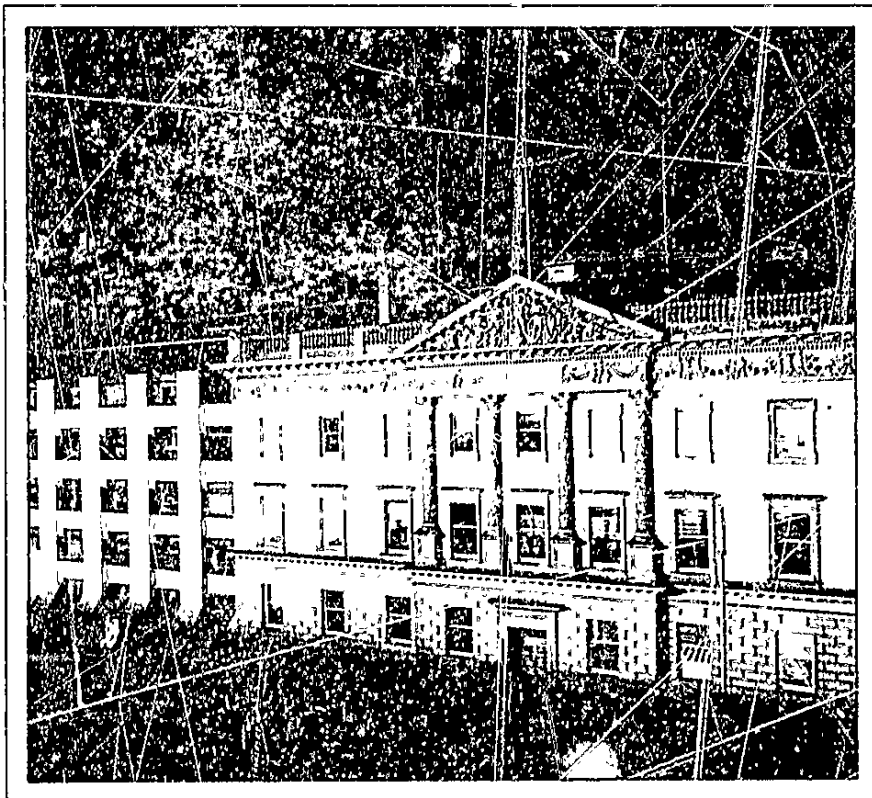


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THE STANDARD LIFE ASSURANCE COMPANY
REPORT & ACCOUNTS 1984



Standard Life

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Front Cover: Head Office, 2 George Street, Edinburgh

Back Cover: Canadian Chief Office, Standard Life Building, Montreal





R. C. Smith, C.B.E., LL.D., C.A.



G. D. Gwilt, M.A., F.F.A.

1

BOARD OF DIRECTORS AND EXECUTIVE

BOARD OF DIRECTORS

Chairman
R. C. Smith, C.B.E., LL.D., C.A.

Deputy Chairman
N. Lessels, C.A.

G. D. Birks
C. A. Crole, C.A.
J. G. S. Gammell, M.B.E., C.A.
G. D. Gwilt, M.A., F.F.A.
A. M. Hodge, G.C., V.R.D., D.L., W.S.
H. W. Macdonell, Q.C.
W. D. Mulholland, M.B.A.
Sir Thomas Risk
L. G. Rolland
J. F. H. Trott
Sir Eric Yarrow, Bt., M.B.E., D.L.

EXECUTIVE

General Manager and Actuary
G. D. Gwilt, M.A., F.F.A.

Deputy General Manager and Secretary
A. D. Shedden, B.Sc., F.F.A., F.S.A.

Chief Accountant
J. Downie, C.A.

Staff Manager
T. P. Law, C.A.

Assistant General Manager and Pensions Manager
A. U. Lyburn, M.A., F.F.A., F.P.M.I.

Pensions (Legal) Manager
A. S. McLeish, M.A., LL.B.

Assistant General Manager (Life)
G. P. Glover

Agency Manager
T. R. King, B.L.

Assistant General Manager (Finance)
A. S. Bell, F.F.A., F.P.M.I.

Investment Manager
D. M. Simpson, B.A., F.F.A.

Property Investment Manager
P. J. Hewwood, F.R.I.C.S.

Assistant General Manager and Actuary
I. C. Lumsden, M.A., F.F.A.

Assistant General Manager (Operations)
J. Stretton, B.A., F.F.A.

Systems Manager
A. C. Hay, M.A., F.F.A.

President, Canadian Operations
A. S. Ferme, M.A., F.F.A., F.C.I.A., A.S.A.

Senior Vice-President and Secretary for Canada
A. I. MacTier, C.A.

Senior Vice-President (Finance)
R.R. Naudie, C.A., C.F.A.

Senior Vice-President and Actuary
J. A. C. Garcia, F.S.A., F.C.I.A.

CHIEF MEDICAL OFFICER
D. A. Seaton, M.D., F.R.C.P.(F&I),
F.R.C.P.(Glas), D.Obst.R.C.O.G.

SOLICITORS
Dundas & Wilson, C.S.

AUDITORS
Thomson Mc Lintock & Co, C.A.

PENSION

STANDARD LIFE'S REVIEW

Five years ago our assets were £7.5 billion having increased a tenth to £8.5 billion in real terms since the end of the Second World War. It is therefore very gratifying to report that over the last five years the assets have more than doubled in real terms to stand at over £13 billion.

Reasons for this continued expansion are not difficult to find. Not only have our investment returns performed well but also our hardworking sales force has been producing ever larger amounts of new business in all the three countries in which we operate as illustrated below:

Total New Premiums for Ordinary Business			
	UK (£m)	Republic of Ireland (£m)	Canada (\$m)
1982-83	365	319	519
1983-84	410	482	577
1984-85	492	468	509

The figures in the table include both annual and single premiums. Although there has been growth in both categories in all three countries single premiums have increased the fastest, indeed in the UK, as well as in the Republic of Ireland, where we have just celebrated 150 years of business, our single premiums have trebled since 1982.

Changes in legislation, actual or anticipated, also have an effect. When the new arrangements for giving mortgage interest relief at source (MIRAS) were announced two years ago the switch to endowment assurances to cover existing mortgages caused a flood of business. This has since abated, both for new and existing mortgages, as the result of the withdrawal of life assurance premium relief in March 1984 but just before well-founded rumours concerning its abolition had caused a flurry of new business as people raced to beat the Budget. Since then fears that pension provision would become subject to some form of taxation in this year's Budget have been a factor in the increase of personal pension business.

LEGISLATION - U.K.

While it is clearly the Government's prerogative to introduce new or amending legislation to meet changing circumstances or attitudes such alterations can have unnecessarily severe effects on our business.

Life assurance premium relief, removed in the 1984 Budget, was withdrawn in such a way that even the terms of the Finance Act were imprecise in defining which policies qualified for premium relief and which did not, leaving the Inland Revenue and Life Assurance companies locked in a continuing battle over the treatment of individual cases. A helpful Chancellor could at least end the uncertainty for many policyholders by decreeing that qualifying policies in respect of which premiums were paid before 14th March 1984 would attract relief. For the present we can only apologise to any of our policyholders affected and thank them for their continuing forbearance.

When Government does seek expert advice in advance of change there is evidence that, at least in some areas, the advice is considered and followed. This was so in relation to life assurance commissions and the plan by a large group of companies to set voluntary maximum values of commission through the Registry of Life Assurance Commission (ROLAC) could receive indirect statutory backing according to the White Paper on Financial Services in the United Kingdom published in January 1985. Standard Life wholeheartedly supports the ROLAC enterprise, the success of which should ensure the continuance and strengthening of the sale of life assurance through independent insurance intermediaries able to give impartial advice.

The future of pensions is in greater doubt. In this review last year Standard Life added its voice against the scheme for personal portable pensions in the form propounded by the Centre for Policy Studies, but wide criticism seems to have had little impact on the proposals in the consultative paper published by the Secretary of State for Social Services in July, asking for comment by end-November 1984. On a matter of this complexity public comment should be weighted with expert advice, not only on the objectives but also on the implementation of whatever scheme is proposed.

