in £000's	
	1985	1984
LONG TERM BUSINESS FUND		
Life and Annuity	781,063	697,525
Capital Redemption	35	35
Permanent Health	3,094	2,473
	<u>784,192</u>	<u>700,033</u>
Represented by:		
Investments less reserves		
Freehold and Leasehold Properties	142,865	108,948
Mortgages and Loans	31,076	31,776
Fixed Interest Securities	380,671	350,752
Ordinary Stocks and Shares	186,733	169,615
Deposits at Interest	14,332	10,898
	<u>755,677</u>	<u>671,989</u>
Group Companies		
Shares in Subsidiary Companies	1,065	1,065
Debentures in Holding Company	260	260
Due from:		
Holding Company	117	—
Subsidiary Companies	5,025	4,957
Fellow Subsidiary Companies	780	1,557
	<u>7,247</u>	<u>7,839</u>
Less due to:		
Holding Company	—	136
Subsidiary Companies	23	23
Fellow Subsidiary Company	149	—
	<u>172</u>	<u>159</u>
	<u>7,075</u>	<u>7,680</u>
Current Assets		
Due from Policyholders and Agents	1,172	1,733
Sundry Debtors and Accrued Interest	28,765	23,141
Cash at Bank	3,875	6,175
Due from Proprietors' Fund	221	146
	<u>34,033</u>	<u>31,195</u>
Less Current Liabilities		
(including Deferred Taxation)		
Claims Outstanding	4,192	3,217
Sundry Creditors	3,601	3,220
Deferred Taxation (notes 1 (n) and 7)	4,800	4,394
	<u>12,593</u>	<u>10,831</u>
	<u>21,440</u>	<u>20,364</u>
LONG TERM BUSINESS FUND		
Net Assets	<u>784,192</u>	<u>700,033</u>

The notes on pages 12 and 13 form an integral part of these accounts

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Consolidated and Parent Company Balance Sheet

as at 31st December 1985

		Amounts in £000's			
		1985		1984	
		Consolidated	Parent	Consolidated	Parent
PROPRIETORS' FUND					
Capital					
Authorised—10,000 Shares of £100 each	1,000			1,000	
Issued—10,000 Shares of £100 each £25 paid up	250			250	
Reserve					
Profit and Loss Account	3,586			3,319	
		3,836	3,836	3,569	3,569
LONG TERM BUSINESS FUND					
(Separate Balance Sheets pages 8 and 9)		784,489	784,192	700,302	700,033
		788,325	788,028	703,871	703,602
Represented by:					
Investments less reserves					
Fixed Interest Securities	4,096			2,207	
Ordinary Stocks and Shares	683			555	
Deposits at Interest	—			986	
		4,779	4,779	3,748	3,748
Group Companies					
Due to Holding Company	600		600	—	—
		4,179	4,179	3,748	3,748
Current Assets					
Sundry Debtors and Accrued Interest	55			108	
Cash at Bank	61			85	
	116			193	
Less Current Liabilities					
(including Deferred Taxation)					
Sundry Creditors	215			201	
Deferred Taxation (notes 1 (n) and 7 (a))	23			25	
Due to Long Term Business Fund	221			146	
	459			372	
		(343)	(343)	(179)	(179)
PROPRIETORS' FUND Net Assets					
		3,836	3,836	3,569	3,569
LONG TERM BUSINESS FUND Net Assets					
(Separate Balance Sheets pages 8 and 9)		784,489	784,192	700,302	700,033
		788,325	788,028	703,871	703,602

