



General Accident plc

(Incorporated with limited liability in Scotland under the Companies Act 1985 with registered number 119505)

Placing of
140,000,000 8⁷/₈ per cent.
Cumulative Irredeemable Preference Shares
of £1 each at 100.885 pence per share

Application will be made to the London Stock Exchange for the Preference Shares to be admitted to the Official List. It is expected that such admission will become effective and that dealings will commence on 10th September 1992.

The Directors, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this document, which comprises listing particulars relating to General Accident prepared in accordance with the listing rules made under Section 142 of the Financial Services Act 1986, have been delivered for registration to the Registrar of Companies in Scotland in accordance with Section 149 of that Act.

In connection with this issue, Hoare Govett may over-allot or effect transactions on the London Stock Exchange which stabilise or maintain the market price of the Preference Shares at a level which might not otherwise prevail on that exchange. Such stabilising, if commenced, may be discontinued at any time.

HOARE GOVETT CORPORATE FINANCE LIMITED

J. HENRY SCHRODER WAGG & CO. LIMITED

SALOMON BROTHERS INTERNATIONAL LIMITED

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DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:—

“General Accident” or “the Company”	General Accident plc.
“General Accident Group” or “the Group”	General Accident and its subsidiary undertakings or, in relation to dates or periods prior to 5th July 1990, General Accident Fire and Life Assurance Corporation p.l.c. and its subsidiary undertakings.
“Board” or “Directors”	the directors of the Company.
“Authorised Preference Shares”	the 300,000,000 authorised preference shares of £1 each in the Company created by a resolution of the Company passed on 27th August 1992.
“Preference Shares”	the 140,000,000 8 $\frac{7}{8}$ per cent. cumulative irredeemable preference shares of £1 each which are to be issued and subscribed pursuant to the Placing.
“Ordinary Shares”	the existing ordinary shares of 25 pence each in the Company.
“the London Stock Exchange”	The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited.
“the Placing”	the placing of the Preference Shares as described in this document.
“Placing Agreement”	an agreement dated 2nd September 1992 between the Company, Hoare Govett, Schroders and Salomon Brothers relating to the Placing.
“Placing Price”	100.885 pence per Preference Share.
“Hoare Govett”	Hoare Govett Corporate Finance Limited.
“Schroders”	J. Henry Schroder Wagg & Co. Limited.
“Salomon Brothers”	Salomon Brothers International Limited.

DIRECTORS

The names of the Directors, each of whose business address is Pitheavlis, Perth, Scotland PH2 0NH and their principal business activities outside the Group, are:—

DIRECTORS

The Rt. Hon. The Earl of Airlie (Chairman)
Robert Wilson Adam (Deputy Chairman)
Lyndon Bolton (Non-Executive)
Mrs. Elizabeth Louise Botting (Non-Executive)
Sir Anthony Brian Cleaver (Non-Executive)
Walter Edward Farnam (Chairman, General Accident Companies in USA)
Sir Nicholas Proctor Goodison (Non-Executive)
Barrie Holder (General Manager)
Lord Macfarlane of Bearsden (Non-Executive)
The Rt. Hon. The Earl of Mansfield (Non-Executive)
Sir Peter Edward Middleton (Non-Executive)
George Norton Morris (Vice-Chairman, General Accident Companies in USA)
Sir David Wigley Nickson (Non-Executive)
The Hon. Frederick Ranald Noel-Paton (Non-Executive)
Thomas Roberts (Deputy Chief General Manager)
William Nelson Robertson (Chief General Manager)
Robert Avisson Scott (General Manager (UK))

DETAILS OF OTHER APPOINTMENTS

The Rt. Hon. The Earl of Airlie is Lord Chamberlain of the Queen's Household and a director of The Royal Bank of Scotland Group plc.

Mr. R.W. Adam is a director of Motherwell Bridge Holdings Limited.

Mr. L. Bolton is Managing Director of The Alliance Trust plc and The Second Alliance Trust plc and a director of TSB Group plc and Scottish Financial Enterprise.

Mrs. L. Botting is Chairman of Douglas Deakin Young Limited and a director of LWT (Holdings) plc and Trinity International Holdings plc.

Sir Anthony Cleaver is Chairman of IBM United Kingdom Holdings Limited.

Sir Nicholas Goodison is Chairman of TSB Group plc and a director of British Steel plc.

Lord Macfarlane of Bearsden is Chairman of Macfarlane Group (Clansman) plc, United Distillers plc and American Trust plc, and a director of Clydesdale Bank plc and Edinburgh Fund Managers plc.

The Rt. Hon. The Earl of Mansfield is First Crown Estates Commissioner and Chairman, and a director of American Trust plc.

Sir Peter Middleton is Chairman of Barclays de Zoete Wedd Limited, Deputy Chairman of Barclays Bank plc and a director of Bass plc.

Sir David Nickson is Chairman of Scottish Enterprise and Clydesdale Bank plc, and a director of Scottish & Newcastle plc, Hambros plc, The Edinburgh Investment Trust plc and National Australia Bank Limited.

The Hon. F.R. Noel-Paton is Managing Director of John Menzies plc and a director of The Royal Bank of Scotland Group plc, Pacific Assets Trust plc and Macallan-Glenlivet plc.

PART I — GENERAL ACCIDENT GROUP

1. DESCRIPTION OF THE BUSINESS

General Accident is the holding company of the General Accident Group, whose principal activities are the underwriting of most classes of general and life insurance business and the provision of financial services. These activities are principally carried out in the United Kingdom, the United States, Canada, Australia, New Zealand and the Far East. There are also operations in a number of other territories around the World.

In the United Kingdom, the Group's general insurance business covers all major areas of domestic and commercial insurance, with a strong position in private and commercial motor, domestic property, creditor and packaged policies for small and medium sized businesses. Its exposure to residential mortgage indemnity business is comparatively small. In the United States, the Group's business similarly covers both personal and commercial classes, concentrated in a number of North Eastern and Mid Western states. In Canada, the Group's operations make it the second largest private sector general insurer. These operations are broadly spread but include a significant speciality motor insurer in Ontario. In the Pacific, the Group has substantial operations in Australia and New Zealand together with local operations in Hong Kong, Taiwan, Malaysia, Singapore and Indonesia. Elsewhere, there are operations in southern Africa, Brazil and the Caribbean. The Group also underwrites marine and aviation insurance and reinsurance in the London insurance market.

The Group primarily writes life insurance business in the United Kingdom but has overseas operations in New Zealand, Brazil, Puerto Rico, Hong Kong, France, Ireland and Germany.

To assist the development of its core insurance business, the Group provides investment products and services and owns a substantial property services chain in the United Kingdom.

2. CURRENT TRADING AND PROSPECTS

General Accident's interim results for the six months ended 30th June 1992, announced on 11th August 1992, are reproduced in Part VI on pages 43 and 44 of this document.

On the basis of emerging information General Accident have advised that the losses to their United States operations arising from Hurricane Andrew, which struck Florida and Louisiana in August, might in total reach the level at which external catastrophe reinsurance covers would become exposed; thus the net loss to General Accident could be as much as \$40m.

This loss, together with any London Market losses, where the Group is not a major player, will be reflected in the third quarter results to be published on 10th November 1992.

3. REASONS FOR THE PLACING

The net proceeds from the issue of the Preference Shares will enable the Group to accelerate the repayment of certain outstanding debt which is due to mature in the short to medium term and at the same time to strengthen the Group's capital base with a consequent reduction in gearing.

The Group has taken firm action to increase premium levels, to concentrate on business which produces an adequate return for shareholders and to control costs, including a significant reduction in staff numbers in the UK and other territories. These actions are now being reflected in the Group's performance and the Company was able to report improved results for the first six months of 1992. There are now encouraging indications of improvement in a number of markets, particularly in the United Kingdom. Opportunities should emerge for the Group to secure profitable additional premium income in the form of both rating increases and new business of appropriate quality, thereby increasing the earnings potential for shareholders. The issue of Preference Shares will give the Group the additional flexibility to take full advantage of any such opportunities.

PART II — DESCRIPTION OF THE RIGHTS ATTACHING TO THE PREFERENCE SHARES

The following are the rights attaching to the Preference Shares and the limitations and restrictions to which they are subject.

1. PRIORITY

The Preference Shares are to rank in all respects *pari passu* with each other and in priority to the Ordinary Shares.

2. DENOMINATION AND FORM

The Preference Shares will have a nominal value of £1 each and will be issued at the Placing Price for cash. The Preference Shares will be in registered form and will be freely transferable in accordance with the Articles of Association of the Company.

3. INCOME

Out of the profits available for distribution and resolved to be distributed, the holders of the Preference Shares shall be entitled, in priority to any payment of dividend to the holders of any other class of shares, to be paid a fixed, cumulative dividend, payable in sterling, at the rate of 8 $\frac{1}{2}$ % per cent. per annum of the nominal amount of each Preference Share (exclusive of any associated tax credit). The dividend will be payable in equal half-yearly instalments in arrear on 1st January and 1st July in each year (each a "Dividend Payment Date") and the first Dividend Payment Date will be 1st January 1993 in respect of the period from and including 9th September 1992 to but excluding 1st January 1993, provided that nothing in this paragraph shall prohibit the payment of a dividend on the shares of any other class in the capital of the Company ranking *pari passu* with or after the Preference Shares at a rate not exceeding 0.1p per share in any calendar year.

If any Dividend Payment Date is not a day on which banks in London are open for business (a "Business Day"), then payment of the dividend otherwise payable on such Dividend Payment Date will be made on the next succeeding Business Day, without any interest or other payment accruing in respect of such delay.

Dividends payable on Preference Shares in respect of any period shorter or longer than a full dividend period will be calculated on the basis of a 365 day year and the actual number of days elapsed in such period.

Dividends remaining unclaimed after a period of 12 years from the date when they become due for payment shall be forfeited and shall revert to the Company.

4. CAPITAL

- (i) The Preference Shares will be irredeemable.
- (ii) On a return of capital on a winding up, the holders of the Preference Shares shall be entitled to receive, out of the surplus assets of the Company remaining after payment of its liabilities, an amount per Preference Share equal to the nominal amount of a Preference Share together with any premium paid on issue and together with all arrears and accruals (if any) of the dividend payable thereon, whether or not such dividend has been earned or has become due and payable, to be calculated up to and including the day of the commencement of the winding up.
- (iii) On a return of capital (otherwise than on a winding up or on a redemption or purchase by the Company of shares of any class), the holders of the Preference Shares shall be entitled to receive an amount per Preference Share equal to the nominal amount of a Preference Share together with any premium paid on issue and together with all arrears and accruals (if any) of the dividend payable thereon, whether or not such dividend has been earned or has become due and payable, to be calculated up to and including the day of the return of capital.

- (iv) The Preference Shares (and all other shares of the Company ranking pari passu) shall rank on a winding up in priority to all other shares of the Company from time to time in issue.
- (v) If, upon a return of capital on a winding up or otherwise, the amounts available for payment are insufficient to cover the amounts payable in full on the Preference Shares and any other shares expressed to rank pari passu therewith as regards participation in assets, then the holders of the Preference Shares and such other shares will share rateably in the distribution of surplus assets (if any) in proportion to the full respective preferential amount to which they are entitled.

5. VOTING AND GENERAL MEETINGS

- (i) The holders of the Preference Shares shall, by virtue of and in respect of their holding of Preference Shares, have the right to receive notice of, attend, speak and vote at a general meeting of the Company only:—
 - (a) if and when, at the date of the notice convening such meeting, the dividend on such shares for the dividend payment period immediately prior to the notice convening the relevant meeting is in arrears and it, and any arrears or deficiency of dividend in respect of any preceding dividend payment period, has not been paid in full; or
 - (b) if a resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the holders of the Preference Shares (in addition to any resolution or approval required under paragraph 7(iii) below) or for the winding up of the Company or for the reduction of capital of the Company (otherwise than on a redemption or purchase of shares), in which case they shall only be entitled to vote on such resolution.

Save as aforesaid, the Preference Shares shall not confer on the holders thereof the right to receive notice of, attend, speak or vote at any general meeting of the Company.