As this review has to be completed in the days immediately preceding the 1985 Budget, it can only be hoped that appeals to the Chancellor not to deal imprudently with the well-established taxation treatment of pension provision will have been heeded. A desire for immediate fiscal gain should not override such proper deliberation of the issues, including the consequences for all present and future pensioners, as can arise only from reasoned discussion with the pooled expertise of the pensions industry.

LEGISLATION - CANADA

In Canada the authorities have decided to mitigate the restrictions previously imposed by the Foreign Investment Review Act and similar legislation. Indeed, in recognition of the fact that the premiums of our Canadian policyholders are invested there for their benefit we will be exempt from the new regulations under the terms of the current bill. This is welcome news as we have been writing life assurance in Canada for over 150 years and approximately one third of our total business is in that country.

A less welcome legislative cloud on the horizon is the requirement by Manitoba that, in the interests of equity between the sexes, pensions for males and females be provided by pension schemes at the same cost. Fairness does not, however, necessarily imply equality and there are sound actuarial reasons for the difference in the cost of pension and life assurance provision between the sexes. We hope that other Provinces will not, misguidedly, follow Manitoba on this issue.

CHAIRMAN'S REVIEW

INVESTMENT

In respect of our U.K. life assurance and annuity funds less than a fifth of the year's cash flow was invested in fixed interest securities, the remainder being used to purchase equities (both in the U.K. and overseas), property and some index-linked securities. The market value of our equity portfolio is now almost £2.5 billion.

Both in Canada and in the Republic of Ireland the nature of our business dictates that we hold a much greater proportion of our assets in fixed interest securities so the major part of the respective cash flows was invested in this type of asset.

Five years ago we launched a new range of investment-linked policies in the U.K. and I am particularly pleased to be able to report that over the period the performance achieved by our managers as illustrated below has been outstanding.

	Change in Unit Price from 30 Oct '79 to 30 Oct 84	Change in Appropriate Market Index
Equity	+146.7	-
Fixed Interest	+201.2	+132.9
Property	+91.3	+61.0
International	+149.8	+144.5
Property	+72.9	-

Over the period the Retail Price Index increased by 51.8%.

VALUATION AND BONUS

The continuation of favourable investment conditions has allowed us to retain our exceptionally high rates of reversionary bonus and at the same time to declare substantially increased rates of terminal bonus both in the United Kingdom and in the Republic of Ireland. Few companies, if any, will be able to match these impressive results this year, and none can match our consistently good bonus results over the past 25 years.

In Canada we have decided that from now on we should declare our group pension bonuses annually rather than triennially and favourable experience has permitted our first annual declaration to be at an even higher rate than that of our triennial declaration last year.

Although record levels of bonus have been declared we have maintained the considerable strength of our actuarial valuation basis, the alterations to this being made merely to reflect changing experience.

The exceptional levels of bonus we have been able to declare in recent years have stemmed from the investment returns obtainable in times of high inflation. Their maintenance could not be expected if inflation were to remain at its present relatively low level with a correspondingly lower rate of investment return, but these conditions would, at the same time, bring stability to the real value of the proceeds of maturing policies.

FUTURE

We are in business to offer the policies and related services which the public needs. For instance, in the field of pensions, we introduced the Stanplan series which enabled employers to set up pension schemes with the minimum of legal documentation. Our very successful Personal Pension Plan offers flexibility of a different kind since it allows a choice of insured or linked funds within the same policy. This feature has been extended to our new Castle Series of pension contracts, especially designed to cover a wide range of individual and group pension needs.

Many policyholders will have seen the announcement at the end of January of our purchase from Barclays Bank of just over a third of the issued capital of the Bank of Scotland for £155m. It has been clear to us for some time that a strategic stake in the banking industry would help us in tomorrow's markets to maintain our pre-eminently successful record of service and profits to policyholders. We are particularly pleased to have acquired this stake in a bank which has built up such an impressive record of prudent financial management and forward-looking innovation.

BOARD

Mr. G. Drummond Birks, President and Chief Executive Officer of Henry Birks & Sons, joined the Board in June 1984. He has had a long connection with Standard Life as a member of our former Canadian Advisory Board and so his counsel in both Edinburgh and Montreal will be particularly valuable to us.

In view of our new connection with the Bank of Scotland we are delighted that Mr. D. Bruce Pattullo, Treasurer and General Manager, has accepted an invitation to join our Board and a resolution to elect him will be put to the Annual General Meeting on 26th March.

STAFF

This review has referred in part to the difficulties which have to be surmounted in achieving the impressive growth of business which the Company has once again recorded in 1984. That success is not easily won and I gladly acknowledge on behalf of all our policyholders the contribution of our staff in every area of the Company's activity.

Robert C. Smith
Chairman

REPORT BY THE DIRECTORS

Directors' Report for the year ended 15 November 1984 to be presented at the 1984 Annual General Meeting to be held at 3 George Street, Edinburgh, on 26 March 1985 at 2.30 p.m.

Business of the Group

The Group carries on classes of life insurance, annuity and capital redemption business. Management services for pension funds are provided in the United Kingdom by Standard Life Pension Funds Limited and in Canada by Standard Life Portfolio Management Limited and through Canadian segregated funds.

New Business

During the year 242,677 contracts were issued for the following amounts (after deduction of re-assurances):

	Annual Premiums £m	Single Premium £m
Life Assurances		
Ordinary	82.9	29.6
Group	4.3	—
Total	87.2	29.6
Annuities		
Deferred	4.7	79.1
Immediate	—	70.3
Total	4.7	149.4
Linked Life Business	6.2	183.4
Managed Funds		
Standard Life Pension Funds Limited	17.6	44.2
Canadian Segregated Funds	0.3	1.0
Total	17.9	45.2

Investment Income

The investment income before taxation is stated in the Group's Profit and Loss Account was £54.6 £m which represents a rate of interest of 9.69% on the Funds.

Assets

The total assets, as stated in the Group Balance Sheet, after deduction of the Investment Reserve, amounted to £6,510.5m. In addition Standard Life Pension Funds Limited and Standard Life Portfolio Management Limited manage the investment of assets totalling some £65 £m.

Persons Employed and their Remuneration

The average number of persons employed in the United Kingdom by the Company and its subsidiaries was 2,535 with aggregate remuneration of £24.5m.

It is the Company's policy to give opportunities for employment to disabled people. The Company would continue the employment, either on disability pension, or arrange for retraining of any member of staff who became disabled, as may be appropriate. Disabled persons are given the same opportunities to progress within the Company as any other employees, due allowance being given for their disability, and subject to their having the necessary skills.

Employee Involvement

The Company keeps under review progress and policies through line management channels, training courses, conferences and various human relations work. In addition, staff representatives are elected to a number of Area Consultative Committees and to the National Consultative Committee. Staff meet twice a year with management to discuss formally matters of general staff concern. Minutes of these meetings are made available to staff.

Since the Company's formation there is no employees' share scheme.

Directors

The Directors at the date of this report are shown on page 1. Mr R. D. Misselbrook, having reached retirement age, retired from the Board of Directors at the conclusion of the Annual General Meeting on 27 March 1984. Mr G. D. Gough, General Manager and Secretary, was elected to the Board of Directors at the Annual General Meeting. Mr G. D. Birks was appointed a Director of the Company on 26 June 1984 and his re-election will be proposed at the Annual General Meeting. The Directors who retire by rotation are Mr C. A. Croft, Mr J. G. S. Gamble and Mr N. Lessels. Their re-election will also be proposed.

Auditors

Under the provisions of The Standard Life Assurance Company's Act 1925, the re-appointment of the retiring Auditors, Thomson McLarnock & Co., will be proposed at the Annual General Meeting and a resolution fixing their remuneration will also be proposed.

Annual Investigation

A statement by the Auditors giving details of the annual investigation into the affairs of the Company and the declaration of bonus by the Directors is appended.