The notes on pages 12 and 13 form an integral part of these accounts

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Statement of Source and Application of Proprietors' Funds

for the year ended 31st December 1985

Amounts in £000's

	1985	1984
SOURCE OF FUNDS		
Investment income less expenses	823	606
Share of profits	4,520	3,349
	<u>5,343</u>	<u>3,955</u>
Adjustments necessary to convert transactions to a cash basis		
Increase (decrease) from changes in:		
current liabilities	73	(66)
current assets	<u>53</u>	<u>(54)</u>
	126	(120)
Total Cash generated from operations (excluding the effect of realisation of investments — see note 1 (f))	<u>5,469</u>	<u>3,835</u>
APPLICATION OF FUNDS		
Dividends paid to Shareholders	4,750	3,500
Tax paid	<u>312</u>	<u>230</u>
	5,062	3,730
Net Funds available for Investment	<u><u>407</u></u>	<u><u>105</u></u>
Movements in Investments and Liquid Funds		
Increase in:		
Investments less reserves	431	76
Cash at Bank	<u>(24)</u>	<u>29</u>
	<u><u>407</u></u>	<u><u>105</u></u>

The notes on pages 12 and 13 form an integral part of these accounts

Notes on the Accounts

1 ACCOUNTING POLICIES

Subsidiary Companies and consolidation basis

- (a) The accounts of the Company and its subsidiaries (see Page 14), all of which have a common year end date, have been consolidated. The subsidiaries are all investments of the Long Term Business Fund and do not therefore contribute directly to the Proprietors' Fund.
- (b) Shares in subsidiary companies are shown in the Parent Company's balance sheet at or under cost.

Profits

Profits are ascertained as a result of an annual valuation of the Long Term Business Fund. The amount to be distributed is determined by the Directors.

(c) Life and Annuity Business

Distributable profits are allocated to participating Policyholders and Proprietors in accordance with the Company's Articles of Association, allowing for tax relief attributable directly to the distribution of profits to policies in the Annuity Funds. The Proprietors' share of these profits is transferred to the profit and loss account annually in arrear.

(d) Capital Redemption and Permanent Health Insurance Business

According to the position of these funds, the Directors determine the amounts of any transfers to be made between the Long Term Business and Proprietors' Funds.

Investments

- (e) Investments are included at cost less investment reserves with the exception of properties, which are included at market value less investment reserve. (See notes 7b and 9).
- (f) Profits and losses on realisation of investments, after adjusting for taxation, and on revaluation of properties are transferred to investment reserves. Transfers between investment reserves and revenue are determined by the Directors, having regard to the Actuary's Valuation Report.
- (g) Revenue is credited with dividends received (including the relative tax credits), with rents and income from fixed interest securities, mortgages, loans and deposits as they accrue and with notional income on certain properties in the course of development.
- (h) No depreciation is charged on freehold properties, all of which are held as investments.

Fixed Assets

- (i) Expenditure on office equipment, including computer equipment and motor cars, is normally written off to expenses of management in the year of purchase.

Staff Pension Schemes

- (j) Some of the liabilities under the provisions of the General Accident Group's Staff Pension Schemes are being funded over a period of years in accordance with the Pension Schemes' Trust Deeds. The appropriate charge is included in the consolidated revenue account under the heading of expenses.

Foreign Currencies

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

Deferred Taxation

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

Disclosure Requirements

- (o) These accounts are prepared in accordance with Chapter II of Part VII of the Companies Act 1985 and the requirements of those Statements of Standard Accounting Practice which are considered appropriate. The latter requirements do not override the specific statutory exemptions presently available to insurance companies.

2 HOLDING COMPANY

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

3 SUBSIDIARIES AND OTHER SHAREHOLDINGS

Particulars of the subsidiary companies and shareholdings therein together with details of holdings in companies which are in excess of 10% of the equity capital of those companies are given on page 14.

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

4 DIRECTORS AND EMPLOYEES

(a) Directors' Emoluments

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

1985	1984
£ 6,625	£ 7,717
<u>£45,103</u>	<u>£11,773</u>
<u>£51,728</u>	<u>£19,490</u>

Emoluments of the Chairman

Emoluments of the highest paid Director

Number of other Directors whose emoluments fall within the bands:

Nil

£1 to £5,000

1985	1984
Nil	Nil
£45,103	£11,773
4	3
3	6

(b) Employees' Emoluments

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

£30,001 - £35,000

1985	1984
4	1

(c) Loans to other Officers

As at 31st December 1985, 6 officers of the Company and its subsidiary companies, other than Directors, had secured house purchase loans outstanding amounting in aggregate to £69,479.