- (ii) Whenever the holders of the Preference Shares are entitled to vote at a general meeting of the Company upon any resolution proposed at such a general meeting, on a show of hands every holder thereof who is present in person or (being a corporation) is present by a representative duly authorised under section 375 of the Companies Act 1985 shall have one vote and on a poll every holder thereof who is present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote in respect of each complete £1 nominal amount of Preference Shares registered in the name of such holder.

6. PURCHASE

- (i) Subject to the provisions of the Companies Act 1985, the Company may at any time purchase any Preference Shares upon such terms as the Board shall determine.
- (ii) Upon the purchase of any Preference Shares the nominal amount of such shares comprised in the capital of the Company may thereafter be divided into, and reclassified as, Ordinary Shares without any further resolution or consent.

7. FURTHER ISSUES AND VARIATION OF RIGHTS

- (i) Save with such consent or sanction on the part of the holders of the Preference Shares as is required for a variation of the rights attaching to such shares, the Board shall not issue or allot, or increase the amount of, any shares of any class or any securities convertible into any shares of any class ranking as regards participation in the profits or assets of the Company (otherwise than on redemption or purchase by the Company of any such share) in priority to the Preference Shares.
- (ii) The rights attaching to the Preference Shares shall not be deemed to be varied by the purchase or redemption of any shares of the Company or by the allotment or issue of any further preference shares (in this paragraph called "Further Preference Shares") ranking as regards participation in the profits and assets of the Company pari passu with (but not in priority to) the Preference Shares, provided that, at the date of the allotment of the Further Preference Shares (the "Relevant Date"), the aggregate of the nominal amount (together with any premium paid or payable on issue) (i) of the Preference Shares and (ii) of any other shares ranking pari passu with or in priority to the Preference Shares allotted or in issue on the Relevant Date and, immediately following such issue, of the Further Preference Shares would not exceed a sum equal to one half of the adjusted capital and reserves (as set

out in the Articles of Association of the Company). Any Further Preference Shares may carry rights and restrictions which are either identical with the Preference Shares or differ therefrom in any respect including, without prejudice to the generality of the foregoing, that:—

- (a) the rate of and/or the basis of calculation of dividend may differ and may be cumulative or non-cumulative;
 - (b) the Further Preference Shares may rank for dividend from such date as may be provided by the terms of issue thereof and the dates for payment of dividend may differ;
 - (c) a premium may be payable on a return of capital or there may be no such premium;
 - (d) the Further Preference Shares may be redeemable on such terms and conditions as may be prescribed by the terms of the issue thereof or may be irredeemable;
 - (e) the Further Preference Shares may be convertible into Ordinary Shares or any other class of shares ranking as regards participation in the profits and assets of the Company *pari passu* with or after the Preference Shares in each case on such terms and conditions as may be determined by the terms of issue thereof; and
 - (f) the Further Preference Shares may be denominated in any currency or, if permitted by law, any basket of currencies.
- (iii) The rights attaching to the Preference Shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of such shares then in issue or with the sanction of an extraordinary resolution passed at a class meeting of holders of such shares.

8. RESTRICTIONS ON THE COMPANY

Save with such consent or sanction on the part of the holders of the Preference Shares as is required for a variation of the rights attached to such shares, the Board shall not capitalise any part of the profits of the Company available for distribution or purchase or redeem any shares of the Company if either (i) the dividend on the Preference Shares for the dividend payment period immediately prior to the date of the proposed capitalisation, purchase or redemption is in arrears and it, and any arrears or deficiency of dividend in respect of any preceding dividend payment period or periods, have not been paid in full or (ii) after such capitalisation, purchase or redemption the amount of the profits of the Company and its subsidiary undertakings available for distribution would be less than five times the aggregate amount of the annual dividends (exclusive of any associated tax credit) payable on the Preference Shares and any other preference shares then in issue ranking as regards dividends *pari passu* with or in priority to the Preference Shares.

In addition to the definitions set out on page 3 of this document, words and expressions defined in, or for the purposes of, the Articles of Association of the Company shall bear the same meanings in this Part. In the event of any conflict between the definitions used in the Articles of Association and those set out on page 3 of this document, the latter shall prevail.

PART III — FINANCIAL INFORMATION

The following summarises the financial information of the Group for the periods indicated. The information is extracted in all material respects from the published audited consolidated financial statements of the Group for the three years ended 31st December 1991.

Under a Scheme of Arrangement, which became effective on 5th July 1990, the ordinary shareholders of General Accident Fire and Life Assurance Corporation p.l.c. received, for each share then held, two ordinary shares of 25 pence each fully paid in the Company. The 1989 figures for consolidated earnings and dividend per Ordinary Share have been restated accordingly.

The status of the financial information relating to the Group contained in this Part is explained in paragraphs 11(g) and 11(h) on page 42.

ACCOUNTING POLICIES

DISCLOSURE REQUIREMENTS

The consolidated accounts are prepared in accordance with Section 255A of, and Schedule 9 to, the Companies Act 1985 and with the requirements of those Statements of Standard Accounting Practice as considered appropriate to insurance groups. Additional information has been disclosed in accordance with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers. These requirements do not override the specific statutory exemptions presently available to insurance groups.

CONSOLIDATION BASIS

The results of all subsidiary companies are included in the consolidated accounts and the whole of the consolidated results, excluding the proportion attributable to outside shareholders, have been dealt with in the accounts of the Group. Transfers to and from inner reserves include realised and unrealised gains and losses on investments.

The results of subsidiary companies acquired are normally brought into the accounts from the date of purchase and any goodwill arising is written off against reserves.

The accounts of certain overseas subsidiary companies do not conform with the Group's accounting policies because of local statutory requirements. Adjustments are made on consolidation in order to present the accounts on a uniform basis.

ASSOCIATED UNDERTAKINGS

The results of certain companies which might be deemed to be associated undertakings have been omitted from the accounts, except to the extent of dividends received, the Directors being of the opinion that the amounts involved are insignificant.

PREMIUMS

General Business

General business premiums written are accounted for in the year in which the risk commences. The provisions for unearned premiums have been calculated on the monthly pro rata fraction (24ths) or on a more accurate method with proper provision for long term contracts where appropriate. Acquisition expenses relating to unearned premiums are deferred.

Long Term Business

Premiums in respect of investment linked policies are accounted for in the period in which the liability is established. Other premiums are accounted for as they fall due for payment.

CLAIMS

General Business

Provisions for notified claims as at 31st December each year are determined on an individual case basis after taking into account handling costs, anticipated inflation and trends in settlements.

Provision is also made in respect of claims incurred but not reported at 31st December based on statistical methods.

Any differences between original claims provisions and subsequent re-estimates or settlements are reflected in the underwriting results of the year in which claims are re-estimated or settled.

After taking account of investment income, provision is made as necessary for estimated future general business losses relating to unexpired risks.

Long Term Business

Claims arising from death or maturity are charged against revenue when the insured event is notified or becomes due, surrenders are charged when payment is made and annuities in the period in which each payment becomes due.

LONG TERM BUSINESS PROFIT

Other than the American business, long term business profit is determined annually on actuarial valuation of the long term business fund. Profit from American business has been determined in accordance with local, generally accepted accounting principles.

The transfer of shareholders' profit included in the Profit and Loss Account is stated gross of estimated UK and overseas taxation applicable.

DEFERRED TAXATION

Deferred taxation has been provided at the rates expected to apply when the liabilities crystallise on all timing differences other than those considered likely to continue in the foreseeable future. No detailed breakdown under the categories concerned is given as the amounts involved are not material.

EXCHANGE RATES

The assets, liabilities and revenue transactions in currencies other than sterling have been translated at the approximate rates of exchange ruling at the relevant year end.

Currency underwriting provisions as at the beginning of each financial year have been revalued at exchange rates ruling at the corresponding year end.

Differences on exchange have been dealt with through revaluation reserve.

INVESTMENTS AND INVESTMENT INCOME

Investment income includes interest accrued to the year end on fixed interest securities, mortgages, loans and deposits. No credit is taken for dividends other than those received in the year of account. Investment income has been shown as the sum of the dividends received and the related tax credit.

With the exception of NZI Corporation Limited, long term business profits and losses on realisation of investments, after adjusting for taxation, have been dealt with through inner reserves. NZI Corporation Limited long term business profits and losses on realisation of investments are taken to revenue. Profits and losses on realisation of investments of other business sectors, after adjusting for taxation, have been dealt with through revaluation reserve.

Listed securities are included in the balance sheets at their middle market value with the following principal exceptions:

- (i) The investments of the long term fund of General Accident Life Assurance Limited are included at cost less inner reserve.
- (ii) The investments of the long term fund of General Accident Linked Life Assurance Limited are included at their market values, less inner reserve.

Investment properties, including properties which are wholly or partially occupied by the Group, are carried in the balance sheet at open market value as determined by the Group's professionally qualified internal valuers and by external valuers for a proportion of these properties.

DEPRECIATION

Equipment, machinery and motor cars are written off on a straight line basis over their estimated useful lives, which range from three to ten years.

No depreciation has been charged in respect of freehold and long leasehold buildings:

- (i) held as property investments, or
- (ii) owned and occupied by the Group (depreciation on which would not be significant).

PENSIONS

Employers' contributions to defined benefit schemes are charged to revenue on a basis which spreads the pension costs over the service lives of the members. Contributions to defined contribution schemes are charged to revenue when incurred.

CONSOLIDATED GENERAL BUSINESS REVENUE ACCOUNT

	For the year ended 31st December		
	1991 £m	1990 £m	1989 £m
Premiums written (Note 1)	3,219.0	3,045.8	3,100.2
Increase in unearned premiums	48.2	106.5	103.9
Premiums earned	3,170.8	2,939.3	2,996.3
Claims incurred (Note 2)	2,749.9	2,472.9	2,273.6
Commission	556.6	536.9	533.6
Expenses	450.2	417.5	419.3
Transfer to deferred acquisition costs	(16.8)	(26.3)	(26.4)
	3,739.9	3,401.0	3,200.1
Underwriting result	(569.1)	(461.7)	(203.8)

UNDERWRITING PROVISIONS AND RESERVES AS PER CONSOLIDATED BALANCE SHEET

	1991 £m	1990 £m	1989 £m
Provision for unearned premiums			
At beginning of year	1,431.1	1,446.0	1,251.2
Portfolio adjustments — including acquisitions	41.9	16.7	6.3
Exchange adjustment	7.5	(138.1)	84.6
Increase during the year	48.2	106.5	103.9
At end of year	1,528.7	1,431.1	1,446.0
Provision for outstanding claims	3,367.5	2,938.0	2,878.2

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the year ended 31st December		
	1991 £m	1990 £m	1989 £m
Investment Income	448.8	429.9	462.7
General Business Underwriting result	(569.1)	(461.7)	(203.8)
Long Term Business Profits (Note 3)	27.0	25.2	26.9
Property Services result	(17.8)	(23.3)	(20.5)
Banking Business result	(0.8)	(6.3)	(47.6)
	(111.9)	(36.2)	217.7
Interest on Loans (Note 11)	46.8	63.3	47.0
Interest on Bank Loans and Overdrafts (other than banking business)	12.9	21.8	17.5
	59.7	85.1	64.5
UK Employee Profit Sharing Scheme	(171.6)	(121.3)	153.2
	—	—	6.2
Profit (Loss) before Taxation	(171.6)	(121.3)	147.0
Taxation — U.K. and Overseas (Note 8)	(33.6)	(25.7)	32.1
Profit (Loss) after Taxation	(138.0)	(95.6)	114.9
Long Term Business Profits - GA Life Fund 1988 Valuation	—	—	9.5
	(138.0)	(95.6)	124.4
Minority interests	1.4	(2.4)	(13.7)
Profit (Loss) for the year attributable to shareholders	(139.4)	(93.2)	138.1
Balance forward from previous year	450.9	659.9	628.3
	311.5	566.7	766.4
Dividends for the year			
Interim	42.2	42.0	37.2
Proposed final	74.2	73.8	69.3
	116.4	115.8	106.5
Balance carried forward	195.1	450.9	659.9
Earnings (Loss) per Ordinary Share (Note 13)	(32.1p)	(21.7p)	32.6p
Dividend per Ordinary Share	26.75p	26.75p	25.0p