On behalf of the Board of Directors,

Robert C. Smith Chairman

Edinburgh 26 February 1985.

DECLARATION OF BONUSES

Reversionary Bonuses

For policies on the Company's books as at 1 February 1985, other than any such policies on the Company's Canadian books, issued under reversionary bonus plans and on which all premiums due have been paid, the Directors have declared reversionary bonuses at the rates shown below for the year which ended on 15 November 1984.

For policies on the Company's Canadian books at their respective anniversaries in the year beginning 1 April 1985, issued under reversionary bonus plans and on which all premiums due have been paid, the Directors have declared reversionary bonuses at the rates shown below for the year ending on the said anniversaries.

Country of issue and bonus series

United Kingdom

Ordinary reversionary bonus series

Executive Pension Plan and

Personal Pension Plan series

Republic of Ireland

Ordinary reversionary bonus series

Penplan and Personal Pension Plan series

Canada

Premier series

Canadian series

Rate per cent per annum
calculated on
sum assured

4.75

6.75

4.75

6.75

4.00

2.20

Rate per cent per annum
calculated on
attaching reversionary bonus

6.00

6.75

6.00

6.75

4.00

2.20

Corresponding bonuses have been declared under other bonus series, and intermediate bonuses will be payable at the same rates.

Terminal Bonuses

Until further notice terminal bonuses will be payable in respect of policies issued under the ordinary reversionary bonus series in the United Kingdom or the Republic of Ireland which become claims by death or maturity on or after 1 February 1985, and in respect of policies issued in Canada under all reversionary bonus series which become claims by death or maturity on or after 1 April 1985. These bonuses will be subject to all premiums due in terms of the original contracts having been paid. Policies issued in lieu of any contract for which a proposal was made to a branch of the Company outside the United Kingdom, the Republic of Ireland or Canada will not qualify for these bonuses.

The rates of bonus will vary both with the number of premiums paid and the country of issue. They will be expressed as a percentage of the sum assured and reversionary bonus attaching as at the date of claim and will range from 7.5% to 160.0% in the United Kingdom, from 5.0% to 115.0% in the Republic of Ireland and from 2.0% to 35.0% in Canada.

Until further notice terminal bonuses will be payable in respect of policies issued under the Executive Pension Plan series in the United Kingdom, or under the Penplan series in the Republic of Ireland, for which a pension becomes payable on or after 1 February 1985. These bonuses will be subject to all premiums due in terms of the original contracts having been paid, and will be calculated as a percentage of the basic benefit and reversionary bonus attaching at the date pension commences. For annual premium policies the rates of bonus will vary from 3% for policies which have been 2 years in force to 43% for policies which have been 10 years in force, increasing by 2% for each additional year in force thereafter. For single premium policies the rates of bonus will vary from 5% for policies which have been 3 years in force to 20% for policies which have been in force for 5 years or more. Corresponding bonuses have been declared in respect of policies issued under the Personal Pension Plan series, and in respect of policies issued under other reversionary bonus pension series, in the United Kingdom or the Republic of Ireland.

Canadian Group Pension Bonus

On Canadian group pension policies bonuses have been declared varying with the duration of the contract and the experience.

Cost of Bonuses

These bonuses absorb the sum of £195.2m of which £193.7m is in respect of Individual Business and £1.5m is in respect of Canadian Group Pension Business.

UNITED KINGDOM

These plans are designed to help you to make the most of your money and to provide you with a secure future. They are designed to help you to make the most of your money and to provide you with a secure future.

PROTECTION

These plans are designed to help you to make the most of your money and to provide you with a secure future. They are designed to help you to make the most of your money and to provide you with a secure future.

REGULAR SAVINGS

AND INVESTMENT

These plans are designed to help you to make the most of your money and to provide you with a secure future. They are designed to help you to make the most of your money and to provide you with a secure future.

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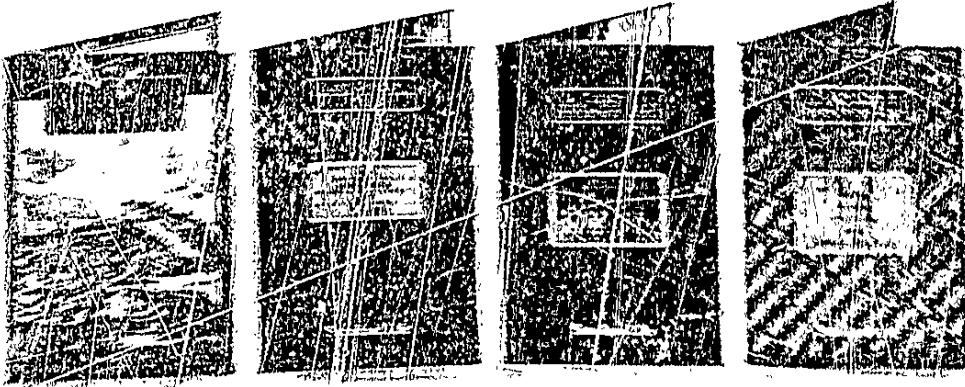
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HOUSE PURCHASE

These plans are designed to help you to make the most of your money and to provide you with a secure future. They are designed to help you to make the most of your money and to provide you with a secure future.



PENSION PLANS

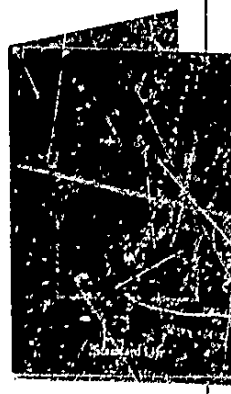
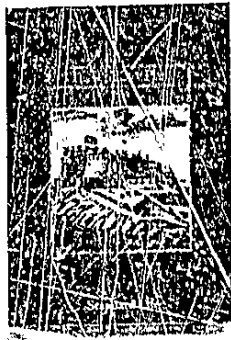
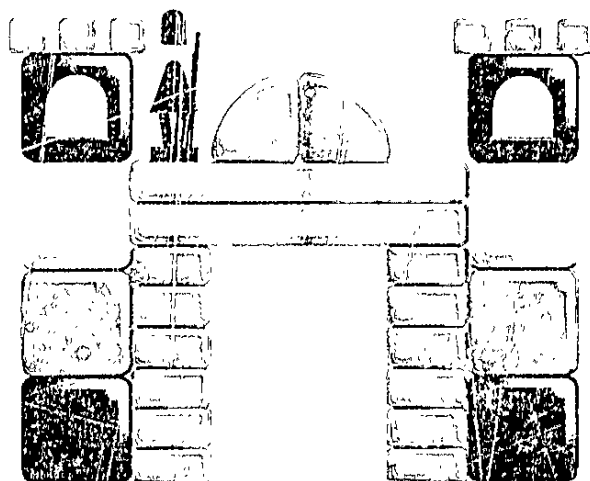
The new Castle Pension Series launched in November 1984 is a comprehensive range of pension plans for directors, employers and employees, offering an investment choice of two unitised with profits and seven investment linked funds to provide a wide range of benefits. Five plans are included at present in the series: the Executive Pension Plan, the Group Plan, the VC Plan, the Transfer Plan, and the Trustee Investment Plan. A particularly attractive feature of the Executive and Group Plans is the facility to use Standard Life Trustee Company as Trustee for a scheme, while the employer retains control of the benefits; in this way the plans can be set up quickly and easily. Since they are all based on the same underlying investment funds there is portability between the plans for both employers and employees.

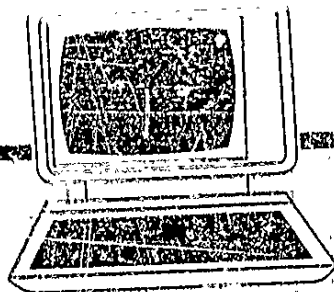
Standard Life's Personal Pension Plan for the self employed or those not in pensionable employment uses the same unitised with profits and investment linked funds as the Castle Pension Series, while at the same time offering what is being widely recognised as one of the best and most comprehensive self employed pension benefits packages on the market.