5 AUDITORS' REMUNERATION

The total remuneration payable by the Company and its subsidiary companies amounted to £44,765 (1984 £43,288) of which £31,812 (1984 £29,800) related to the Parent Company.

6 TAXATION

- The charge for taxation in the consolidated revenue account, has been computed in accordance with the current legislation appropriate to the business of each company.
- The charge in the profit and loss account is U.K. Corporation Tax at a composite rate of 41.25% together with tax on franked investment income.
- The amounts charged in these Accounts are made up as follows:-

	1985		1984	
	Revenue Account £000's	Profit and Loss Account £000's	Revenue Account £000's	Profit and Loss Account £000's
Corporation Tax	177	279	1,240	217
Less:- Double Taxation relief	<u>143</u>	<u>—</u>	<u>333</u>	<u>—</u>
	34	279	907	217
Tax attributable to U.K. dividends received	6,599	49	5,538	41
Overseas Taxation	987	—	859	—
Deferred Taxation	<u>413</u>	<u>(2)</u>	<u>544</u>	<u>(2)</u>
	8,033	326	7,848	256
Adjustments in respect of prior years	<u>(127)</u>	<u>—</u>	<u>(124)</u>	<u>—</u>
	<u>7,906</u>	<u>326</u>	<u>7,724</u>	<u>256</u>

7 DEFERRED TAXATION

- Deferred taxation represents tax provided on accrued interest receivable.
- No provision has been made for deferred taxation attributable to the property revaluation referred to in note 1 (e) because these assets are held as long term investments.

8 TURNOVER

Turnover of £207,576,000 (1984 £192,230,000) is represented by premiums and other income appearing in the consolidated revenue account together with investment income appearing in the consolidated revenue and profit and loss accounts.

9 MARKET VALUE OF INVESTMENTS

The excess of market values in aggregate over balance sheet values of the investments shown in the consolidated balance sheets at 31st December 1985 amounted to approximately:

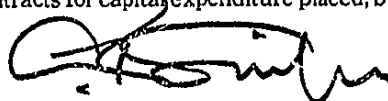
Long Term Business Fund £580 million (1984 £515 million) Proprietors' Fund £4.3 million (1984 £3.4 million)

The market value of investments has been determined by reference to the Insurance Companies (Accounts and Statements) Regulations 1983. The above figures do not take account of any tax charge which would arise if the investments were realised at these values.

10 FUTURE CAPITAL EXPENDITURE

Contracts for capital expenditure placed, but not provided for in these accounts, amounted to £1.9 million (1984 £2.2 million).

Approved by the Board
20th March 1986

 Chairman

 Director

 Director

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Subsidiary Companies

INSURANCE COMPANY

Yorkshire-General (Pensions Management) Ltd.

<i>Principal Activity</i>	<i>Interest of General Accident Life in Ordinary Shares</i>
Long term insurance	100%

NON INSURANCE COMPANIES

The Lancashire and Yorkshire Reversionary Interest Co. Ltd.

Investment in reversions and life interests	100%
---	------

The Bloomfield Land and Building Co. Ltd.
(Incorporated in Northern Ireland)

Non-trading	100%
-------------	------

General Development Property Co. Ltd.

Non-trading	100%
-------------	------

Holdings in other Companies

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

	<i>Class Held</i>	<i>Interest of General Accident Life</i>	<i>Interest of General Accident Life and subsidiaries</i>
City Commercial Real Estate Holdings Ltd.	'B' Ordinary	40%	40%
McKay Securities PLC	Ordinary	11.63%	11.63%

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Report of the Auditors

to the Members of General Accident Life Assurance Limited.

We have audited the accounts on pages 6 to 14 in accordance with approved Auditing Standards. In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on page 12, comply with the Companies Act 1985 in the manner authorised for an insurance company.

2/2a Low Ousegate, York.
21st March, 1986

Peter Marshall Mitchell
CHARTERED ACCOUNTANTS

Actuary's Certificate

I certify that in my opinion the aggregate amount of the liabilities of the Company in relation to its long term business at 31st December 1985 did not exceed the amount of the Long Term Business Fund as shown in the Consolidated Balance Sheets.