CONSOLIDATED BALANCE SHEET

	As at the year ended 31st December		
	1991 £m	1990 £m	1989 £m
Investments (Note 12)	5,779.0	5,448.1	6,701.5
Other Assets			
Operating Equipment	93.3	96.1	90.4
Deferred acquisition costs	318.6	292.7	285.4
Agency and company balances	615.8	571.1	619.6
Debtors and accrued interest	439.8	380.5	298.5
Advance Corporation Tax recoverable	—	22.0	22.5
Deposits with Long Term Funds	43.1	40.5	69.2
Cash at bank	6.9	19.1	17.2
	1,517.5	1,422.0	1,402.8
	7,296.5	6,870.1	8,104.3
Less Current Liabilities and Provisions			
Claims outstanding (Note 2)	3,367.5	2,938.0	2,878.2
Creditors (Note 9)	430.6	436.6	404.1
Bank loans and overdrafts	36.1	83.3	205.1
Other short term loans	88.9	74.4	134.6
Payable to Banking Business	168.0	113.2	92.1
Proposed Dividends	74.2	73.8	69.3
	4,165.3	3,719.3	3,783.4
	3,131.2	3,150.8	4,320.9
Long Term Funds Net Assets	2,637.0	2,252.8	2,277.3
Banking Business Net Assets (Note 4)	57.0	86.0	57.5
	5,825.2	5,489.6	6,655.7
Less Insurance Funds			
General	1,528.7	1,431.1	1,446.0
Long Term	2,637.0	2,252.8	2,277.3
	4,165.7	3,683.9	3,723.3
	1,659.5	1,805.7	2,932.4
Minority Interests in Subsidiaries	20.5	15.7	22.9
Loan Debt (Note 11)	266.2	360.1	357.2
	286.7	375.8	380.1
Net Assets	1,372.8	1,429.9	2,552.3
Representing Shareholders' Funds (Note 10)			
Share Capital	108.7	108.2	53.6
Share Premium Account	3.5	0.2	85.8
Capital Reserve	—	—	0.3
Revaluation Reserve	1,065.5	870.6	1,752.7
Retained Earnings	195.1	450.9	659.9
	1,372.8	1,429.9	2,552.3

CONSOLIDATED LONG TERM BUSINESS REVENUE ACCOUNT

	For the year ended 31st December		
	1991 £m	1990 £m	1989 £m
Premiums — Life and Annuity	537.3	402.4	378.0
— Accident and Health	28.5	21.8	20.4
Reassurance Premiums	565.8	424.2	398.4
	13.9	10.7	17.1
Net Premiums	551.9	413.5	381.3
Investment Income	254.2	237.3	228.4
Variation of Investment Values	20.5	(50.4)	28.5
Transfer from Investment Reserve	76.2	39.6	99.5
	902.8	640.0	737.7
Claims	170.5	164.6	131.6
Surrenders	112.0	120.5	146.3
Annuities	31.8	27.4	26.7
Reassurance Recoveries	314.3	312.5	304.6
	4.6	5.3	8.7
Commission	309.7	307.2	295.9
Expenses	70.4	59.6	59.8
Taxation	101.0	92.2	92.5
	7.6	11.8	12.7
	488.7	470.8	460.9
Shareholders' share of profits (Note 3)	18.9	18.8	20.9
	507.6	489.6	481.8
Increase in Funds during the year	395.2	150.4	255.9
Funds at beginning of year	2,252.8	2,277.3	2,045.2
Shareholders' Share of Profits - GA Life Fund 1988 Valuation	—	—	(9.5)
Funds acquired in year	—	20.6	—
Funds disposed in year	—	(149.2)	(34.8)
Exchange adjustment (Note 3)	(11.0)	(46.3)	20.5
	2,241.8	2,102.4	2,021.4
Funds at end of year	2,637.0	2,252.8	2,277.3

TERRITORIAL ANALYSIS OF NET PREMIUMS

U.K.	447.0	306.4	262.6
New Zealand	41.0	49.4	59.6
Australia	—	9.5	20.9
France	16.7	11.1	5.3
Puerto Rico	26.9	26.6	28.9
Other Overseas	20.3	10.5	4.0
	551.9	413.5	381.3

CONSOLIDATED LONG TERM BUSINESS BALANCE SHEET

	As at the year ended 31st December		
	1991 £m	1990 £m	1989 £m
Investments (Note 12)	2,644.3	2,258.6	2,287.3
Current Assets			
Agency and company balances	12.1	15.6	10.9
Debtors and accrued interest	60.7	52.4	91.9
Cash at bank	15.1	10.8	14.3
	87.9	78.8	117.1
	2,732.2	2,337.4	2,404.4
Less Current Liabilities			
Claims outstanding	21.6	20.0	16.0
Creditors (Note 9)	30.5	24.1	41.9
Deposits from General Funds	43.1	40.5	69.2
	95.2	84.6	127.1
Net Assets	2,637.0	2,252.8	2,277.3
Comprising the following Funds			
General Accident Life	1,833.4	1,544.0	1,368.5
General Accident Linked Life	489.3	432.7	473.8
NZI Corporation	244.6	231.5	419.0
General Accident Vie	30.2	14.2	6.1
General Accident Life Assurance Puerto Rico	7.1	7.0	8.9
Other funds	32.4	23.4	1.0
	2,637.0	2,252.8	2,277.3

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(Excluding long term and banking business)

	For the year ended 31st December		
	1991 £m	1990 £m	1989 £m
Source of Funds			
Profit (Loss) before tax	(171.6)	(121.3)	147.0
Long Term Business Profits - GA Life Fund 1988 Valuation	—	—	9.5
Adjustments to convert revenue and expenditure to a cash basis			
Increase (decrease) from changes in			
Insurance funds and outstanding claims	460.4	451.8	468.7
Agency and company balances	(42.6)	(33.1)	(154.4)
Other net current assets and minorities (excluding taxation and proposed dividends)	(5.4)	46.3	133.4
Depreciation of operating equipment	40.5	41.9	34.0
Total generated from operations	281.3	385.6	638.2
Other Sources of Funds			
Issue of Shares	3.8	11.9	10.4
Loan Capital raised	—	73.1	145.8
	285.1	470.6	794.4
Redemption of preference shares	—	0.3	—
Tax paid (including tax attributable to franked investment income)	68.5	58.7	160.6
Dividends paid	116.1	107.0	92.6
Loan Capital repaid (net)	74.8	—	—
Purchase of operating equipment (net)	38.1	55.1	33.3
	297.5	221.1	286.5
Net Funds available for Investment	(12.4)	249.5	507.9
Changes in Investment and net Liquid Funds (Net of revaluation reserve)			
Increase (Decrease) in			
Banking Business net assets	(26.1)	38.5	9.3
Properties	(99.7)	8.9	159.7
Mortgages and loans	(61.1)	7.5	48.9
Fixed interest securities	(0.7)	52.2	281.2
Ordinary stocks and shares	16.0	(11.4)	69.3
Deposits at interest	136.4	(11.3)	67.5
Cash at bank	(11.0)	2.1	(10.3)
	(46.2)	86.5	625.6
Increase (Decrease) in bank overdrafts and loans	(33.8)	(163.0)	117.7
	(12.4)	249.5	507.9

In determining the net funds available for investment and the relative changes shown above, non-sterling assets and liabilities as at 1st January in each of the years 1991, 1990 and 1989 have been retranslated at 1991, 1990 and 1989 year end rates respectively in order to eliminate the effects of exchange fluctuations. As a result, the net funds available are in the aggregate £139.1m lower (1990: £404.7m higher, 1989: £229.3m lower) than the position reflected in the comparative balance sheets after adjusting for the revaluation of investments.

NOTES TO THE ACCOUNTS

1. SEGMENTAL ANALYSIS

(a) Class of Business	1991 £m	1990 £m
Turnover		
General Business Premiums		
Property	1,330.0	1,295.0
Accident and Liability	644.1	560.4
Motor	1,440.2	1,350.5
	3,414.3	3,205.9
Reinsurance premiums	195.3	160.1
	3,219.0	3,045.8
Long Term Business Premiums	565.8	424.2
Reinsurance	13.9	10.7
	551.9	413.5
Property Services	77.2	79.1
Banking Business	57.6	154.9
	3,905.7	3,693.3
Profit (Loss) before Taxation and Interest Payable		
General Business (incl. Investment Income)	(120.3)	(31.8)
Long Term Business	27.0	25.2
Property Services	(17.8)	(23.3)
Banking Business	(0.8)	(6.3)
	(111.9)	(36.2)
Segment Net Assets		
General Business	1,729.9	1,883.9
Long Term Business	77.9	78.7
Property Services	36.1	30.6
Banking Business	57.0	86.0
	1,900.9	2,079.2
	1991 £m	1990 £m
(b) Geographical Segments		
Turnover		
U.K. (incl. London Market and Internal Reinsurance)	1,907.6	1,788.6
U.S.A.	1,033.3	881.9
Canada	403.9	359.5
Pacific	431.2	511.2
Europe other than U.K.	213.6	195.8
Other Overseas	125.3	127.1
	4,114.9	3,864.1
Reinsurance Premiums	209.2	170.8
	3,905.7	3,693.3

	1991 £m	1990 £m
Profit (Loss) before Taxation and Interest Payable		
U.K. (incl. London Market and Internal Reinsurance)	(222.5)	(113.5)
U.S.A.	41.1	69.3
Canada	35.7	36.3
Pacific	26.0	(6.0)
Europe other than U.K.	(1.4)	(27.1)
Other Overseas	9.2	4.8
	(111.9)	(36.2)
Segment Net Assets		
U.K. (incl. London Market and Internal Reinsurance)*	58.8	296.4
U.S.A.	1,117.9	1,079.4
Canada	238.0	165.7
Pacific	246.3	333.4
Europe other than U.K.	152.4	143.7
Other Overseas	87.5	60.6
	1,900.9	2,079.2

*The U.K. companies own, directly or indirectly, the overseas Segment Net Assets.

Segment Net Assets are stated before the deduction of the following items:

Minority Interests	20.5	15.7
Group Borrowings	391.2	517.8
Dividends Payable and Proposed	116.4	115.8
	528.1	649.3
Group Net Assets	1,372.8	1,429.9

2. CLAIMS

General Business claims are stated after deduction of amounts recoverable from reinsurers as follows:

	1991 £m	1990 £m
Claims incurred	2,856.4	2,703.0
Recoverable from reinsurers	106.5	230.1
	2,749.9	2,472.9
Claims outstanding	3,713.6	3,286.1
Recoverable from reinsurers	346.1	348.1
	3,367.5	2,938.0

3. LONG TERM BUSINESS

The amount credited to consolidated profit and loss account in respect of shareholders' profits comprises:

	1991 £m	1990 £m
Shareholders' share of profits before taxation	27.0	25.2
Taxation	8.1	6.4
	18.9	18.8
General Accident Life	15.3	14.6
General Accident Linked Life	5.0	4.0
NZI Corporation	(2.6)	0.4
General Accident Vie (France)	(1.9)	(2.5)
General Accident Life (Puerto Rico)	2.9	3.3
Other Funds	0.2	(1.0)
	18.9	18.8

The exchange debit of £11.0m (1990: £46.3m debit) is derived from the exchange revaluation of overseas net assets.

4. BANKING BUSINESS

The consolidated banking business balance sheet as at 31st December is as follows:

	1991 £m	1990 £m
Assets		
Investments — Land and buildings	0.9	12.2
— Government stock	1.0	112.9
— Ordinary shares and debentures	3.3	18.3
Advances and mortgages	214.0	411.5
Commercial bills	—	44.3
Short term deposits and cash	5.3	154.3
Other assets	2.7	29.9
Receivable from group companies	168.0	113.2
	395.2	896.6
Liabilities		
Bank funding	20.6	74.2
Secured loans and deposits	3.1	6.7
Unsecured loans and deposits	304.5	703.2
Commercial bills	4.3	18.1
Total borrowings	332.5	802.2
Sundry creditors	5.7	8.4
	338.2	810.6
Net Assets	57.0	86.0

A maturity analysis of the total borrowings as at 31st December is as follows:

	1991 £m	1990 £m
Under one year		
Bank	20.6	64.9
Other	133.3	454.0
	153.9	518.9
Between one and two years		
Bank	—	0.4
Other	149.7	36.0
	149.7	36.4
Between two and five years		
Bank	—	8.9
Other	28.9	219.3
	28.9	228.2
Over five years	—	18.7
	332.5	802.2

5 DIRECTORS AND EMPLOYEES

(a) Emoluments of Directors

Total emoluments of the Directors, including amounts paid to them as directors of subsidiary companies, were:

	1991 £	1990 £
Fees as directors	166,357	155,750
Other emoluments	1,321,034	1,633,904
Pension contributions on behalf of non-executive directors	24,671	25,692
Pension payments in respect of		
(i) management services	286,563	258,480
(ii) services as a director	8,916	5,532
Compensation for loss of office	174,100	—
	1,981,641	2,079,358

The Chairman received emoluments of £62,032 (1990: £60,690).