A full range of final salary company pension schemes is available and Standard Life also offers a wide choice of additional services—Retirement Counselling for employees approaching retirement, Trustee Services and 'Payflow', a payroll processing system with possible link up to the pension scheme administration system.

For further information on any of Standard Life's plans please contact your nearest Standard Life offices.

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EDINBURGH

CUSTOMER SERVICE



The computer in Edinburgh is linked to 34 branch locations, each of which has at least two VDUs together with at least one printer. Within 20 seconds of a request being received a new quotation can be printed at the branch or details of an existing policy can be displayed on a VDU.



CHESTER



LEEDS



LIVERPOOL



NOTTINGHAM



PRESTON



BIRMINGHAM



CARDIFF



PLYMOUTH



HULL



LINCOLN



MANCHESTER



PETERBOROUGH



SHEFFIELD



BRISTOL



LEICESTER



BELFAST



NEWCASTLE



CORK



CAMBRIDGE



IPSWICH



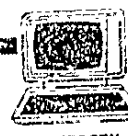
LONDON



NORWICH



WATFORD



ABERDEEN



GLASGOW



DUBLIN



BRIGHTON



CROYDON



KINGSTON



MAIDSTONE



ROMFORD



READING



SOUTHAMPTON



WOLVERHAMPTON

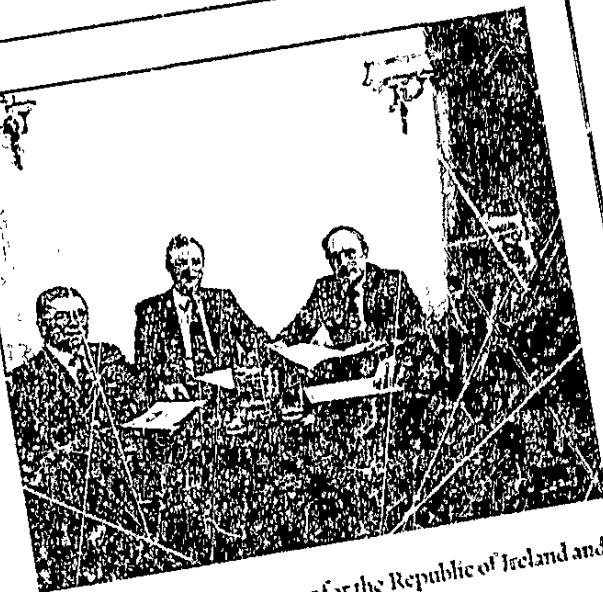
REPUBLIC OF IRELAND

In 1984 Standard Life celebrated with considerable pride 150 years of successful business in Ireland. A number of lunches attended by staff and local dignitaries were held throughout the country. The Taoiseach, Dr. Garret Fitzgerald, and the Lord Mayors of Dublin and Cork were among the guests.

The Irish market has proved a fertile ground for many of Standard Life's successful U.K. plans, adapted to satisfy Irish legislation.

The MC House Purchase Plan, launched in Autumn 1984 through the Irish Nationwide Building Society, introduces the Irish to the attractions of repaying loans via assurance policies. The Self Employed Pension Plan is proving increasingly popular with Irish businessmen since its introduction in early 1984. The Variable Investment Bond is attractive to investors who wish to save an annual sum regularly. Standard Life's Guaranteed Income and Growth Bonds are available to lump sum investors who require an attractive guaranteed return; those who prefer the prospect of a higher rate of return through availing themselves of our wide investment expertise, can put their money into the Capital Investment Bond where they are able to choose from a number of investment linked funds covering equities, property, fixed interest securities and cash.

In 1981, Standard Life launched a Managed Pension Fund contract open to trustees of pension schemes who wish their fund to participate directly in investment performance. Since then the returns to clients have been outstanding.



Mr B R O'Hanlon, Manager for the Republic of Ireland and his management team.

CANADA

Standard Life proudly claims to have been the first life assurance company to transact business in Canada. Although the first agency of the Company was in Quebec City, the Chief Office in Canada has for many years been in Montreal, from where it is linked through a computer network to branch offices throughout the country.

The Canadian life insurance market has been changing rapidly in recent years; Standard Life has been responding to this situation vigorously and has developed a number of new products to supplement its more traditional range of whole life, term and annuity plans.

In the ordinary life market the Company is one of the first in Canada to have introduced a form of universal life contract, called Idealife, which offers the policyholder flexibility as to payment of premium and choice of life cover. The Company has also produced the highly successful Capital Accumulator, a flexible premium annuity contract especially suitable for retirement funding. Both these contracts offer investment returns which are responsive to current rates of interest.

Standard Life enjoys a prominent position in the Canadian group pension market. The range of insured products covers both deposit administration and deferred annuity plans and in addition the Company maintains one of the largest portfolios of segregated investment funds, representing pension fund monies invested on a pooled or individually managed basis. For small schemes the redesigned plan offering a combination of deposit administration and segregated fund features, is proving very attractive.

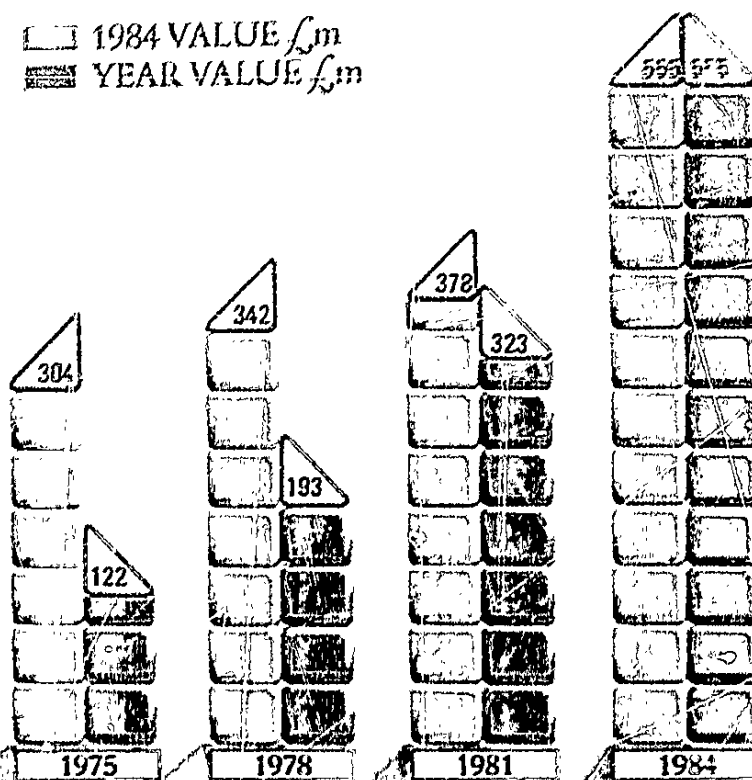
In 1983 Standard Life entered the accident and health insurance market, combining with Alliance Mutual, a long-established Canadian insurer, in a joint venture to develop and market a complete range of group life, accident and health insurance contracts.



Competitors at the start of the Marathon sponsored by the Company, to help raise money for medical research.