20th March 1986

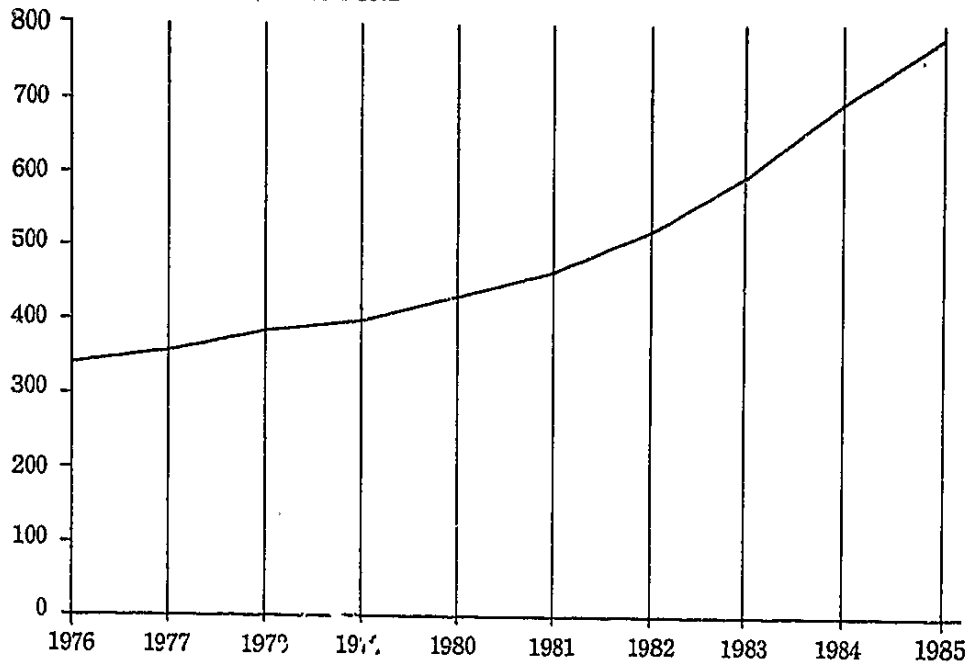
NS Graham
ACTUARY

GENERAL ACCIDENT LIFE ASSURANCE LIMITED

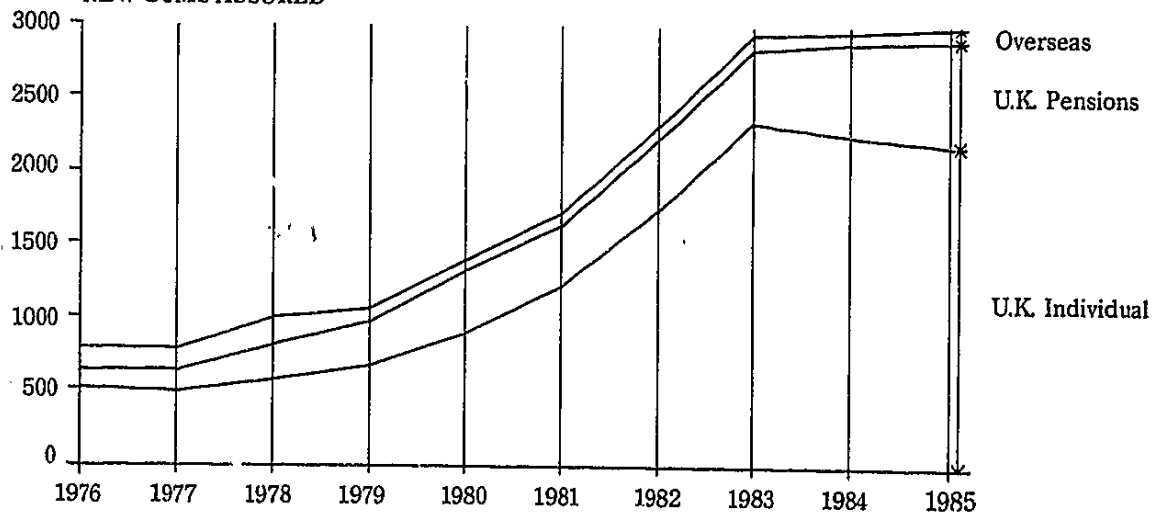
Review of Progress

Amounts in £ millions

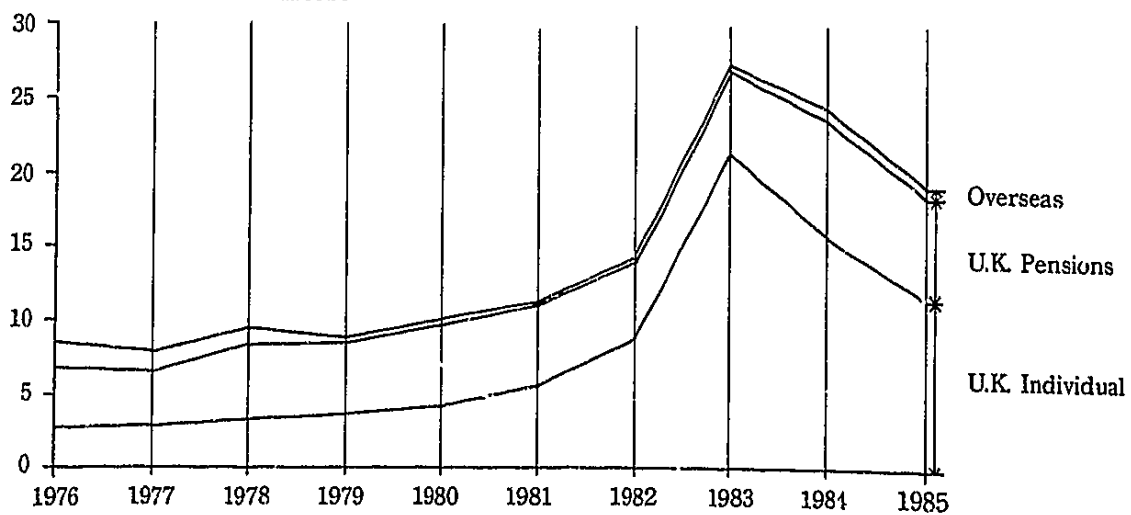
LONG TERM BUSINESS FUND



NEW SUMS ASSURED



NEW ANNUAL PREMIUMS



GENERAL ACCIDENT LIFE ASSURANCE LIMITED

Home and Overseas Offices

HEAD OFFICE: 2 ROUGIER STREET, YORK YO1 1HR

UNITED KINGDOM

The Branch Offices of General Accident Fire and Life Assurance Corporation p.l.c.
in the United Kingdom.

OVERSEAS

NEW ZEALAND

Chief Office: General Buildings,
38-42 Waring Taylor Street,
Wellington, 1,
(P.O. Box 2299)
Manager for New Zealand:
L.R. LAING

ZIMBABWE

Chief Office: General Building,
Corner Stanley Avenue and Angwa Street,
Harare,
(P.O. Box 1510)
Manager:
J.H. MOORE

and Branch Offices in these territories



MEMBER COMPANIES IN THE U.K. INCLUDE

GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION p.l.c.
SCOTTISH GENERAL INSURANCE COMPANY LIMITED
GENERAL ACCIDENT LIFE ASSURANCE LIMITED
GENERAL ACCIDENT LINKED LIFE ASSURANCE LIMITED
THE YORKSHIRE INSURANCE COMPANY LIMITED
THE GUARANTEE SOCIETY LIMITED
THE LANCASHIRE AND YORKSHIRE REVERSIONARY INTEREST COMPANY LIMITED
GENERAL ACCIDENT REINSURANCE COMPANY LIMITED
MULTIPLE CREDIT SERVICES LIMITED
GENERAL ACCIDENT EXECUTOR AND TRUSTEE COMPANY LIMITED
SCOTTISH BOILER AND GENERAL INSURANCE COMPANY LIMITED