The emoluments of the highest paid U.K. Director amounted to £219,442 (1990: £219,949).
U.K. Directors received:

	Number of Directors	
	1991	1990
£5,001- £10,000	1	—
£10,001- £15,000	—	7
£15,001- £20,000	7	2
£20,001- £25,000	1	1
£25,001- £30,000	1	—
£40,001- £45,000	1	—
£60,001- £65,000	1	1
£95,001-£100,000	—	1
£115,001-£120,000	—	1
£130,001-£135,000	2	—
£135,001-£140,000	—	2
£215,001-£220,000	1	1

(b) Loans to Directors

The following loans have been granted by a subsidiary company to executive Directors under the staff house purchase scheme on the same terms and conditions as are applicable to all eligible members of staff at annual rates of interest between 3.5% and 14.0%. These loans are secured by mortgages on private residences and policies of assurance maturing at various dates or on the earlier death of the borrower.

	at 1st January 1991 and at 31st December 1991 and maximum loan during the year
B. Holder	£30,000
T. Roberts	£36,000
W. N. Robertson	£14,798

(c) Directors' Other Interests

No Director had a material interest in any contract of significance to the business of the Company or its subsidiaries at any time during 1990 or 1991.

(d) Loans to Other Officers

As at 31st December 1991, nine officers of the Company other than Directors, had secured loans outstanding amounting in the aggregate to £311,467 (1990: eight officers £229,767).

6. PENSION COSTS

The principal pension schemes operate in the U.K. and North America. These schemes are of the defined benefit type and their assets are held in separate trustee administered funds. Each of the schemes has been subject to actuarial valuation or review in the last twelve months using the "Entry Age" method in respect of the U.K. schemes and the "Projected Unit Credit" method for the North American schemes. The actuarial valuation of the U.K. defined benefit scheme was carried out by a qualified actuary who is an employee of the Group.

The principal assumptions underlying these valuations were:

	U.K.	North America
Salary increases	6.9%	5.0%-6.5%
Pension increases	5.0%	—
Investment return	9.0%	7.0%-9.0%

At the date of the last actuarial valuations, the market value of the investments of the U.K. and North American schemes was £659.8m (1990: £606.4m). The assets of these schemes were in excess of the amount required to cover the benefits that had accrued to members after allowing for future increases in earnings.

The total pension cost for the Group was £27.1m (1990: £22.5m).

At 31st December 1991 a provision of £26.5m (1990: £31.3m) was carried in the Group balance sheet. This provision will be utilised to reduce future pension costs by amortisation over scheme members' average remaining working lives.

7. AUDITORS' REMUNERATION

The total remuneration payable by the Group in 1991 amounted to £1,710,000 (1990: £2,006,000).

8. TAXATION

The credit in the consolidated profit and loss account in respect of U.K. corporation and income taxes and overseas taxes, computed in accordance with current legislation applicable to insurance companies and based on the results of the year, is made up as follows:

	1991 £m	1990 £m
U.K. Corporation Tax at 33.25% (1990: 35%)	(94.1)	(57.1)
Tax attributable to U.K. dividends received	8.7	8.4
Overseas Taxation	18.5	18.9
Deferred Taxation	(3.3)	(2.3)
Advance Corporation Tax	28.5	—
	(41.7)	(32.1)
Taxation attributable to long term business profit	8.1	6.4
	(33.6)	(25.7)

Advance Corporation Tax in relation to dividends payable after 31st December 1991 has been written off in accordance with generally accepted accounting practice.

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply.

9. DEFERRED TAXATION

The following deferred taxation balances are included in creditors:

	1991 £m	1990 £m
Consolidated Balance Sheet		
SSAP 24 — Pension Provisions	(9.4)	(9.1)
Other timing differences	9.4	13.4
	—	4.3
Consolidated Long Term	—	3.4

Advance Corporation Tax recoverable has not been dealt with by deduction from deferred tax but is disclosed separately in the balance sheets.

No provision has been made for taxation which would arise if the investments were sold at the middle market value stated in Note 12 below as this contingency is considered to be remote.

No provision has been made for taxation which might arise in the event of the distribution of profits retained by overseas subsidiaries.

10. SHARE CAPITAL AND RESERVES

	1991 £m	1990 £m
Share Capital Authorised	136.0	136.0
Issued and fully paid 434,932,138 (1990: 432,819,745) ordinary shares of 25p each	108.7	108.2
Share Premium	3.5	0.2

Movements in the share capital and share options outstanding are detailed as follows:

Acquisitions

During 1991, 1,316,009 Ordinary Shares were issued on conversion of £4,772,450 Variable Rate Convertible Unsecured Loan Notes. These loan notes had been issued as part consideration on the acquisition of a number of estate agencies during 1988.

Employee Share Schemes

No appropriation was made to employees under the U.K. Employee Profit Sharing Scheme in 1991. During the year 297,731 Ordinary Shares were issued on the exercise of options granted under the various share option schemes operated by the Company. In 1991 options were granted as follows:

Scheme	Date of Grant	No. of Shares	Exercise Price
SAYE Scheme	28.03.91	554,099	440p
Executive Scheme	19.08.91	203,053	554p

At 31st December 1991 options existed as follows:

	Year Options Granted	No. of Shares	Normal period before exercise	Price per Share
SAYE Schemes	1984	404	7 years	217.5p
	1985	51,498	7 years	247.5p
	1986	86,821	5 or 7 years	380p
	1987	290,893	5 or 7 years	430p
	1988	414,056	5 or 7 years	410p
	1989	252,452	5 or 7 years	435p
	1990	896,472	5 or 7 years	412.5p
	1991	536,985	5 or 7 years	440p
Executive	1986	66,762	3 to 10 years	409.5p
	1987	183,146	3 to 10 years	499p
	1989	244,978	3 to 10 years	485.5p
		401,998	3 to 10 years	505p
	1990	368,111	3 to 10 years	495p
	1991	203,053	3 to 10 years	554p

On 11th December 1991 the Board approved the establishment of a Profit Sharing Scheme for the employees of General Accident Fire and Life Assurance Corporation p.l.c. in the Republic of Ireland. Except where necessary to reflect local requirements, this Scheme will operate in the same manner as the U.K. Profit Sharing Scheme. No appropriations have been made under this Scheme to date.

Scrip dividend

During 1991 and subsequently to the year end shares were allotted in accordance with elections by shareholders and employees to receive shares in lieu of cash dividends as follows:

	No. of elections/mandates	No. of shares allotted
1990 Interim dividend	7,945	283,743
1990 Final dividend	7,707	214,910
1991 Interim dividend	6,687	84,128

	1991 £m	1990 £m
Revaluation Reserve	1,065.5	870.6
Retained earnings	195.1	450.9

Before deducting dividends paid and proposed of £116.4m (1990: £115.8m), the profit attributable to shareholders dealt with in the accounts of the Company for the year ended 31st December 1991 amounted to £130.0m (1990: £191.6m).

11. LOAN DEBT

	1991 £m	1990 £m
The following loans are wholly repayable before 31st December 1996		
Subsidiary Companies		
Loans repayable between one and two years		
7½% Unsecured Loan Stock 1987/92	—	6.4
Variable Rate Convertible Unsecured Loan Notes 1992	—	2.5
Variable interest unsecured loans	1.8	43.6
Variable interest secured loans	—	15.9
Loans repayable between two and five years		
Variable interest U.S. unsecured loan 1994	—	51.8
7⅞% Mortgage Loan 1996 (secured on an overseas office property)	1.5	—
Variable interest unsecured loans	154.5	99.3
	157.8	219.5
The following loans are repayable in whole or in part after 31st December 1996		
Subsidiary Companies		
7¼% Unsecured Loan Stock 1992/97	7.0	7.0
7⅞% Mortgage Loan 1996 (secured on an overseas office property)	—	1.7
Variable Rate Convertible Unsecured Loan Notes 2003	—	1.3
Variable interest U.S. secured loans 2003/16	19.2	18.6
Variable interest unsecured loans 1996/2008	82.2	112.0
	108.4	140.6
	266.2	360.1

The amount of interest payable on loan debt wholly repayable before 31st December 1996 was £38.5m (1990: £49.1m).

12. INVESTMENTS

A summary of the investments (excluding banking business investments) appears below:

	General Funds at Middle Market Value		Long Term Funds Net of Inner Reserves	
	1991 £m	1990 £m	1991 £m	1990 £m
Freehold and Leasehold Properties	618.8	671.7	454.6	381.6
Mortgages, Loans, Reversions and Life Interests	109.3	126.1	76.3	101.6
Fixed Interest Securities	2,994.5	2,579.9	970.7	825.1
Ordinary Stocks and Shares	1,653.6	1,796.8	993.1	749.2
Cash on Deposit	402.8	273.6	149.6	201.1
	5,779.0	5,448.1	2,644.3	2,258.6

At 31st December 1991 the aggregate amount at which investments were included in the long term balance sheet was below their market values, taking listed securities at middle market prices.

13. LOSS PER SHARE

The calculation of loss per share is based on a loss of £139.4m (1990: loss £93.2m) and the weighted average of 434,147,218 (1990: 430,147,346) Ordinary Shares in issue.

14. EXCHANGE

The principal exchange rates used were U.S.A. \$1.87 (1990: \$1.93), Canada \$2.16 (1990: \$2.24) and New Zealand \$3.46 (1990: \$3.28).

15. PRINCIPAL SUBSIDIARY, ASSOCIATED AND OTHER UNDERTAKINGS

As at 31st December 1991 the Company had guaranteed borrowing facilities of up to £203.4m in respect of a subsidiary company.

Details of the Group shareholdings as at 31st December 1991 are listed on pages 39 to 41.

Subsidiary companies are engaged in insurance and financial services or other insurance related business. In addition to those listed there are a number of other subsidiary companies which neither contributed significantly to the Group result nor whose assets were material.

Cumulative goodwill written off to reserves in respect of acquisitions in 1991 and prior years amounted to £342.3m (1990: £284.9m).

In addition to the principal associated undertaking listed, the Company has holdings exceeding 10% and, in certain cases, 20% of the issued share capital of a number of other companies, but these holdings do not materially affect the results or assets of the Group.

16. SUBSIDIARY COMPANIES ACQUIRED

On 1st July 1991 General Accident Insurance Company of America acquired the share capital of Hawkeye-Security Insurance Company, a company located in the United States engaged in property and casualty insurance. 655,480 shares were acquired for a cash consideration of £59.6m.

During the same year the acquisition by General Accident Fire and Life Assurance Corporation p.l.c. of Aktiv Forsikring AS, a Norwegian insurance company, was confirmed. 1,010,000 ordinary shares were acquired for a cash consideration of £9.8m.

	Book value on acquisition £m	Fair Value adjustments £m	Fair Value to the Group £m
Hawkeye-Security			
Investments	94.9	2.9	97.8
Other assets	31.8		31.8
Technical reserves	(87.0)		(87.0)
Other liabilities	(5.3)	(3.7)	(9.0)
Aktiv Forsikring	34.4	(0.8)	33.6
	3.1	0.3	3.4
Net assets acquired	37.5	(0.5)	37.0
Goodwill			
Hawkeye-Security		26.0	
Aktiv Forsikring		6.4	32.4
Total Consideration			69.4

The profit attributable to shareholders in respect of these acquisitions is:

	Effective Date of acquisition	Profit £m
Hawkeye-Security	1st July 1991	1.8
Aktiv Forsikring	1st January 1991	0.5

No significant adjustments were required to achieve uniformity of accounting policies consistent with those of the Company.

