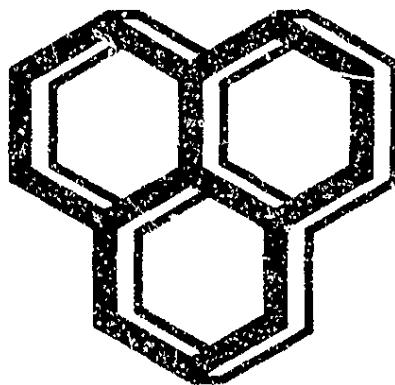
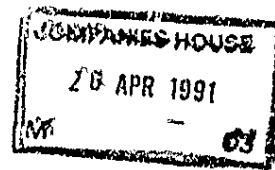


Company No. 394616

# Sun Alliance and London

ASSURANCE COMPANY LIMITED



## Report and Accounts

### 1990

# Sun Alliance and London Assurance Company Limited

## Report and Accounts 1990

CONTENTS	page
Directors	2
<i>Directors' report</i>	3
Auditors' report	4
Long-term insurance revenue account	5
Long-term insurance balance sheet	6
Profit and loss account	7
Movements in reserves	7
Balance sheet	8
Notes on the accounts	9

## Directors' report for the year ended 31st December, 1990

### Activities

The principal activity of the Company is the transaction of ordinary long-term insurance business as part of the Sun Alliance Insurance Group in the United Kingdom and in certain overseas countries.

### Long-term insurance

	1990 £m	1989 £m
NEW BUSINESS (net of reinsurance)		
Premiums – annual	59.6	62.0
– single	164.3	137.5
INCOME		
Premium income, less reinsurance	486.1	433.0
Investment income	246.9	211.9

An actuarial valuation of the life fund was made as at 31st December, 1990. The ordinary rates of bonus declared for the main class of life assurance business were 3.50% (1989 3.50%) of the sum assured and 7.00% (1989 7.50%) of existing bonus. As a result, £111,286,000 has been allotted to policyholders (in addition to interim and capital bonuses amounting to £38,944,000 paid during the year) and £14,858,000 has been allocated to shareholders as their share of profit. In addition profits totalling £75,000 have been transferred to profit and loss account from the capital redemption fund.

The long-term insurance funds at the end of the year amounted to £3,965.3m.

### Profit and dividend

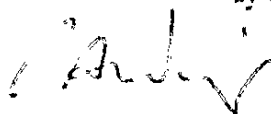
The profit for the year is shown in the profit and loss account on page 7.

The directors have declared a total dividend for 1990 of £12.0m of which £6.0m was paid on 6th December, 1990 and £6.0m will be paid on 1st July, 1991.

### Directors

The directors whose names appear on page 2 served throughout the year.

By order of the directors



B. A. WRIGHT

Director

27th March, 1991

## Long-term insurance revenue account

for the year ended 31st December, 1990

	Notes	1990	1989
	1(a)	£m	£m
Premiums less reinsurance		486.1	433.0
Investment income	5	246.9	211.9
Realised and unrealised appreciation (depreciation) on investments		<u>(504.0)</u>	<u>526.4</u>
		229.0	1,171.3
less:			
Claims and surrenders		193.4	147.1
Annuities		62.8	49.4
Commission		31.6	39.6
Expenses		101.9	102.2
Taxation	8	8.6	4.0
Transfer to profit and loss account	6	14.9	12.8
		<u>413.2</u>	<u>355.1</u>
Increase (decrease) in funds		<u>(184.2)</u>	<u>816.2</u>

# Sun Alliance and London Assurance Company Limited

## Report and Accounts 1990

CONTENTS	page
Directors	2
Directors' report	3
Auditors' report	4
Long-term insurance revenue account	5
Long-term insurance balance sheet	6
Profit and loss account	7
Movements in reserves	7
Balance sheet	8
Notes on the accounts	9

# Sun Alliance and London Assurance Company Limited

## Directors

R. A. G. Neville, V.R.D., F.C.A., *Chairman*

B. A. Wright, F.I.A., *Deputy Chairman*

J. G. Jewell, F.I.A.

J. R. Knightley, F.C.I.I.

S. L. Smaller, F.I.A., F.P.M.I., *Chief Actuary*

P. G. T aylor, F.C.I.I., F.B.I.M., *Managing Director*

R. J. Taylor, F.C.I.I.

J. J. Woods, F.I.A., F.P.M.I.

## Secretary

H. Silver, *Barrister*

## Registered Office

1 Bartholomew Lane, London EC2N 2AB

## Directors' report for the year ended 31st December, 1990

### Activities

The principal activity of the Company is the transaction of ordinary long-term insurance business as part of the Sun Alliance Insurance Group in the United Kingdom and in certain overseas countries.