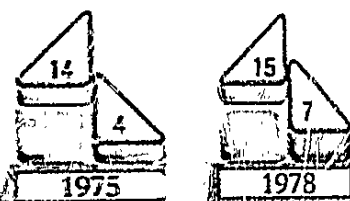
PREMIUM INCOME OF THE GROUP

□ 1984 VALUE £m
■ YEAR VALUE £m



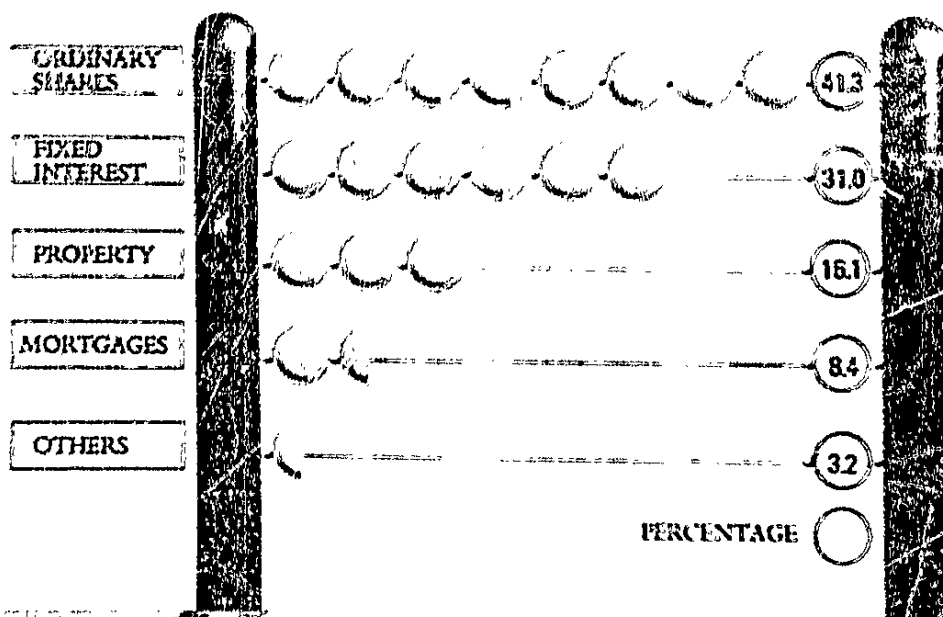
UNITED KINGDOM

□ 1984 VALUE £m
■ YEAR VALUE £m



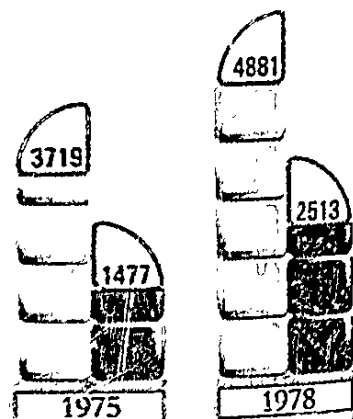
REPUBLIC OF IRELAND

TOTAL ASSETS OF THE GROUP



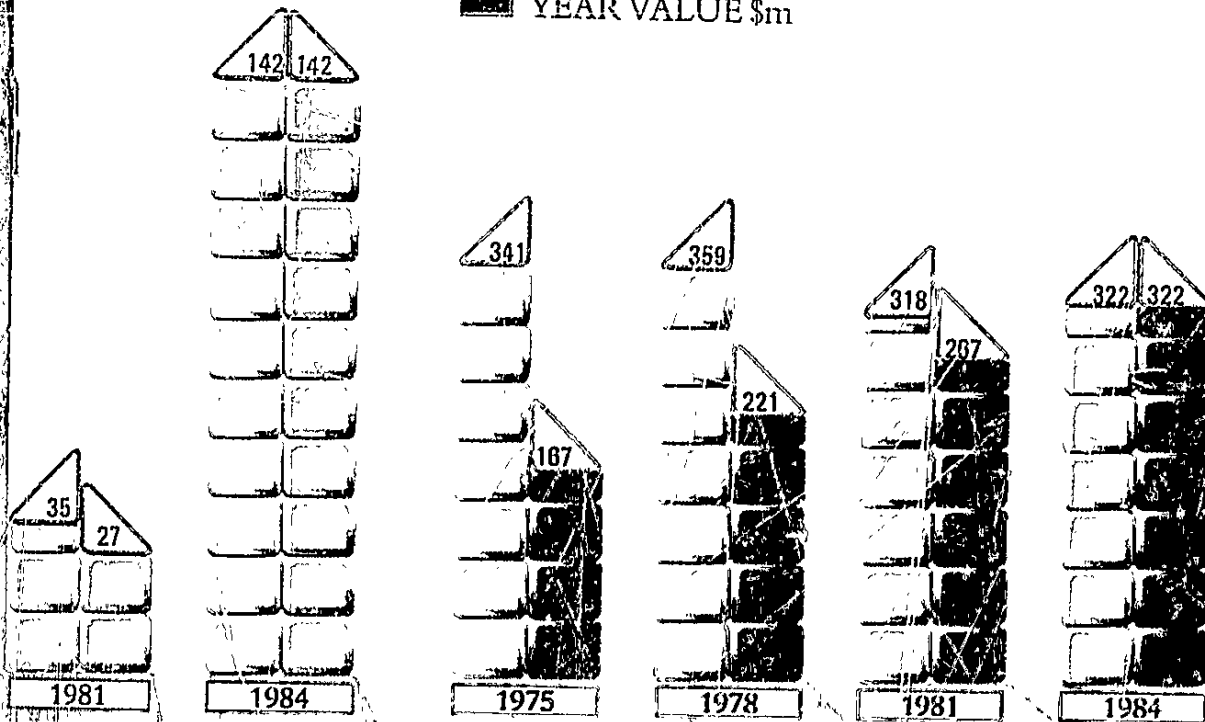
SECTOR ANALYSIS

□ 1984 VALUE £m
■ YEAR VALUE £m

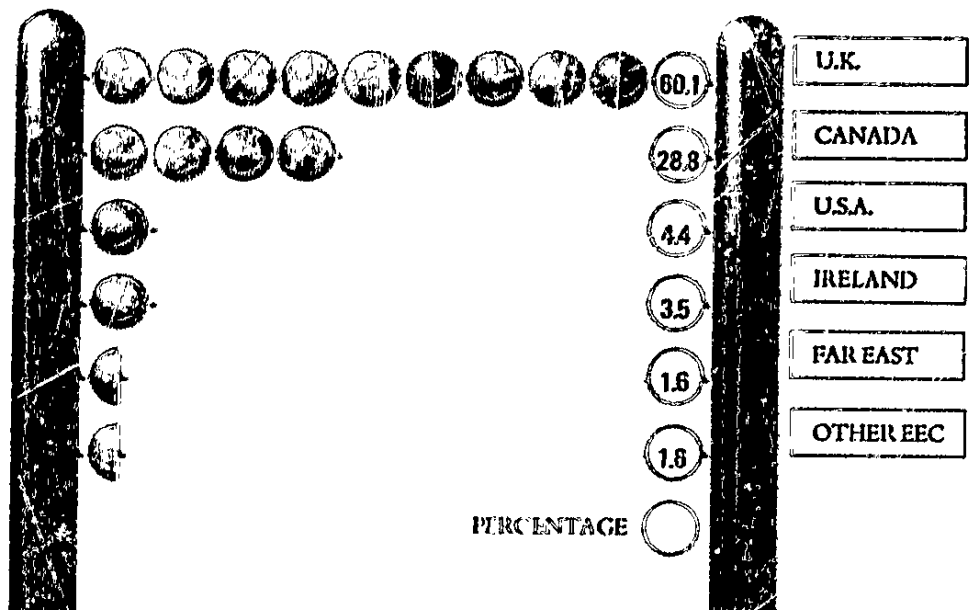
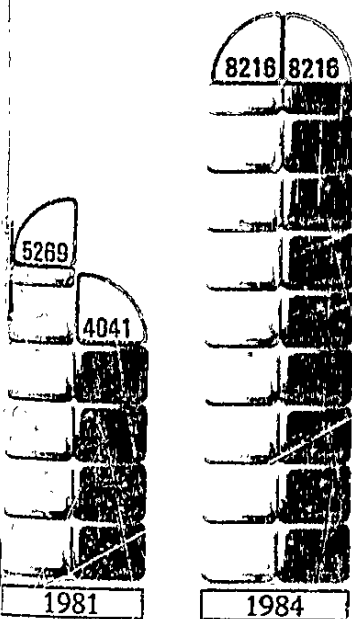


MARKET VALUE

□ 1984 VALUE \$m
 ■ YEAR VALUE \$m



CANADA



PERCENTAGE

GEOGRAPHICAL EXPOSURE

GROUP REVENUE ACCOUNT FOR THE YEAR ENDED 15 NOVEMBER 1984

Income
 Premiums
 Investment Income

Note

1(g)