PART IV — THE PLACING

At the Extraordinary General Meeting of the Company held on 27th August 1992, an ordinary resolution was passed, inter alia, (a) increasing the authorised share capital of the Company by creating the Authorised Preference Shares and (b) authorising the Board to allot and issue up to £300,000,000 nominal amount of such shares at any time prior to the date of the next Annual General Meeting or 27th November 1993, whichever is earlier. The terms of and rights attaching to the Authorised Preference Shares are contained in the resolution passed at the Extraordinary General Meeting.

The decision to allot the Preference Shares with the rights and restrictions attaching to them as described in Part II of this document at the Placing Price calculated in accordance with the terms of the Placing Agreement was made by a resolution of a duly authorised committee of the Board held on 2nd September 1992.

The Placing is conditional on the Preference Shares being admitted to the Official List of the London Stock Exchange, on such admission becoming effective not later than 9.00 a.m. on 10th September 1992 and on the Placing Agreement becoming unconditional in accordance with its terms.

Under the Placing Agreement, each of Hoare Govett, Schroders and Salomon Brothers has separately agreed to use reasonable endeavours to procure subscribers for or, to the extent of its failing to procure such subscribers, itself to subscribe for a proportionate part of the Preference Shares at the Placing Price, so as to underwrite in full the Placing. The obligations of each of Hoare Govett, Schroders and Salomon Brothers are conditional on, inter alia, the London Stock Exchange granting permission for the Preference Shares to be admitted to the Official List and such admission becoming effective not later than 10th September 1992.

The Placing Agreement contains certain representations, warranties, undertakings and indemnities given by the Company relating, inter alia, to the accuracy of the information contained in this document. Hoare Govett, Schroders and Salomon Brothers may terminate the Placing Agreement in certain exceptional circumstances (including on the occurrence of a "force majeure" event) prior to admission to listing becoming effective.

The Company has agreed to pay to Hoare Govett, Schroders and Salomon Brothers a commission to be shared between them amounting to $\frac{7}{8}$ per cent. of the aggregate Placing Price of the Preference Shares. The Company will also pay to Hoare Govett, Schroders and Salomon Brothers a sum equal to the charges and disbursements incurred by them (including reasonable legal fees and any accountancy or other professional fees incurred) in connection with or arising out of the Placing (together with any value added tax payable).

The Placing Price for the Preference Shares will be payable in cash in full on 9th September 1992. It is estimated that the cash proceeds (net of expenses) accruing to the Company from the Placing will amount to approximately £139,599,000.

The Preference Shares will be in registered form. Definitive share certificates for the Preference Shares are expected to be despatched on or about 10th September 1992.

PART V — FURTHER INFORMATION

1. INCORPORATION

The Company was incorporated with limited liability in Scotland under the Companies Act 1985 as a public company on 15th August 1989 with the registered number 119505. Its then existing ordinary shares were admitted to the Official List of the London Stock Exchange on 6th July 1990.

2. TURNOVER BY MAIN CATEGORY OF ACTIVITY AND GEOGRAPHIC SEGMENT

	For the year ended 31st December		
	1991	1990	1989
	£m	£m	£m
General Business (Net Premiums)			
U.K.	1,172.0	1,175.9	1,043.5
U.S.A.	981.8	847.2	918.4
Canada	390.4	348.4	377.3
Pacific	283.6	293.5	356.4
Europe other than U.K.	181.4	176.6	171.9
Other Overseas	89.1	88.1	105.7
London Market Business (incl. Internal Reinsurance)	120.7	116.1	127.0
	3,219.0	3,045.8	3,100.2
Life Business (Net Premiums)			
U.K.	447.0	306.4	262.6
New Zealand	41.0	49.4	59.6
Australia	—	9.5	20.9
France	16.7	11.1	5.3
Puerto Rico	26.9	26.6	28.9
Other Overseas	20.3	10.5	4.0
	551.9	413.5	381.3
Property Services	77.2	79.1	79.6
Banking Business	57.6	154.9	268.6
	3,905.7	3,693.3	3,829.7

The property services turnover is derived from the United Kingdom. Banking business ceased in 1992 following the closure of NZI Bank, a banking subsidiary based in New Zealand.

3. SHARE CAPITAL AND CONSOLIDATED INDEBTEDNESS STATEMENT

The following table sets out the share capital and consolidated indebtedness of the Group as at 31st December 1991 (as extracted from the audited accounts), as at 31st July 1992 (the latest practicable date before the printing of this document) and as at 31st July 1992 adjusted to reflect the Placing:

	As at 31.7.92 (Unaudited and adjusted) £m	As at 31.7.92 (Unaudited) £m	As at 31.12.91 (Audited) £m
Share Capital			
Ordinary Share Capital	108.9	108.9	108.7
8 $\frac{7}{8}$ % Preference Share Capital	140.0	—	—
Share Premium Account	5.1	5.5	3.5
Total Share Capital	254.0	114.4	112.2
Indebtedness			
Bank Loans and Overdrafts	57.8	57.8	36.1
Other Short Term Loans	223.1	223.1	88.9
Loan Debt	331.0	331.0	266.2
Banking Business Indebtedness	—	—	332.5
Total Indebtedness	611.9	611.9	723.7

The Loan Debt and Banking Business Indebtedness include secured and unsecured borrowings of the Group.

Save in respect of this Placing, there has been no material change in the share capital and consolidated indebtedness of the Group since 31st July 1992.

4. SHARE CAPITAL OF THE COMPANY

- (a) As at 28th August 1992 (the latest practicable date before the printing of this document), the authorised and issued share capital of the Company was as follows:—

	Authorised		Issued		
	£	No.	£	No.	%
Ordinary Shares	136,000,000	544,000,000	108,908,111	435,632,446	80.08
Preference Shares	300,000,000	300,000,000	0	0	0

- (b) As at 28th August 1992 (the latest practicable date before the printing of this document) the following options to subscribe for Ordinary Shares, granted under the SAYE and Executive Option Schemes operated by the Company were outstanding:

	Year Options Granted	No of Shares	Normal Period before exercise	Price per Share
SAYE	1985	23,898	7 years	247.5p
	1986	78,936	7 years	380p
	1987	211,647	5 or 7 years	430p
	1988	374,473	5 or 7 years	410p
	1989	221,900	5 or 7 years	435p
	1990	805,678	5 or 7 years	412.5p
	1991	483,983	5 or 7 years	440p
	1992	1,805,874	5 or 7 years	355p

	Year Options Granted	No of Shares	Normal Period before exercise	Price per Share
Executive Schemes	1986	66,672	3 to 10 years	409.5p
	1987	183,146	3 to 10 years	499p
	1989	244,978	3 to 10 years	485.5p
		401,998	3 to 10 years	505p
	1990	368,111	3 to 10 years	495p
	1991	203,053	3 to 10 years	554p
	1992	242,204	3 to 10 years	420p

Save as disclosed above there is no capital of any member of the Group under option or agreed, conditionally or unconditionally, to be put under option by any member of the Group.

- (c) As at 28th August 1992 (the latest practicable date before the printing of this document) the following issues of unsecured loan notes, issued by a subsidiary of General Accident, were outstanding. These notes are convertible into Ordinary Shares in accordance with the terms set out in the notes at the conversion price specified in the note or, if less, the average middle market price for the Ordinary Shares for the five business days prior to the day preceding conversion:—

	Amount Outstanding	Conversion Price
Variable Rate Convertible Unsecured Loan Notes 1991	£412,500	442.6p
Variable Rate Convertible Unsecured Loan Notes 1992	£137,500	510.6p

- (d) During the period from 1st January 1989 to 28th August 1992 (the latest practicable date before the printing of this document) the following shares have been issued by the Company or, prior to the Scheme of Arrangement referred to below becoming effective, General Accident Fire and Life Assurance Corporation p.l.c. (shares issued by the latter have been restated to reflect the effect of the Scheme of Arrangement):—

Employee Share Schemes

- (i) 1,571,026 Ordinary Shares were issued to the trustee of the General Accident Profit Sharing Scheme at a price of 481 pence per share on 1st June 1989.
- (ii) 1,208,314 Ordinary Shares were issued to the trustee of the General Accident Profit Sharing Scheme at a price of 513 pence per share on 12th April 1990.
- (iii) A total of 1,118,998 Ordinary Shares were issued at prices of between 135 pence per share and 440 pence per share on the exercise of options granted under the General Accident 1990 SAYE Share Option Scheme and its predecessor the General Accident 1982 SAYE Share Option Scheme.
- (iv) A total of 196,302 Ordinary Shares were issued at prices of between 409.5 pence per share and 505 pence per share on the exercise of options granted under the General Accident Executive Share Option Scheme.

Full details of the terms and conditions of the schemes mentioned above are on pages 35 to 38.

Script Dividends

Ordinary Shares were issued to shareholders in lieu of cash dividends in respect of the dividends issued on the following dates by the Company and, prior to the Scheme of Arrangement, by General Accident Fire and Life Assurance Corporation p.l.c.

Date of dividend	No. of shares issued	Price per share
1st January 1989	114,410	438.9p
1st July 1989	231,706	472.9p
1st January 1990	259,392	499.5p
1st July 1990	539,852	506.9p
1st January 1991	283,743	451.5p
1st July 1991	214,910	541.7p
1st January 1992	84,128	507.7p
1st July 1992	267,268	466.9p

Property Services

In connection with the acquisition by General Accident Fire and Life Assurance Corporation p.l.c. of a number of companies transacting property services business shares were issued to the vendors of those companies as follows:

- (i) Acquisition
At the time of acquisition of the respective companies a total of 1,303,946 Ordinary Shares were issued at prices of between 465.7 pence and 510.6 pence as part consideration for the assets acquired.
- (ii) Conversion of loan notes
A total of 8,247,073 Ordinary Shares were issued at prices of between 364.5 pence and 512.5 pence on the conversion of convertible unsecured loan notes issued by General Accident Fire and Life Assurance Corporation p.l.c. as part consideration for the assets acquired and convertible into Ordinary Shares following expiry of the period specified in the said loan notes (usually three years following the acquisition of the relevant company).

Scheme of Arrangement

Two shares of £1 in the Company were issued to the subscribers to the Memorandum of Association on the incorporation of the Company on 15th August 1989. These shares were subsequently sub-divided into eight Ordinary Shares.

Pursuant to a Scheme of Arrangement sanctioned by the Scottish Court of Session under the Companies Act 1985 and which became effective on 5th July 1990, 431,538,148 Ordinary Shares were issued to the holders of shares in General Accident Fire and Life Assurance Corporation p.l.c. at a rate of two Ordinary Shares for each share then held.

There has been no material change to the amount of issued Ordinary Shares of the Company or the capital of any member of the Group since 28th August 1992. Intra group issues by wholly owned subsidiaries and pro rata issues by partly owned subsidiaries have been disregarded.

- (e) As at 28th August 1992 (the latest practicable date before the printing of this document) 1,835,523 Ordinary Shares, with a nominal value of £458,880.75, were held by General Accident Executor and Trustee Company Limited, a subsidiary of the Company, in its capacity as custodian in respect of a number of unit trusts and private trusts. In relation to these shares the Group does not hold any beneficial entitlement.

5. MEMORANDUM AND ARTICLES OF ASSOCIATION AND RIGHTS ATTACHING TO ORDINARY SHARES

- (a) The Memorandum of Association of General Accident provides that its principal object is to act as and carry on the business of a holding company. The objects of the Company are set out in Clause 4 of the Memorandum of Association which is available for inspection at the address set out in paragraph 12 below.
- (b) The Articles of Association of the Company, with respect to share capital, provide inter alia that, subject to the provisions of the UK Companies Acts and to rights conferred on holders of other shares:—
 - (i) any shares may be issued with or have attached to them such rights and restrictions as the Company may by ordinary resolution decide or in default of such a resolution or specific provision within such a resolution, as the Board may decide.
 - (ii) the rights attaching to any class of shares for the time being issued may be varied with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution duly passed at a separate general meeting of the holders of those shares.
- (c) The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount or, subject to the UK Companies Acts, subdivide its shares or any of them into shares of a smaller amount and may as between the shares resulting from the sub-division, determine that any of them may have any preference or advantage or be subject to any restriction as compared with the others or cancel any shares which have not been issued or agreed to be issued at the date of the passing of such resolution and diminish the amount of its share capital by the amount of the shares so cancelled. Subject to the provisions of the UK Companies Acts the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way. The Company may also, subject to the Articles of Association of the Company and to the UK Companies Acts, purchase its own shares.