### Long-term insurance

	1990	1989
	£m	£m
NEW BUSINESS (net of reinsurance)		
Premiums – annual	59.6	62.0
– single	164.3	137.5
INCOME		
Premium income, less reinsurance	486.1	433.0
Investment income	246.9	211.9

An actuarial valuation of the life fund was made as at 31st December, 1990. The ordinary rates of bonus declared for the main class of life assurance business were 3.50% (1989 3.50%) of the sum assured and 7.00% (1989 7.50%) of existing bonus. As a result, £111,286,000 has been allotted to policyholders (in addition to interim and capital bonuses amounting to £38,944,000 paid during the year) and £14,858,000 has been allocated to shareholders as their share of profit. In addition profits totalling £75,000 have been transferred to profit and loss account from the capital redemption fund.

The long-term insurance funds at the end of the year amounted to £3,965.3m.

### Profit and dividend

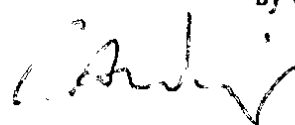
The profit for the year is shown in the profit and loss account on page 7.

The directors have declared a total dividend for 1990 of £12.0m of which £6.0m was paid on 6th December, 1990 and £6.0m will be paid on 1st July, 1991.

### Directors

The directors whose names appear on page 2 served throughout the year.

By order of the directors



B. A. WRIGHT

Director

27th March, 1991

# Sun Alliance and London Assurance Company Limited

## Auditors' report

### Report of the auditors to the members of Sun Alliance and London Assurance Company Limited

We have audited the accounts on pages 5 to 11 in accordance with Auditing Standards.

In our opinion the accounts have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies. The accounts do not include the statement of source and application of funds required by Statement of Standard Accounting Practice number 10.



London  
27th March, 1991

COOPERS & LYBRAND DELOITTE  
Chartered Accountants



## Long-term insurance revenue account

for the year ended 31st December, 1990

	Notes	1990	1989
	1(a)	£m	£m
Premiums less reinsurance		486.1	433.0
Investment income	5	246.9	211.9
Realised and unrealised appreciation (depreciation) on investments		<u>(504.0)</u>	<u>526.4</u>
		229.0	1,171.3
less:			
Claims and surrenders		193.4	147.1
Annuities		62.8	49.4
Commission		31.6	39.6
Expenses		101.9	102.2
Taxation	8	8.6	4.0
Transfer to profit and loss account	6	14.9	12.8
		<u>413.2</u>	<u>355.1</u>
Increase (decrease) in funds		<u>(184.2)</u>	<u>816.2</u>

# Sun Alliance and London Assurance Company Limited

## Long-term insurance balance sheet

at 31st December, 1990

	Notes 1(a)	1990 £m	1989 £m
Long-term insurance funds including reserves		3,965.3	4,149.5
Other liabilities including provisions			
Outstanding claims		16.0	20.8
Borrowings	9	79.5	84.4
Sundry creditors		27.6	29.0
Due to subsidiary		2.2	3.8
Due to fellow subsidiaries		20.0	8.1
Due to general fund		15.4	4.2
		<u>4,126.0</u>	<u>4,299.8</u>
Investments			
British Government and municipal securities		772.9	796.3
Overseas government and municipal securities		18.6	15.2
Debentures		164.1	172.5
Preference stocks and shares		29.6	36.3
Ordinary stocks and shares		1,661.0	1,884.0
Property		1,017.1	1,024.3
Mortgages and loans		73.7	80.4
Deposits at interest		265.5	184.9
		<u>4,002.5</u>	<u>4,193.9</u>
Current assets			
Debtors		122.8	104.1
Bank balances and cash		0.7	1.8
		<u>4,126.0</u>	<u>4,299.8</u>

This balance sheet forms part of the balance sheet appearing on page 8.