Expenditure

Payments to Policyholders
 Claims by Death
 Claims by Maturity
 Surrenders
 Returns under Pension Schemes
 Bonuses in Cash
 Annuities

Commission
 Expenses of Management
 Taxation

8
 9

Excess of Income over Expenditure

Movement in Funds

Funds at beginning of year
 Adjustment for alteration in rates of exchange

1(d)

Excess of Income over Expenditure
 Change in value of linked investments
 Transferred from Investment Reserve

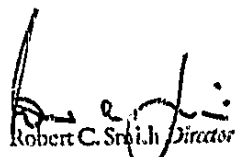
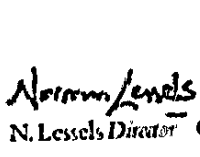
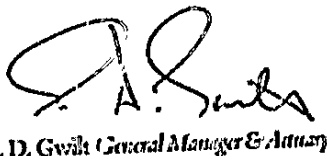
Funds at end of year

	1984 £m	1983 £m
Income		
Premiums	866.6	659.7
Investment Income	544.4	458.0
	<u>1,411.0</u>	<u>1,117.7</u>
Expenditure		
Payments to Policyholders	57.5	31.6
Claims by Death	34.1	25.5
Claims by Maturity	88.5	56.2
Surrenders	304.8	283.9
Returns under Pension Schemes	16.2	21.3
Bonuses in Cash	121.2	96.3
Annuities	602.3	514.8
Commission	62.3	41.9
Expenses of Management	78.1	66.4
Taxation	20.8	17.9
	<u>763.5</u>	<u>641.0</u>
Excess of Income over Expenditure	<u>647.5</u>	<u>476.7</u>
Movement in Funds		
Funds at beginning of year	5,245.1	4,369.3
Adjustment for alteration in rates of exchange	204.9	135.2
	<u>5,450.0</u>	<u>4,504.5</u>
Excess of Income over Expenditure	647.5	476.7
Change in value of linked investments	53.0	153.9
Transferred from Investment Reserve	160.0	110.0
Funds at end of year	<u>6,310.5</u>	<u>5,245.1</u>

The Notes on pages 15 to 18 are an integral part of these Accounts.

GROUP BALANCE SHEET ON 15 NOVEMBER 1984

	Note	1984 £m	1983 £m
Funds			
Life Assurance and Annuity Fund		4,924.1	4,009.0
Canadian Segregated Funds	3	735.5	676.0
Standard Life Pension Funds Limited		442.5	429.6
Standard Life Investment Funds Limited		208.4	130.5
		<u>6,310.5</u>	<u>5,245.1</u>
Represented by:			
Investments	1(c)		
Securities issued or guaranteed by a Government or Public Authority		2,032.9	1,849.3
Debentures and Debenture Stocks		509.2	406.9
Preference Stocks		38.2	39.3
Ordinary Stocks	5	3,444.2	2,665.0
Land and Buildings		1,339.3	1,148.7
Mortgages and Loans		697.8	593.1
Deposits		288.3	195.8
		<u>8,349.9</u>	<u>6,898.1</u>
Current Assets			
Investments sold for subsequent settlement		11.9	16.0
Sundry Outstanding Amounts		43.4	33.7
Cash in Hand and on Current Account		3.8	9.3
		<u>59.1</u>	<u>59.0</u>
		<u>8,409.0</u>	<u>6,957.1</u>
Less:			
Current Liabilities			
Investments purchased for subsequent settlement		26.8	26.4
Sundry Creditors		66.6	59.7
Bank Loans and Overdrafts		61.8	4.3
		<u>155.2</u>	<u>90.4</u>
Other Liabilities			
Mortgages secured on Investments	2	26.9	31.0
5% Perpetual Stock		0.9	0.9
		<u>193.0</u>	<u>122.3</u>
		<u>8,216.0</u>	<u>6,834.8</u>
Less Investment Reserve	1(f)	<u>1,905.5</u>	<u>1,589.7</u>
		<u>6,310.5</u>	<u>5,245.1</u>

 Robert C. Smith Director N. Lessels Director G. D. Gwilt General Manager & Actuary

Edinburgh 20 February 1985

The Notes on pages 15 to 18 are an integral part of these Accounts

BALANCE SHEET ON 15 NOVEMBER 1984

	Note	£m	1984 £m	£m	1983 £m
Funds					
Life Assurance and Annuity Fund			4,924.1		4,009.0
Canadian Segregated Funds	3		735.5		676.0
			<u>5,659.6</u>		<u>4,685.0</u>
Represented by:					
Investments	1(c)				
Securities issued or guaranteed by a Government or Public Authority			1,925.8		1,733.8
Debentures and Debenture Stocks			2.8		—
Subsidiary Companies			496.3		395.0
Others			38.0		39.2
Preference Stocks					
Ordinary Stocks			0.4		0.7
Subsidiary Companies	4		3,106.2		2,384.4
Others	5		1,200.9		1,022.5
Land and Buildings					
Mortgages and Loans			30.3		35.2
Subsidiary Companies			667.4		557.8
Others			231.6		167.9
Deposits			<u>7,699.7</u>		<u>6,336.5</u>
Current Assets					
Investments sold for subsequent settlement		4.8		12.7	
Sundry Outstanding Amounts		38.5		30.9	
Amounts due by Subsidiary Companies		9.4		6.2	
Cash in Hand and on Current Account		2.7		9.1	
			<u>55.4</u>		<u>58.9</u>
			<u>7,755.1</u>		<u>6,395.4</u>
Less:					
Current Liabilities					
Amounts due to Subsidiary Companies		11.0		5.6	
Investments purchased for subsequent settlement		18.4		22.5	
Sundry Creditors		61.8		56.7	
Bank Loans and Overdrafts		61.5		4.0	
		<u>152.7</u>		<u>88.8</u>	
Other Liabilities					
Mortgages secured on Investments	2	36.9		31.0	
5% Perpetual Stock		0.9		0.9	
			<u>190.5</u>		<u>120.7</u>
			<u>7,564.6</u>		<u>6,274.7</u>
Less: Investment Reserve	1(f)		<u>1,905.0</u>		<u>1,589.7</u>
			<u>5,659.6</u>		<u>4,685.0</u>





 Robert C. Smith Director Norman Lessels Director G. D. Gwilt General Manager & Secretary

Edinburgh 26 February 1985

The Notes on pages 15 to 18 are an integral part of these Accounts

NOTES ON THE ACCOUNTS

1 Accounting Policies

(a) Basis of Consolidation

The Group Accounts comprise the Revenue Accounts and Balance Sheets of The Standard Life Assurance Company and its subsidiaries.

The results of Associated Companies have been included only to the extent of dividends received. In the opinion of the Directors the consolidation of the results of certain of these companies would involve delay out of proportion to its value to the members of the Company, while for others the difference between the amounts now included and the amounts which would be included on consolidation is unlikely to be significant.

(b) Disclosure Requirements

The accounts have been prepared in accordance with S.152A of and Schedule 8A to the Companies Act 1948. The Group avails itself of certain of the exemptions from the disclosure requirements of the Companies Acts applicable to insurance companies under Schedule 8A to the Companies Act 1948, including those relating to provisions and reserves. For this reason there has not been included a Statement of Source and Application of Funds.

(c) Valuation of Assets

(i) Assets which are linked to contracts under which the benefits payable are determined by reference to the value of these assets have been valued in accordance with the terms of the relevant contracts.

(ii) Assets other than those referred to in (i) above have been valued in accordance with the provisions of the Insurance Companies Regulations 1981. The bases of valuation used subject to the Regulations are as follows:

Securities dealt in on a recognised stock exchange have been valued at the middle market quotations ruling on the Balance Sheet date.

Unlisted fixed interest investments, under which repayment is or will become due within twelve months of the date of the Balance Sheets, have been valued at the amount expected to be recovered. Loans on security of policies have been valued at par. Other unlisted fixed interest investments have been valued at the amounts which could reasonably be expected to be received if the assets were sold.

Shares in unlisted dependent companies have been valued on a net assets basis as determined in the Regulations or at Directors' valuation if less.