- (d) (i) Subject to sub-paragraph (ii) below, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Acts, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- (ii) The Board is required to restrict the borrowings of the Company and to exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to secure (but as regards subsidiaries only insofar as by the exercise of the rights or powers of control the Board can secure) that the aggregate principal amount from time to time outstanding of all borrowings by the Group (exclusive of borrowings owed by one member of the Group to another and borrowings by any member of the Group that carries on a banking business or that of a finance house) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the adjusted capital and reserves as defined in the Articles of Association of the Company.
- (e) The following is a brief summary of certain rights, particularly in relation to voting, transfer and variation of rights attaching to the Ordinary Shares in the Company. The rights attaching to the Preference Shares are in Part II of this document:—
- (i) Dividend
- Subject to the provisions of the Companies Acts, the Company may by ordinary resolution from time to time declare dividends on the Ordinary Shares, but no dividend shall exceed the amount determined by the Board. Subject to the same provisions the Board may pay such interim dividends as appear to the Board to be justified by the financial position of the Company.
- Any dividend unclaimed after a period of 12 years from the date when it became due for payment shall be forfeited and shall revert to the Company.
- (ii) Capital
- On a return of assets on a liquidation or winding-up, after payment of all liabilities and subject to the rights of the holder of any share with preferential rights on a return of capital, the remaining assets of the Company will be divided among the holders of the Ordinary Shares according to the number of Ordinary Shares held by them.
- (iii) Variation of Rights
- Subject to the provisions of the Companies Acts, all or any of the rights for the time being attached to any class of shares for the time being issued may, from time to time (whether or not the Company is being wound up), be varied with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. The provisions of the Articles of Association of the Company relating to general meetings shall apply equally to any separate class meeting, but so that (i) the necessary quorum shall be a person or persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class, (ii) every holder of the shares of the class shall be entitled to one vote for each of the shares of that class held by him, (iii) any holder of shares of the class present in person or by proxy may demand a poll and (iv) at any adjourned meeting of the holders of shares of that class one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum.
- (iv) Voting
- Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provision of the Articles of Association of the Company, on a show of hands every member who is present in person at a general meeting of the Company shall have one vote, and on a poll every member who is present in person or by proxy shall have one vote for every share of which he is the holder.
- (v) Transfer
- Subject to the Articles of Association of the Company, a member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share and may also decline to register any transfer unless:—

- (A) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer,
- (B) the instrument of transfer is in respect of only one class of share, and
- (C) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

6. DIRECTORS AND OTHER INTERESTS

- (a) The following table shows the interests of the Directors in the Ordinary Shares as at 28th August 1992 (the latest practicable date before the printing of this document) as recorded in the register maintained by the Company in accordance with the provisions of Section 325 of the Companies Act 1985. All the interests are beneficial.

	Ordinary Shares	Options to Subscribe for Ordinary Shares
The Earl of Airlie	2,184	nil
R.W. Adam	4,184	nil
L. Bolton	2,872	nil
E.L. Botting	761	nil
Sir Anthony Cleaver	3,591	nil
W.E. Farnam	2,000	nil
Sir Nicholas Goodison	4,000	nil
B. Holder	4,035	107,329
Lord Macfarlane of Bearsden	36,998	nil
The Earl of Mansfield	5,454	nil
Sir Peter Middleton	2,259	nil
G.N. Morris	1,500	nil
Sir David Nickson	10,000	nil
The Hon. F.R. Noel-Paton	1,521	nil
T. Roberts	12,428	109,815
W.N. Robertson	11,004	195,832
R.A. Scott	nil	68,747

No person connected with a Director within the meaning of Section 346 of the Companies Act 1985 had an interest in the Ordinary Shares other than as disclosed in the above table.

- (b) The register maintained by the Company in accordance with the provisions of Section 211 of the Companies Act 1985 shows that as at 28th August 1992 (the latest practicable date before the printing of this document) the following persons had reported an interest (beneficial or otherwise) in 3% or more of the Ordinary Shares:

	Ordinary Shares	Percentage of issued share capital
Abu Dhabi Investment Authority	14,750,908	3.39
Prudential Corporation plc	13,970,969	3.21
Schroder Investment Management Ltd.	17,708,376*	4.07
Scottish Widows Fund and Life Assurance Society	15,846,312	3.64

* In terms of Section 203(2)(b) of the Companies Act 1985, Schroders plc is also to be regarded as having an interest in this holding.

- (c) It is the Company's intention to introduce written service contracts for the executive Directors but as at 28th August 1992 (the latest practicable date before the printing of this document) no written service contracts were in existence.
- (d) The aggregate of the remuneration and benefits in kind granted by members of the Group to the Directors for the financial year ended 31st December 1991 was £1,981,641.
- (e) There are no transactions between the Directors and the Company or any of its subsidiaries in either the current financial year to 28th August 1992 (the latest practicable date before the printing of this document) or in the financial year ended 31st December 1991 which are or were unusual in their nature or conditions or significant to the business of the Group. There are no transactions between the Directors and any member of the Group in earlier financial periods which are or were unusual in their nature or conditions or significant to the business of the Group and which remain in some respect outstanding or unperformed.

- (f) As at 28th August 1992 (the latest practicable date before the printing of this document), the following loans have been granted by a subsidiary company to the executive Directors of the Company under the staff house purchase scheme on the same terms and conditions as are applicable to all eligible members of staff. These loans were granted under the staff house purchase scheme at annual rates of interest between 3.5% and 9.5%. These loans are secured on private residences and policies maturing at various dates or on the earlier death of the borrower.

	Amount Outstanding
B. Holder	£30,000
W.N. Robertson	£14,798
R.A. Scott	£30,000

7. GENERAL ACCIDENT EMPLOYEE SHARE SCHEMES

General Accident operates a number of share schemes for the benefit of its employees, further details of which are described below. In addition, the Directors have authority to establish additional share schemes provided that such additional schemes contain limitations which are consistent with those summarised in paragraph (d) below and that such schemes do not confer benefits on an employee which are greater than those which he could receive under the schemes described below apart from any limitations on such benefits imposed by the Income and Corporation Taxes Act 1988 (the "Taxes Act").

Certain provisions of these schemes may be amended by the Directors, or an appropriate committee, but their basic structure (and in particular the limitations on participation and on the number of Ordinary Shares that may be issued thereunder) cannot be altered to the advantage of employees or participants without the prior sanction of General Accident in general meeting except where such amendments are made either to take account of changes in the Taxes Act or in order to mitigate, take account of or comply with relevant overseas taxation, securities and exchange control laws.

Application will be made for Ordinary Shares issued pursuant to the schemes to be admitted to the Official List. Shares so issued will rank *pari passu* with existing Ordinary Shares save as regards rights attaching to shares by reference to a record date preceding the date of allotment. In addition, in the case of the schemes described in paragraph (a) below, the Directors may determine that shares shall not rank for a dividend payable in respect of a period beginning before the date of their issue.

(a) Profit Sharing Schemes

(i) The General Accident 1990 Profit Sharing Scheme

The scheme is constituted by a trust deed. All employees (including executive directors) resident in the UK or the Channel Islands or the Isle of Man who have served General Accident or any subsidiary nominated to join the scheme throughout the financial year in question and are still in service on the date of the announcement of the results of that financial year are eligible to participate in the scheme. Other employees may be invited to participate at the Directors' discretion.

In any year in which the Directors decide to operate the scheme, the participating companies provide the trustee with funds to enable it to subscribe for and/or purchase Ordinary Shares for appropriation to eligible employees: the amount of the funds thus made available, and the amount available for each individual employee, is determined by the Directors. The maximum value of Ordinary Shares which may be appropriated to an eligible employee may not exceed that permitted by the Taxes Act from time to time.

The maximum amount which may be made available in respect of any financial year by the Group for the purposes of acquiring shares pursuant to this and similar schemes may not exceed 5% of the total profits (before tax and extraordinary items and before taking account of any sums set aside for the purposes of all such schemes) for that year of the Group. The maximum amount which may be made available for the purposes of this scheme may not exceed 5% of the aggregate of (a) that part of the total profits aforesaid as, in the opinion of the Directors, is attributable to the UK operations of the Group and (b) dividends remitted to the UK from overseas subsidiaries.

The subscription price for each Ordinary Share subscribed under the scheme may not be less than the higher of (i) an amount equal to the arithmetic average of the middle market quotations of an Ordinary Share, as derived from the Official List, for the first five dealing days immediately following the announcement of the Company's final results and (ii) the nominal value of an Ordinary Share.

As required by the provisions of the Taxes Act, shares acquired by the trustee are held by it for a minimum period of two years during which they may not be sold except in the case of death, attainment of statutory pensionable age or cessation of service by reason of redundancy or disability. For the following three years the trustee retains such shares unless the employee concerned wishes to sell or otherwise dispose of them and thereafter transfers them to the employee concerned.

The individual employee is the beneficial owner of the Ordinary Shares and all dividends and other distributions received in respect of the shares are passed on to the employee concerned by the trustee as soon as practicable after receipt, subject to the requirements of the Taxes Act. The trustee votes in accordance with the wishes of the employees provided employees have given the trustee prior voting instructions in writing.

(ii) The General Accident Republic of Ireland Profit Sharing Scheme

This scheme is similar to The General Accident 1990 Profit Sharing Scheme, except where necessary to reflect tax legislation in the Republic of Ireland. This scheme provides for employees and executive directors of General Accident or any nominated subsidiary in the Republic of Ireland to receive an appropriation of Ordinary Shares, based on the profit attributable to the Republic of Ireland operations of General Accident.

No appropriations have to date been made under either The General Accident 1990 Profit Sharing Scheme or The General Accident Republic of Ireland Profit Sharing Scheme.

(iii) The General Accident Profit Sharing Scheme

This scheme, which is identical in all material respects to The General Accident 1990 Profit Sharing Scheme, was established by the former holding company of the Group, General Accident Fire and Life Assurance Corporation p.l.c. In accordance with the Scheme of Arrangement which became effective on 5th July, 1990, Shares in General Accident Fire and Life Assurance Corporation p.l.c. held by the trustees of this scheme were exchanged for twice as many Ordinary Shares. No further allocations may be made under this scheme.

(b) SAYE Share Option Schemes

(i) The General Accident 1990 SAYE Share Option Scheme

The scheme is operated and administered by the Directors. All employees resident in the UK or the Channel Islands or the Isle of Man who have two or more years of continuous service with General Accident, or any subsidiary nominated to join the scheme, may be invited to apply for options to acquire, whether by purchase or subscription, Ordinary Shares. Other employees may be invited to join at the Directors' discretion.

Invitations to apply for options may only be issued in the period starting three weeks before and ending six weeks after the announcement of General Accident's results for any period. No payment is required for the grant of an option. No further options may be granted after 28th March 2001. Options are non-transferable.

Each eligible employee is given the opportunity to apply for an option over a number of Ordinary Shares, the total exercise price of which does not exceed the monthly contributions and bonus repayable under the Save-As-You-Earn (SAYE) contract to be entered into as a condition of the grant of the option. The aggregate maximum monthly contribution payable by an employee under the SAYE contracts linked to schemes approved under the Taxes Act may not exceed £250.

The exercise price may not be less than the higher of (a) 80% of the average of the middle market quotations of an Ordinary Share, as derived from the Daily Official List, for three consecutive dealing days (following the announcement of the results) selected by the Directors in the 30 day period ending with the date of grant; and (b) the nominal value of an Ordinary Share.

In normal circumstances, an option may only be exercised while the participant remains employed within the Group and then only during the period of six months starting with the date on which the bonus under the related SAYE contract is payable, that is the fifth or seventh anniversary of the start of the SAYE contract. Earlier exercise is permitted in certain circumstances where the participant's employment terminates or in the event of a change in control, reorganisation, amalgamation or voluntary winding-up of General Accident. The terms of options may be adjusted in the event of certain changes in the share capital of General Accident.