## Profit and loss account

for the year ended 31st December, 1990

	Notes	1990 £m	1989 £m
Long-term insurance profits	6	21.3	18.3
Investment and other income		<u>1.2</u>	<u>1.0</u>
<b>Profit before taxation</b>		22.5	19.3
Taxation	8	<u>6.7</u>	<u>5.8</u>
<b>Profit after taxation</b>		15.8	13.5
Dividend		<u>12.0</u>	<u>10.0</u>
<b>Profit retained</b>		<u>3.8</u>	<u>3.5</u>

## Movements in reserves

for the year ended 31st December, 1990

	Notes	1990 £m	1989 £m
<b>Retained profits</b>			
Balance at 1st January		18.4	19.1
Profit retained (per the profit and loss account)		3.8	3.5
Realised investment profits less losses, after taxation		1.9	0.8
Development finance transfers	7	<u>—</u>	<u>(5.0)</u>
<b>Balance at 31st December</b>		<u>24.1</u>	<u>18.4</u>
<b>Revaluation reserve</b>			
Balance at 1st January		10.6	6.8
Unrealised appreciation (depreciation) of investments		<u>(7.1)</u>	<u>3.8</u>
<b>Balance at 31st December</b>		<u>3.5</u>	<u>10.6</u>

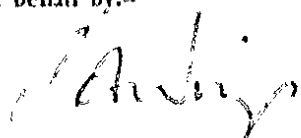
# Sun Alliance and London Assurance Company Limited

## Balance sheet

at 31st December, 1990

	Notes	1990 £m	1989 £m
<b>Share capital</b>			
Authorised, issued and fully paid: 1,000,000 shares of £1 each		1.0	1.0
<b>Reserves</b>			
Retained profits		24.1	18.4
Revaluation reserve		3.5	10.6
		<u>28.6</u>	<u>30.0</u>
<b>Liabilities and provisions</b>			
Sundry creditors		0.3	0.2
Due to a parent company		6.2	—
Due to fellow subsidiaries		—	4.8
Provision for dividend		6.0	5.0
		<u>41.1</u>	<u>40.0</u>
<b>Long-term insurance funds and liabilities (page 6)</b>		<u>4,126.0</u>	<u>4,299.8</u>
		<u>4,167.1</u>	<u>4,339.8</u>
<b>Investments</b>			
British Government securities		2.8	2.8
Preference stocks and shares		0.5	0.4
Ordinary stocks and shares		14.7	16.3
Property		1.0	1.2
Shares in subsidiaries	10	0.1	8.6
		<u>19.1</u>	<u>29.3</u>
<b>Current assets</b>			
Sundry debtors		0.1	0.1
Due from long-term insurance fund		15.4	4.2
Due from parent companies		0.1	1.1
Due from subsidiary		3.6	3.7
Bank balances		2.4	1.6
		<u>41.1</u>	<u>40.0</u>
<b>Long-term insurance assets (page 6)</b>		<u>4,126.0</u>	<u>4,299.8</u>
		<u>4,167.1</u>	<u>4,339.8</u>

The accounts on pages 5 to 11 were approved by the directors on 27th March, 1991 and were signed on their behalf by:-



B. A. WRIGHT, Director

## Notes on the accounts

### 1. Accounting policies

The principal accounting policies of the Company as set out below comply with U.K. statements of standard accounting practice to the extent that they are appropriate to life assurance companies.

#### (a) Group accounts

The Company is a wholly owned subsidiary of a U.K. holding company and, in accordance with section 228 of the Companies Act 1985, consolidated accounts have not been prepared and accordingly the comparatives have been restated. The accounts of the Company and its subsidiaries are included in the group accounts of the Company's immediate parent company, Sun Alliance Life Limited. The interests of the Company in its subsidiaries are shown at net asset value with the movement in the year taken to revaluation reserve.

#### (b) Exchange rates

Assets and liabilities in foreign currencies are translated into sterling at rates ruling at the year-end. Overseas revenue transactions are translated at rates prevailing during the year.

#### (c) Long-term insurance business

The profits on long-term insurance business are determined annually by actuarial valuation. The shareholders' proportion of these profits is grossed up in the profit and loss account by the estimated tax in the long-term insurance funds attributable to such profits.

#### (d) Investment income

Interest and dividends on investments other than ordinary shares are included on an accruals basis. Investment income is grossed up to include related tax credits on dividend income and is shown after deduction of interest payable and investment management expenses.

#### (e) Taxation

The taxation charge in the long-term insurance revenue account is based on the income of the year, less reliefs. The taxation charge in the profit and loss account is based on the profits and income of the year.

Provision for deferred taxation on the unrealised appreciation of investments is made only where realisations giving rise to a taxation liability are anticipated in the foreseeable future.

#### (f) Investments

Investments are stated in the balance sheets at market values comprising stock exchange values for listed securities, open market valuations by the Group's qualified surveyors for properties, values determined in accordance with the policy terms for investments in unit-linked funds and directors' valuations for other investments.