Other unlisted equity shares not dealt in on a recognised stock exchange have been valued on a price earnings basis in accordance with the provisions of the Regulations or at Directors' valuation if less.

No value has been placed on machinery, office furniture and equipment and motor vehicles.

Land and Buildings have been valued by the Company's qualified valuers as at the date of the Balance Sheets. As at 15 November 1984 an independent professional valuation was carried out on approximately fifteen per cent in value of the Company's freehold and leasehold properties and the total value disclosed did not differ materially from the value placed on these properties by the Company's own qualified valuers.

(d) Foreign Currency Translation

Assets and liabilities in currencies other than sterling are translated at the rates of exchange ruling on the Balance Sheet date. The change in value resulting from the revaluation of the opening funds is shown in the Revenue Account. Transactions of foreign branches are translated at the rates of exchange ruling on the Balance Sheet date. Other foreign currency transactions are translated at the rate of exchange ruling on the date on which the transaction occurred.

(e) Capital Expenditure and Depreciation

Capital expenditure on machinery, office furniture and equipment and motor vehicles is charged to Expenses of Management in the year in which it is incurred (Note 8(a)). Although this policy does not conform with Statement of Standard Accounting Practice No. 12, it has been adopted since, in accordance with Note (c) above, assets are valued in accordance with the provisions of the Insurance Companies Regulations 1981, and for this purpose the Directors do not attribute any value to these assets. Properties owned and occupied by the Company are treated as investment properties and are included in the Balance Sheets at market value with a market rent being charged to Expenses of Management. As the amount would be immaterial no charge for depreciation is made.

(f) Investment Reserve

Investment reserve includes transfers to and from revenue, realised and unrealised appreciation and depreciation on investments other than linked investments, and exchange differences.

(g) Investment Income

Investment income is shown after deduction of interest payable (Note 7) and includes interest, dividends and property income due and receivable during the year, adjusted by transfers to and from reserves.

(h) Deferred Taxation

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

2 Overseas Deposits and Charged Assets

Certain of the assets are specifically deposited under local legislation in foreign countries as security to holders of policies issued in these countries.

The Company, having received a satisfactory guarantee and reasonable consideration, has permitted certain of its investments to be pledged as collateral security for a bank loan of US \$10m to an associated company.

Mortgages secured on property owned by the Company totalling £36.9m are repayable at various dates up to 2006 and bear interest at rates varying between 6.5% and 13.5% per annum.

NOTES ON THE ACCOUNTS

3 Canadian Segregated Funds

The Canadian Segregated Funds comprise deposits made by policyholders in separate funds in terms of certain contracts of assurance issued in Canada. The funds are invested in accordance with the terms of the contracts and all income, gains and losses accrue to the individual funds. The assets of these funds, which are available only to meet the liabilities arising under these particular contracts of assurance, have been included under the relevant headings in the Balance Sheets. The Group Revenue Account incorporates the income, expenditure and the change in value of the investments of these linked funds.

4 Subsidiary Companies

The following are particulars of the Company's principal subsidiaries which are wholly owned.

Name	Country of Registration or Incorporation	Year End	Nature of Business
The Heritable Securities and Mortgage Investment Association Limited	Scotland	15 November	Mortgage finance
Standard Life Pension Funds Limited	Scotland	15 November	Life assurance
Standard Life Investment Funds Limited	Scotland	15 November	Life assurance
Standard Life Trustee Company Limited	Scotland	15 November	Trustee services
Standard Life Trust Management Limited	Scotland	15 November	Unit trust management
Caird's Gardens Estates Limited	Scotland	15 November	Property services
Standard Life Oil and Gas Limited	Scotland	30 September	Oil and Gas
Standard Life Portfolio Management Limited	Canada	31 December	Investment management

The second of the above subsidiaries is limited by guarantee. The remainder have a share capital consisting of one class only.

The operations of Standard Life Oil and Gas Limited are carried out overseas and its financial year end has been fixed at 30th September to facilitate group reporting. To meet local conditions the financial year of the Canadian subsidiary does not coincide with that of the Company.

5 Equity Share Interests

At 15 November 1984 the Company held shares in thirty-two companies (not being subsidiary companies) in which the holding of at least one class of equity shares exceeded one-tenth of the nominal value of the issued shares of that class. Included in these are the following main Associated Companies.

Name	Country of Registration or Incorporation	Share Class	Proportion Held
D.O.B. Estate Limited	England	Ordinary Shares	34.8%
The Hammerson Property Investment and Development Corporation plc	England	'A' Ordinary Stock	24.0%
		Ordinary Stock	14.9%
First Phase Civic Square Limited	Canada	Common Shares	37.0%
Monarch Investments Limited	Canada	Common Shares	26.8%
Second Phase Civic Square Limited	Canada	Common Shares	50.0%

The businesses carried on by the remaining twenty-seven companies do not materially affect the amount of the revenue of the Company or the amount of its assets and, in view of the number involved, details relating to individual companies are not shown.

6 Future Capital Expenditure

The estimated amount of capital expenditure not provided for in the accounts is (a) contracted for £0.9m (£ Nil), (b) authorised but not contracted for £2.6m (£ Nil). In addition property investment commitments not provided for in the accounts amounted to £28.7m (£41m) for the Group and £25.6m (£34m) for the Company.

NOTES ON THE ACCOUNTS

7 Interest Payable

Interest payable has been deducted from Investment Income in the Group Revenue Account as follows:

	1984	1983
On bank overdrafts and loans wholly repayable within five years	£m 5.9	£m 3.7
On other loans and on Perpetual Stock	4.3	3.9
	<u>10.2</u>	<u>7.6</u>

8 Expenses of Management

Expenses of Management in the Group Revenue Account include:

- Capital Expenditure of £2.3m (£3.5m) on machinery, office furniture and equipment and motor vehicles (Note 1(c)).
- Auditors' Remuneration of £211,606 (£187,828) of which £174,866 (£154,712) related to the parent Company including overseas branches.
- Directors' Emoluments, including contributions of £9,600 (£7,875) to the Retirement Benefit Scheme for Directors, but excluding contributions to the Staff Pension Scheme in respect of one director as contributions thereto cannot be attributed to individual members:

	1984	1983
For services as Directors	£97,337	£78,269
For other Management services	47,360	—
	<u>£144,697</u>	<u>£78,269</u>

Individual emoluments, excluding retirement benefit scheme contributions, were as follows:

	1984	1983
Chairman	£18,000	£10,000
Highest paid Director	47,360	10,000
Other Directors in the range—nil to £5,000	2	5
Other Directors in the range—£5,001 to £10,000	10	6

In addition to the above the highest paid director received emoluments of £29,038 for the period prior to the date of his appointment to the board. Fourteen (twelve) directors waived fees amounting in aggregate to £22,263 (£4,606).

- UK Employees' Emoluments of £26.3m (£23.3m). The numbers of Employees in the United Kingdom whose emoluments exceeded £30,000 were as follows:

	1984	1983
In the range: £30,000 to £35,000	33	23
£35,001 to £40,000	13	11
£40,001 to £45,000	8	12
£45,001 to £50,000	5	1
£50,001 to £55,000	1	—
£55,001 to £60,000	—	1
£60,001 to £65,000	1	1
£65,001 to £70,000	—	1

- Transfers to Staff Pension and Benefit Schemes of £4.3m (£4.1m), being the amounts recommended by the Actuaries to the Schemes as making in their opinion adequate provision.

NOTES ON THE ACCOUNTS

9 Taxation

Provision has been made for the estimated liability in respect of United Kingdom corporation tax and income tax and foreign taxes due for accounting periods up to 15 November 1984 on the basis applicable to insurance companies as follows:

	1984	1983
	£m	£m
UK Corporation Tax:	10.4	7.5
Less: Double Taxation Relief	1.7	1.3
	8.7	6.2
Tax relating to Franked Investment Income	14.2	11.2
Foreign Taxes:	3.1	3.2
	26.0	20.6
Adjustments for earlier years	(5.2)	(2.7)
	20.8	17.9

Full provision has not been made in the accounts for any tax liability which may arise on future realisation or deemed realisation of assets. The additional tax, which would have been payable had the various assets been realised at the values at which they are shown in the accounts, amounts to £180m (£120m) for the Group.