(ii) The General Accident 1982 SAYE Share Option Scheme

This scheme, which is identical in all material respects to The General Accident 1990 SAYE Share Option Scheme, was established by General Accident Fire and Life Assurance Corporation p.l.c. On the Scheme of Arrangement becoming effective, participants in this scheme were entitled to exchange their options over shares in General Accident Fire and Life Assurance Corporation p.l.c. for options over twice as many Ordinary Shares but at the same aggregate exercise price. No further options may be granted under this scheme.

(c) Executive Option Schemes

(i) The General Accident 1990 Executive Share Option Scheme

The scheme is operated and administered by a committee of the Directors, a majority of the members of which are non-executive directors.

Participants in the scheme are selected by the committee. Participants are limited to such employees (including executive directors) of the Group as are required to devote substantially the whole of their working time to their duties to the Group.

Options to acquire (whether by purchase or subscription) Ordinary Shares may normally only be granted in the six weeks following the announcement of the results of General Accident for any period. No payment is required for the grant of an option. No further options may be granted after 19th August 2001. Options are non-transferable.

The exercise price may not be less than the higher of (i) an amount equal to the arithmetic average of the middle market quotations of an Ordinary Share, as derived from the Daily Official List, for the three dealing days immediately preceding the date of grant and (ii) the nominal value of an Ordinary Share.

The maximum number of Ordinary Shares over which an employee may be granted an option to subscribe for Ordinary Shares at any date, when added to those in respect of which he has been granted options to subscribe in the previous ten years under the scheme and any similar scheme (except to the extent already exercised) of General Accident or its predecessor, is limited so that the aggregate cost does not exceed four times the participant's annual remuneration (as defined in the scheme).

Options are normally exercisable not earlier than three years and not later than ten years after grant and then only whilst the participant remains employed within the Group. Earlier exercise is, however, permitted in certain circumstances where the participant's employment terminates or in the event of a change in control, reorganisation, amalgamation or voluntary winding-up of General Accident. The terms of options may be adjusted in the event of certain changes in the share capital of General Accident.

(ii) The General Accident Executive Share Option Scheme

This scheme was established by General Accident Fire and Life Assurance Corporation p.l.c. and its terms are substantially similar to those of The General Accident 1990 Executive Share Option Scheme. Upon the Scheme of Arrangement becoming effective, holders of options under this scheme were permitted to exchange their options over shares in General Accident Fire and Life Assurance Corporation p.l.c. for options over twice as many Ordinary Shares but at the same aggregate exercise price. No further options may be granted under this scheme.

(d) Share Scheme limits

The schemes are subject to the following overall limits on the number of Ordinary Shares which may be acquired by subscription:—

- (i) not more than 32 million Ordinary Shares may be issued under each of the schemes established by General Accident and/or its subsidiaries;
- (ii) in any year not more than 1% of the issued Ordinary Share capital for the time being may be subscribed by the trustees of the schemes referred to in paragraph (a) above;
- (iii) in any three year period not more than 3% of the issued Ordinary Share capital for the time being may in aggregate be so subscribed by the trustees or placed under option under the share option schemes;
- (iv) in any ten year period not more than 10% of the issued Ordinary Share capital for the time being may in aggregate be so subscribed by the trustees or placed under option under the share option scheme;

- (v) in any ten year period not more than 5% of the issued Ordinary Share capital for the time being may be placed under option under The General Accident 1990 Executive Share Option Scheme;
- (vi) in the four year period ending on 19th August 1995 not more than 2.5% of the issued Ordinary Share capital for the time being may be placed under option under The General Accident 1990 Executive Share Option Scheme.

For the purposes of the limits described in (iii) to (vi) above, options which lapse by reason of non-exercise or otherwise cease to count. For the purposes of the limits described in (iii), (iv) and (v) above shares issued, and options granted, under the employee share schemes of General Accident Fire and Life Assurance Corporation p.l.c. will be deemed to have been issued, or, as the case may be, granted under the comparable scheme of General Accident. Where, however, those options were granted in consideration of the release of earlier options, the earlier options are left out of account in applying the limits and the substitute options are deemed to have been granted on the date on which the earlier options were granted. The limit in (i) above may be adjusted in the event of certain changes in the share capital of General Accident.

8. TAXATION

- (a) Under current UK taxation legislation, no withholding tax will be deducted from dividends paid by the Company in respect of the Preference Shares. However, the Company is required to make an advance payment of corporation tax ("ACT") when a dividend is paid on any shares. The rate of ACT is fixed by reference to the basic rate of income tax and currently equals 25% of the total of the cash dividend and the related ACT.

A UK resident individual shareholder receives a tax credit which is imputed to any cash dividend received and which, at current rates, is equal to 25/75ths of the dividend paid. The tax credit will satisfy in full a UK resident individual shareholder's liability to basic rate income tax on the dividend plus the tax credit, leaving such shareholder liable to higher rate income tax only (if appropriate). If the individual is not liable to income tax or is liable to income tax at a rate lower than the basic rate, the tax credit may be reclaimed, in whole or in part, from the Inland Revenue.

A UK resident corporate shareholder is not liable to UK corporation tax on any dividend received and the dividend and associated tax credit will represent franked investment income in the hands of such a shareholder.

Shareholders in the Company who are not resident in the UK may be entitled to reclaim from the Inland Revenue a proportion of the tax credit relating to their dividends but such entitlement will depend, in general, upon the provisions of any double taxation agreement or convention which exists between the UK and their country of residence. Non-UK resident shareholders may be subject to foreign taxation on dividend income in their country of residence. Any person who is not resident in the UK should consult his own tax adviser on the question of the double taxation provisions (if any) applying between his country of residence and the UK.

- (b) A disposal of the Preference Shares may, after taking account of indexation allowance, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of capital gains for shareholders who are resident or ordinarily resident in the UK and, in certain areas, non-UK resident shareholders who carry on a trade, profession or vocation in the UK through a branch or agency in connection with which the Preference Shares are held.
- (c) No stamp duty or stamp duty reserve tax ("SDRT") will be payable on the issue of the Preference Shares. Transfers of Preference Shares once registered will be liable to stamp duty generally at the rate of 50p per £100 (or part thereof) of the price paid. Agreements to transfer the Preference Shares may be subject to SDRT also generally at the rate of 50p per £100 (or part thereof) if within 2 months of such agreement a transfer of the Preference Shares to which the agreement relates in favour of the purchaser is not executed and duly stamped.
- (d) The Preference Shares are assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets or the death of a holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax, even if the holder is neither domiciled or deemed to be domiciled in the UK. A gift of Preference Shares by an individual ("the donor") to one or more individuals absolutely or to certain trusts, in circumstances where the donor does not reserve any benefit will, where such gift is made seven years or more before the death of the donor, be exempt from inheritance tax.

The above summary reflects certain aspects of current law and practice in the UK at the date of these Listing Particulars. However, all or part of this summary may not apply to certain classes of person (such as dealers). Holders of Preference Shares who are in any doubt as to their personal taxation position or who may be subject to tax in any other jurisdiction should consult their professional advisers.

9. PRINCIPAL SUBSIDIARIES AND OTHER INVESTMENTS

- (a) The principal companies in the General Accident Group and percentage of ordinary share capital of those companies held by General Accident are:—

Company and Registered Office	Nature of Business	Issued Capital	Paid up Value	General Accident Owned
General Accident Fire and Life Assurance Corporation p.l.c. Pitheavlis, Perth, PH2 0NH, UK	General Insurance	£54,192,268	£54,192,268	100%
General Accident Life Assurance Limited 2 Rougier Street, York, YO1 1HR, UK	Life Assurance	£1,000,000	£250,000	100%
General Accident Linked Life Assurance Limited 2 Rougier Street, York, YO1 1HR, UK	Large Group Life Assurance and Pension Schemes	£500,000	£250,000	100%
The Guarantee Society Limited Becket House, 87 Cheapside, London EC2V 6AY, UK	General Insurance	£300,000	£300,000	100%
The Road Transport & General Insurance Company Limited 77/83 Upper Richmond Road, London, SW15 2TA, UK	General Insurance	£500,000	£500,000	100%
Scottish Boiler & General Insurance Company Limited Pitheavlis, Perth, PH2 0NH, UK	General Insurance	£1,500,000	£1,500,000	100%
Scottish General Insurance Company Limited Pitheavlis, Perth, PH2 0NH, UK	General Insurance	£2,000,000	£2,000,000	100%
GA Bonus plc Pitheavlis, Perth, PH2 0NH, UK	General Insurance	£22,000,000	£22,000,000	100%
General Accident Reinsurance Company Ltd Becket House, 87 Cheapside, London, EC2V 6AY, UK	Reinsurance	£13,500,000	£13,500,000	100%
Scottish Insurance Corporation Limited Pitheavlis, Perth, PH2 0NH, UK	General Insurance	£500,000	£500,000	100%
The Yorkshire Insurance Company Limited 2 Rougier Street, York, YO1 1HR, UK	General Insurance	£2,250,000	£2,250,000	100%
Timberlaine Properties plc Amelia House, Crescent Road, Worthing, BN11 1RP, UK	Property Investment and Development	£1,243,530	£1,243,530	100%
GA Property Services Limited Victoria House, Hampshire Court, Monarch Road, Newcastle Business Park, Newcastle upon Tyne, NE4 7YJ, UK	Property Services	£54,000,000	£54,000,000	100%
General Accident Credit Services Limited Becket House, 87 Cheapside, London EC2V 6AY, UK	Financing Payment of Premiums by Policyholders of the Group	£25,000	£25,000	100%
GA Investment Management Services Limited Becket House, 87 Cheapside, London, EC2V 6AY, UK	Investment Management	£500,000	£500,000	100%
The Lancashire & Yorkshire Reversionary Interest Company Limited Arkwright House, Parsonage Gardens, Manchester, M3 2LF, UK	Purchase of and Granting Loans on the Security of Reversions and Life interests	£462,500	£462,500	100%
General Accident Insurance Company of America 436 Walnut Street, Philadelphia, Pa 19105, USA	General Insurance	\$4,000,000	\$4,000,000	99.9%
The Camden Fire Insurance Association 400 Fellowship Road, M J Laurel, New Jersey 08052, USA	General Insurance	\$2,500,000	\$2,500,000	99.9%
Hawkeye-Security Insurance Company 4200 University Ave., West Des Moines, Iowa 50265, USA	General Insurance	\$655,480	\$655,480	99.9%
Pennsylvania General Insurance Company 436 Walnut Street, Philadelphia, Pa 19105, USA	General Insurance	\$2,400,000	\$2,400,000	99.9%
The Potomac Insurance Company of Illinois 2455 Corporate Dr, Lisle IL 6053, USA	General Insurance	\$3,000,000	\$3,000,000	100%