The excess of market values over book values of general fund investments is taken to revaluation reserve and profits and losses on the realisation of general fund investments, less taxation, are taken to retained profits.

In the long-term insurance accounts unrealised appreciation and profits and losses on the realisation of investments are dealt with in the revenue account and included in long-term insurance funds. Prior to 1990 realised and unrealised appreciation on non-linked business investments were taken to investment reserves and transfers made to the revenue account as required; linked business investment appreciation was already dealt with directly in the revenue account. The comparatives for 1989 have been restated to reflect this change in presentation.

### 2. Accounting and disclosure requirements

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to insurance companies.

### 3. Group reorganisation

As a result of a reorganisation of the Sun Alliance Insurance Group's U.K. life corporate structure during the year, the Company's subsidiary, Sun Alliance Life Limited, was transferred to the ownership of another group company and became the Group's life intermediate holding company. The Company's subsidiary, Sun Alliance Pensions Limited, and then the Company itself were transferred to the ownership of Sun Alliance Life Limited.

### 4. Pension costs

The majority of the Sun Alliance staff in the U.K. are employed by Sun Alliance and London Insurance plc and are members of a defined benefits pension scheme details of which are disclosed in the accounts of Sun Alliance Group plc.

### 5. Investment income

Interest on bank and other loans, deducted from investment income in the long-term insurance revenue account, amounted to £10.7m (1989 £16.9m).

# Sun Alliance and London Assurance Company Limited

## Notes on the accounts *continued*

### 6. Long-term insurance profits

The amount included in the profit and loss account for the shareholders' proportion of long-term insurance profits is made up as follows:—

	1990	1989
	£m	£m
Transfer from revenue account	14.9	12.8
Related taxation	6.4	5.5
	<u>21.3</u>	<u>18.3</u>

### 7. Development finance

In 1989 long-term insurance business development finance was provided to subsidiaries by way of a transfer from retained profits.

### 8. Taxation

The charges for taxation comprise:—

	Long-term insurance revenue account		Profit and loss account	
	1990	1989	1990	1989
	£m	£m	£m	£m
United Kingdom taxation				
Corporation tax	(1.2)	(4.1)	0.1	0.1
Tax attributable to U.K. dividend income and to the long-term insurance transfer	8.6	7.3	6.6	5.7
	<u>7.4</u>	<u>3.2</u>	<u>6.7</u>	<u>5.8</u>
Less Double taxation relief	0.3	0.2	—	—
	<u>7.1</u>	<u>3.0</u>	<u>6.7</u>	<u>5.8</u>
Overseas taxation on profits	1.5	1.0	—	—
	<u>8.6</u>	<u>4.0</u>	<u>6.7</u>	<u>5.8</u>

The potential liability for deferred taxation on unrealized appreciation of investments which is not expected to be payable in the foreseeable future and for which, therefore, no provision has been made is estimated to amount to —

	1990	1989
	£m	£m
Long-term insurance funds	58.0	159.0
General funds	3.0	5.0

### 9. Borrowings

Bank borrowings and other loan in the long-term insurance balance sheet are as follows:—

	1990	1989
	£m	£m
Bank loan and overdrafts	7.6	14.8
Loan due to general fund, at commercial rate of interest, repayable within one year	71.9	69.6
	<u>79.5</u>	<u>84.4</u>

### 10. Subsidiaries

The Company owns the whole of the issued share capital of Sun Alliance Pensions Life & Investment Services Limited, Sun Alliance Managed Pension Services Limited and Kembrey Park Limited, all of which are registered in England and Wales.

During the year the Company's other subsidiaries were transferred to the ownership of group companies (see note 3).

### 11. Associated companies and other participating interests

Investments include interests in companies, not being subsidiaries, in which the shareholdings exceed 10% of the equity share capitals of those companies. None of these investments materially affected the investment income or assets of the Company.

## Notes on the accounts *continued*

### **12. Directors' emoluments**

No emoluments were paid or are payable to the directors in respect of their services as directors of the Company in 1990 or 1989. All the directors are employees of Sun Alliance and London Insurance plc and receive remuneration in respect of their duties as directors or managers of that company.

### **13. Auditors' remuneration**

The remuneration of the auditors of the Company amounted to £90,000 (1989 £84,000).

### **14. Parent companies**

The Company's immediate parent company is Sun Alliance Life Limited which is registered in England and Wales. The Company's ultimate parent company is Sun Alliance Group plc which is registered in England and Wales. A copy of that company's group accounts can be obtained from 1 Bartholemew Lane, London EC2N 2AB.