10 Loans to Directors and Officers

A mortgage loan of £20,000 to Mr. J. G. S. Gammell was repaid during the year. Policy loans of £2,500 to Mr. Gammell subsisted throughout the year. These loans were granted on normal terms available to policyholders.

A mortgage loan of £14,500 to Mr. G. D. Gwilt subsisted throughout the year. At 15 November 1984 there were loans to eight other officers of the Company totalling £178,086. All these loans were granted on normal staff terms.

AUDITORS' REPORT

To the Members of the Standard Life Assurance Company

Edinburgh, 26 February 1985. We have audited the financial statements on pages 12 to 18 in accordance with approved auditing standards.

In our opinion the financial statements for the year ended 15 November 1984 comply with the provisions of the Companies Acts 1948 to 1981 in the manner authorised for insurance companies.

Thomson McLintock & Co. Chartered Accountants

ACTUARIAL INVESTIGATION

Valuation Basis

The annual investigation into the affairs of the Company has been made and the liabilities of the Company have been valued on the basis shown below:

Rates of interest used

1 Assurances

	With Profits	Without Profits
(a) United Kingdom and Republic of Ireland		
(i) Individual pension	4½%	6%
(ii) Other	2¾%	4%
(b) Canada	3¼%	4%

2 Annuities

	Deferred in deferment	after vesting	Immediate
(a) United Kingdom and Republic of Ireland			
(i) Individual with profits	4½%	6%	—
(ii) Individual bonds effected prior to 16/11/78	7%	—	—
(iii) Individual bonds effected after 15/11/78	10%	—	10%
(iv) Other individual	6%	6%*	7%
(v) Group money purchase	4%	4%	4%
(vi) Other group	5½%	6½%	6½%
(b) Canada			
(i) Individual effected by single premium after 15/11/68	6%	6%	6%
(ii) Other individual	3%	3½%	6%
(iii) Group	6%	6%	6%

* 3% in deferment and 3½% after vesting for certain cases.

Mortality Tables used

1 Assurances

2 Annuities

A 1967-70 ultimate

(a) United Kingdom and Republic of Ireland	
(i) Individual and group, in deferment	A 1967-70 ultimate, less one year from age
(ii) Individual, after vesting	a(90) ultimate, less two years from age
(iii) Group, after vesting	PA(90), less two years from age
(b) Canada	
(i) Individual	1971 IAM, less two years from age
(ii) Group	1971 GAM, less two years from age

In addition to the reserves calculated as above, further substantial provisions have been made.

Surplus

The surplus available as at 15 November 1984, after providing for the liabilities in the stringent manner described above and after meeting the cost of intermediate and cash bonuses during the year, was £195.3m.

G. D. Gwilt General Manager and Actuary

Edinburgh 26 February 1985

HEAD OFFICE
3 George Street, Edinburgh EH2 2XZ

UNITED KINGDOM ORGANISATION

City Offices

LI: E: 3 George Street, Edinburgh EH2 2XZ
PENSIONS: 23 Annandale Street, Edinburgh EH7 4BP

Branch Offices (Life)

ABERDEEN 35 Queen's Road
AYR 3 Racecourse Road
BELFAST Ulster Bank House, Shaftesbury Square
BIRMINGHAM 24/26 Calthorpe Road, Edgbaston
BRIGHTON Academy House, 59 West Street
BRISTOL
Central and West Regional Office -
P.O. Box 116, Bristol and
West Building, Broad Quay
Branch Office - Standard Life House, Pithay
CAMBRIDGE 35 Hills Road
CARDIFF South Gate House, Wood Street
CHESTER Pepper House, Pepper Street
CROYDON Carolyn House, Dingwall Road
DUNDEE Nethergate Centre, 66 Nethergate
EDINBURGH 23 Annandale Street
GLASGOW
Scottish Regional Office -
Standard Life House, 2 West Regent Street
Branch Office - Standard Life House,
2 West Regent Street
HAMILTON 22 Clydesdale Street
HARROGATE 3 Princes Square
HULL Kingston House Tower, Bond Street
INVERNESS 25a Inglis Street
IPSWICH 25 Lower Brook Street
KINGSTON-UPON-THAMES Millbank House,
171-185 Ewell Road, Surbiton
KIRKCALDY 31 Townsend Place
LEEDS St. George House, 40 Great George Street
LEICESTER St. Andrew's House, 48 Princess Road East
LINCOLN Wigford House, Brayford Wharf East
LIVERPOOL Sefton House, Exchange Buildings
LONDON
South Regional Office - Holborn Hall
100 Gray's Inn Road
Branch Office - 64 Lincoln's Inn Fields
MAIDSTONE Orchard House, 10 Albion Place
MANCHESTER
North Regional Office - Beaver House,
125 Portland Street
Branch Office - Beaver House, 125 Portland Street
NEWCASTLE Erick House, Princess Square
NORWICH De Vere House, 90 St. Faith's Lane
NOTTINGHAM Newton House, Maid Marion Way
PETERBOROUGH 30 Long Causeway
PLYMOUTH Cobourg House, 32 Mayflower Street
PRESTON The Guild Centre, Lord's Walk
READING 66-68 St. Mary's Butts
ROMFORD Morland House, 12/16 Eastern Road
SHEFFIELD St. Peter's House, Hartshead
SOUTHAMPTON Alleyn House, 23/27 Carlton Crescent
WATFORD 70 St. Albans Road
WOLVERHAMPTON Mander House, Mander Centre

Branch Offices (Pensions)

BELFAST Ulster Bank House, Shaftesbury Square
BIRMINGHAM Swan Office Centre, Coventry Road, Yardley
BRISTOL Bristol and West Building, Broad Quay
EDINBURGH 23 Annandale Street
GLASGOW Standard Life House, 2 West Regent Street
LEEDS Headrow House, The Headrow
LONDON Holborn Hall, 100 Gray's Inn Road
MANCHESTER Beaver House, 125 Portland Street
NEWCASTLE Erick House, Princess Square

REPUBLIC OF IRELAND ORGANISATION

Chief Office

59 Dawson Street, Dublin

Branch Offices

CORK 10 South Mall
DUBLIN 59 Dawson Street
LIMERICK 98 O'Connell Street
SLIGO 3 Stephen Street
WATERFORD 4 Gladstone Street

CANADIAN ORGANISATION

Chief Office

The Standard Life Building,
1245 Sherbrooke Street West, Montreal

Branch Offices

CALGARY, Alta. The Standard Life Building,
639 5th Avenue SW
EDMONTON, Alta. The Standard Life Centre,
10405 Jasper Avenue
FREDERICTON, N.B. 1133 Regent Street
HALIFAX, N.S. 6080 Young Street
HAMILTON, Ont. The Standard Life Centre,
100 King Street West
KITCHENER/WATERLOO, Ont. 20 Erb Street West
LONDON, Ont. 285 King Street
MONCTON, N.B. 1077 St. George Boulevard
MONTREAL, Que.
Cartier 3535 Queen Mary Road
Metro 1550 de Maisonneuve Boulevard West
Westmount 4150 St. Catherine Street West
OTTAWA, Ont. The Standard Life Building,
275 Slater Street
QUEBEC CITY, Que. 800 Youville Square
ST. CATHARINES, Ont. 63 Church Street
SAINT JOHN, N.B. Chesley Place, 400 Main Street
ST. JOHN'S, Nfld. 139 Water Street
TORONTO, Ont.
Toronto 180 Dundas Street West
York 45 Sheppard Avenue East,
Willowdale
VANCOUVER, B.C. The Standard
Life Building, 625 Howe Street
VICTORIA, B.C. International
House, 880 Douglas Street
WINNIPEG, Man.
330 Portage Avenue

STANDARD LIFE FOR ALL OF YOUR LIFE