Company and Registered Office	Nature of Business	Issued Capital	Paid up Value	General Accident Owned
Oregon Automobile Insurance Company 1675 S.W. Marlow Avenue, Portland OR97225, USA	General Insurance	\$1,500,000	\$1,500,000	100%
Silvey Corporation 3301 West Broadway, Columbia Mo 65203, USA	General Insurance	\$100,000	\$100,000	99.9%
NZI Insurance Australia Limited 9th Floor, 10 Spring Street, Sydney, NSW, 2000, Australia	General Insurance	A\$33,750,000	A\$33,750,000	100%
La Brabanconne S.A. Belge d'Assurances Avenue Louise 390, 1050 Brussels, Belgium	General Insurance	BF50,000,000	BF50,000,000	93.8%
General Accident Companhia de Seguros Av. Alm. Barroso, 52-24th floor, Rio de Janeiro, RJ 20031-000 Brazil	General Insurance and Life Assurance	Cr\$29,704,705,047	Cr\$29,704,705,047	86.4%
The General Accident Assurance Company of Canada 2 First Canadian Place, Suite 2600, PO Box 410, Toronto, Ontario, Canada	General Insurance	Cdn\$2,186,310	Cdn\$2,186,310	99.9%
Pilot Insurance Company 90 Eglinton Ave West, Toronto, Ontario, Canada	General Insurance	Cdn\$511,250	Cdn\$511,250	100%
General Accident Insurance Company Kenya Limited 13th Floor, ICEA Building, Kenyatta Avenue, Nairobi, Kenya	General Insurance	K. Sh 10,000,000	K.Sh 10,000,000	57%
Straits & Island General Insurance Sdn Bhd 4th Fl, Wisma Equity, 150 Jalan Ampang, Kuala Lumpur, Malaysia	General Insurance	M\$20,000,000	M\$20,000,000	59.7%
NZI Corporation Limited 3-13 Shortland Street, Auckland, New Zealand	Holding Company	NZ\$475,890,271	NZ\$470,668,488	100%
General Accident Pacific Limited 3-13 Shortland Street, Auckland, New Zealand	Holding Company	NZ\$20,000,000	NZ\$20,000,000	100%
NZI Insurance New Zealand Limited 3-13 Shortland Street, Auckland, New Zealand	General Insurance	NZ\$95,000,000	NZ\$95,000,000	100%
The New Zealand Insurance Company Limited 3-13 Shortland Street, Auckland, New Zealand	General Insurance	NZ\$100,000,000	NZ\$100,000,000	100%
The New Zealand Insurance Life Limited 3-13 Shortland Street, Auckland, New Zealand	Life Assurance	NZ\$35,000,000	NZ\$35,000,000	100%
The South British Insurance Company Limited 3-13 Shortland Street, Auckland, New Zealand	General Insurance	NZ\$23,276,000	NZ\$23,276,000	100%
Aktiv Forsikring AS Sandviksveien 176, 1300 Sandvika, Baerum, Oslo, Norway	General Insurance	Nkr20,200,000	Nkr20,200,000	100%
General Accident Insurance Company Puerto Rico Limited 1052 Munoz Rivera Avenue, 15th Floor, Rio Piedras, Puerto Rico	General Insurance	US\$1,825,000	US\$1,825,000	80%
General Accident Life Assurance Company of Puerto Rico Inc. 1052 Munoz Rivera Avenue, Rio Piedras, Puerto Rico	Life Assurance	US\$800,000	US\$800,000	86.5%
General Accident Insurance Company South Africa Limited 8th Floor, General Building, 110 Jorissen St., Johannesburg, South Africa	General Insurance	R5,280,490	R5,280,490	51.5%
General Accident Insurance Company (Zimbabwe) Limited General Building, Corner Jason Moyo Avenue and Angwa Street, Harare, (PO Box 1510), Zimbabwe	General Insurance	Z\$3,750,000	Z\$3,750,000	74.7%

- (b) The Group has the following shareholding which is held on a long term basis and exceeds 10% in nominal value of the issued share capital of the following undertaking:—

McKay Securities PLC

(i) Registered office:	20 Greyfriars Road, Reading, Berkshire, England, RG1 1NL
(ii) Country of incorporation:	England
(iii) Nature of business:	Property investment and development principally in the UK
(iv) Issued share capital as at 31st March 1991:	£5,478,445
(v) Paid up as at 31st March 1991:	100%
(vi) Percentage of issued share capital owned by the Group as at 31st March 1991:	24%
(vii) Consolidated reserves as at 31st March 1991:	£66,586,000
(viii) Dividends received during year ended 31st December 1991:	£413,921
(ix) Profit after tax for the year ended 31st March 1991:	£2,728,000
(x) Market value of the Group's shareholding as at 30th June 1992:	£7,761,022
(xi) Amount of debt owed to the Group by McKay Securities PLC as at 30th June 1992:	£2,500,000

- (c) On 16th June 1989 the Company announced that it had reached agreement with the Board of NZI Corporation Ltd to offer to acquire the whole of the minority interest in NZI Corporation Ltd. The cash offer of NZ\$0.65 per ordinary share valued the minority at NZ\$295m. As a result of this offer the Company increased its holding in NZI Corporation Ltd from 51.2% to 100%.

During the year ended 31st December 1989 the whole of the ordinary share capital of six estate agency companies was acquired. The purchases of these subsidiary companies, including cash payments amounting to £2.1m, have been accounted for as acquisitions. A total of 81,791 Ordinary Shares were issued in respect of these acquisitions.

On 1st October 1990, General Accident Insurance Company of America acquired the share capital of Silvey Corporation, a group located in the United States engaged in general and long term insurance business. 10,000 shares were acquired for a cash consideration of £44.9m.

On 1st July 1991, General Accident Insurance Company of America acquired the share capital of Hawkeye-Security Insurance Company, a company located in the United States engaged in property and casualty insurance. 655,480 shares were acquired for a cash consideration of £59.6m.

During the year ended 31st December 1991 the acquisition by General Accident Fire and Life Assurance Corporation p.l.c. of Aktiv Forsikring AS, a Norwegian insurance company was confirmed. 1,010,000 ordinary shares were acquired for a cash consideration of £9.8m.

Since 31st December 1991 there have been no significant acquisitions made by the Group.

10. MATERIAL CONTRACTS

The Placing Agreement referred to in Part IV is the only contract not entered in the ordinary course of business by the Group which is or may be material.

11. GENERAL

- (a) The registered office of the Company is at Pitheavlis, Perth, Scotland, PH2 0NH which is also the principal place of business.
- (b) The average number of persons employed by the Group in the last three full financial years was as follows:—
 - (A) to 31st December 1989 — 29,678
 - (B) to 31st December 1990 — 30,052
 - (C) to 31st December 1991 — 28,956
- (c) The Group is not involved in any legal or arbitration proceeding which may have or has had during the 12 months preceding the date of this document a significant effect on the financial position of the Group, nor so far as the Directors are aware, is any such proceeding pending or threatened against any member of the Group.
- (d) Save as disclosed in this document, there has been no significant change in the trading or financial position of the Group since 30th June 1992, the date of the latest published interim results of the Group. These results included an estimate of net asset value per share and solvency margin worldwide as at 7th August 1992.
- (e) The expenses of and incidental to the Placing and listing of the Preference Shares, including registration and listing fees, printing, advertising and distribution costs, the commissions payable to Hoare Govett, Schroders and Salomon Brothers and legal, accounting and other professional fees, are estimated to amount to £1,396,000 (exclusive of value added tax) and are payable by the Company.
- (f) Hoare Govett, Schroders and Salomon Brothers are members of The Securities and Futures Authority.
- (g) The financial information in relation to General Accident and the Group contained in this document does not constitute statutory accounts of the Group. This information together with the statutory accounts of General Accident for the three financial years ended 31st December 1989, 1990 and 1991 have been delivered to the Registrar of Companies.
- (h) The auditors of General Accident or the former parent company of the Group prior to the Scheme of Arrangement in 1990, General Accident Fire and Life Assurance Corporation p.l.c., have made a report under Section 235 of the Companies Act 1985 on the statutory accounts of General Accident or the former parent company, General Accident Fire and Life Assurance Corporation p.l.c. for each of the 3 years ended 31 December 1991 none of which were qualified within the meaning of Section 262 of the Companies Act 1985 or contained a statement made under either Section 237(2) or (3) of the Companies Act 1985.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Slaughter and May, 35 Basinghall Street, London EC2V 5DB during normal business hours on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this document:—

- (a) the Memorandum and Articles of Association of the Company;
- (b) the consolidated audited accounts of the Group for the two financial periods ended 31st December 1991 and 1990;
- (c) the material contract referred to in paragraph 10 above;
- (d) the latest draft of the service contracts referred to in paragraph 6(c) above.

PART VI — UNAUDITED INTERIM RESULTS OF GENERAL ACCIDENT GROUP

Results for the six months ended 30th June 1992:

	6 Months to 30.6.92 Estimate £m	6 Months to 30.6.91 Estimate £m	1991 Year Actual £m
Premium Income – General Business	1,690.9	1,617.5	3,219.0
– Long Term Business	357.0	241.1	551.9
	2,047.9	1,858.6	3,770.9
Investment Income	211.7	212.4	448.8
NZI Bank Result	—	0.5	(0.8)
Estate Agency Result	(9.9)	(8.4)	(17.8)
Underwriting – General Business Result	(216.3)	(288.9)	(569.1)
Long Term Business Profits	14.6	15.5	27.0
Less Interest on Loans	0.1	(68.9)	(111.9)
	21.3	36.3	59.7
Loss before Taxation	(21.2)	(105.2)	(171.6)
Taxation – UK and Overseas	(2.0)	(10.6)	(33.6)
Loss after Taxation	(19.2)	(94.6)	(138.0)
Minority Interests	0.5	0.2	1.4
Net Loss attributable to Shareholders	(19.7)	(94.8)	(139.4)
Earnings per Share	(4.5p)	(21.9p)	(32.1p)
Principal exchange rates used in translating overseas results:			
USA	\$1.90	\$1.87	\$1.87
Canada	\$2.28	\$2.16	\$2.16

Notes

- The above results of the General Accident Group for the six months ended 30th June 1992, estimated and unaudited, are compared with those for the similar period in 1991, which are restated at 31st December 1991 rates of exchange. Also shown are the actual results for the full year 1991. These results do not comprise the statutory accounts for 1991 which have been audited without qualification and filed with the Registrar of Companies.

It must be emphasised that the results for an interim period do not usually provide a reliable indication of those for the full year.

- Following the previously reported closure of NZI Bank, no separate result is reported in respect of 1992.

Commenting on the results, Mr. Nelson Robertson, General Accident's Chief General Manager said:

"A year ago we stated that a return to an acceptable level of profitability was our major and urgent objective. Our second quarter profit is a significant step towards the achievement of this aim and confirms that the remedial action we have taken is proving effective.

In the United Kingdom action on expenses and more selective underwriting procedures have resulted in a substantial reduction in underwriting losses at the half year, even after additional reserve strengthening.

Canada continued its strong performance, with an underwriting profit in the second quarter, whilst the US produced satisfactory results in what remains a difficult market. The Pacific also produced a very good result.

Our life operations made further good progress particularly in the UK where increases in both single and annual premiums resulted in increased market share.

Net investment income showed a strong increase, partly as a result of lower interest costs arising from our continuing commitment to reduce overall borrowings.

While the remedial action we have taken in all our major territories is proving effective, the need to contain costs and to underwrite selectively will remain the basis on which we will continue to develop our business worldwide".

ANALYSIS BY TERRITORY OF GENERAL BUSINESS PREMIUM INCOME AND UNDERWRITING RESULT

	6 months to 30.6.92		6 months to 30.6.91	
	Premium income £m	Underwriting result £m	Premium income £m	Underwriting result £m
UK	600.1	(104.8)	603.0	(178.4)
USA	537.8	(64.8)	481.0	(59.8)
Canada	189.1	(2.0)	192.2	0.4
Pacific	137.5	(2.6)	138.6	(15.5)
Europe other than UK	98.2	(17.9)	99.0	(20.2)
Other Overseas	51.3	(7.7)	43.2	(4.5)
London Market Business including Internal Reinsurance	76.9	(16.5)	60.5	(10.9)
	1,690.9	(216.3)	1,617.5	(288.9)

LIFE BUSINESS

New annual premiums for life business in the United Kingdom for the first six months were £30.3m (1991: £25.3m) while single premiums were £159.5m (1991: £62.5m).

DIVIDEND

The Directors have declared an interim dividend for the year ending 31st December 1992 of 9.7p per share (1991: 9.7p per share) costing £42.2m (1991: £42.2m) payable on or after 1st January 1993 to ordinary shareholders on the Register of Members at close of business on 30th October 1992.

The Directors propose to offer ordinary shareholders the opportunity to receive fully paid ordinary shares in the Company in lieu of the cash dividend.

NET ASSETS PER SHARE/WORLDWIDE SOLVENCY

	Current (as at 7.8.92)	31.12.91
Net Asset Value per share	277p	316p
Solvency Margin Worldwide	37.6%	42.6%

These calculations take no account of the value of the long-term assurance business. Current figures are estimated and include an appropriate amount for dividend and trading result up to 7th August 1992.

REGISTERED OFFICE OF THE ISSUER

Pitheavlis,
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CO-MANAGERS TO THE PLACING

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120 Cheapside
London EC2V 6DS

Salomon Brothers International Limited
Victoria Plaza
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