

GENERAL ACCIDENT LIFE DEVELOPMENTS LIMITED

Report and Accounts 1996



General Accident

GENERAL ACCIDENT LIFE DEVELOPMENTS LIMITED
Registered in England No. 2387887
Registered Office: 2 Rougier Street, York, England, YO1 1HR

Chairman
B W J Inglis, FRICS

Directors
W H Jack
D S Hay

Secretary
P M White, FCIS

Auditors
KPMG Audit Plc
Chartered Accountants
Registered Auditor

GENERAL ACCIDENT LIFE DEVELOPMENTS LIMITED

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GENERAL ACCIDENT LIFE DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended 31st December 1996.

Principal Activity

The principal activity of the Company continued to be property development.

Dividends

The Directors do not recommend payment of a dividend.

Directors

The names of the present Directors of the Company appear on page 1.

Mr D S Hay was appointed a Director on 1st January 1996.

The beneficial interests of Directors in shares of the ultimate parent company General Accident plc, excluding those of Directors who are also Directors of the ultimate parent company, are as follows:-

Share Interests

	Ordinary Shares	
	At 1st January 1996	At 31st December 1996
B W J Inglis	5,781	6,785
W H Jack	5,094	6,330
D S Hay	3,155	5,483

Share Options

	At 1st January 1996	Options granted during the year	Options exercised or lapsed during the year	At 31st December 1996
B W J Inglis	24,071	10,450	852	33,669
W H Jack	53,066	24,675	-	77,741
D S Hay	68,666	10,025	31,458	47,233

Resolutions

On 18th September 1992, the members of the Company passed resolutions to dispense with the holding of Annual General Meetings, the laying of Directors' reports, financial statements and auditors' reports before the members in general meeting and the obligation to appoint auditors annually.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



P M White Secretary

19th March 1997

GENERAL ACCIDENT LIFE DEVELOPMENTS LIMITED

AUDITORS' REPORT TO THE MEMBERS OF GENERAL ACCIDENT LIFE DEVELOPMENTS LIMITED

We have audited the financial statements on pages 6 to 10.

Respective responsibilities of Directors and auditors

As described on page 4, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW

KPMG Audit Plc
Chartered Accountants
Registered Auditor

19th March 1997

GENERAL ACCIDENT LIFE DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1996

		1996		1995	
	Note	£'000	£'000	£'000	£'000
Turnover			-		475
Cost of sales			-		(892)
Gross loss			-		(417)
Other operating income			1,669		-
Administrative expenses	2		(146)		(26)
Operating profit/(loss)	3		1,523		(443)
Other interest receivable and similar income			52		77
Interest payable and similar charges	5		(2,943)		(2,162)
			(2,891)		(2,085)
Loss on ordinary activities before taxation			(1,368)		(2,528)
Tax on loss on ordinary activities	6		374		(1,701)
Retained loss for the financial year	10		(994)		(4,229)

There are no recognised gains or losses other than the loss for the financial year.

There were no acquisitions or discontinued operations in the current or previous accounting year.

A statement of the movement in reserves can be found in note 10.

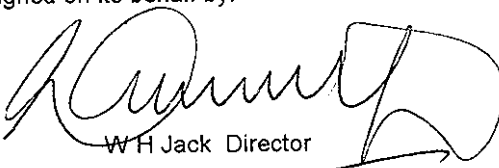
GENERAL ACCIDENT LIFE DEVELOPMENTS LIMITED

BALANCE SHEET

as at 31st December 1996

		1996		1995	
	Note	£'000	£'000	£'000	£'000
CURRENT ASSETS					
Stocks					
Work in progress		35,473		25,324	
Debtors					
Amounts owed by group undertakings		378		107	
Other debtors	7	456		431	
Cash					
Deposits at interest		502		650	
Cash at bank and in hand		596		140	
		<u>37,405</u>		<u>26,652</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Amounts owed to group undertakings	8	58,073		47,013	
Other creditors including taxation and social security		1,130		443	
		<u>59,203</u>		<u>47,456</u>	
NET CURRENT LIABILITIES			<u>(21,798)</u>		<u>(20,804)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(21,798)</u>		<u>(20,804)</u>
Represented by:					
CAPITAL AND RESERVES					
Called up share capital	9	-		-	
Profit and loss account	10	(21,798)		(20,804)	
		<u>(21,798)</u>		<u>(20,804)</u>	

The financial statements were approved by the Board on 19th March 1997 and were signed on its behalf by:


W H Jack Director

GENERAL ACCIDENT LIFE DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of work in progress, and in accordance with the Companies Act 1985 and applicable accounting standards.

The financial statements have been drawn up on a going concern basis. Assurances have been received from the Company's immediate parent that financial support will be provided for the foreseeable future.

(b) Turnover

Turnover represents amounts receivable in respect of property sales in the UK.

(c) Stocks

Work in progress consists of land and buildings in the course of development. Land and buildings are classified as "finished goods held for resale" only when they are certified as complete by a qualified quantity surveyor. Stocks are included at the lower of cost and market valuation.

(d) Other Operating Income

Other operating income represents rent received and receivable from tenants.

(e) Investment Income

Investment income includes interest accrued to 31st December on deposits.

2 ADMINISTRATIVE EXPENSES

Under a management agreement General Accident Life Services Limited, a fellow group undertaking, supplies and makes a charge for the provision of operational assets and staff to the Company. Accordingly, the relevant notes in relation to operational assets and employees are included in the financial statements of General Accident Life Services Limited.

3 OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging auditors' remuneration of £1,469 (1995 £1,200) in respect of audit services. The amount payable to the auditors and their associates in respect of other services amounted to £Nil (1995 £Nil).

4 DIRECTORS' EMOLUMENTS

(a) Directors' emoluments in respect of services as Directors

There were no fees or emoluments paid to Directors in respect of services to the Company for the year (1995 £Nil).

(b) Directors' emoluments in respect of management of the Company

As detailed in note 2, a management charge in respect of administration services has been made by General Accident Life Services Limited, which includes an element in respect of Directors' time spent in managing the Company. It is not possible to separately identify those group costs on a company by company basis. Directors' emoluments in respect of management of the Group are provided in the financial statements of General Accident Life Services Limited.

NOTES CONTINUED

5 GROUP INTEREST

Interest payable represents that charged on a loan from a fellow group undertaking, based on commercial rates.

6 TAXATION

The tax (credit)/charge on loss on ordinary activities is made up as follows:

	1996 £'000	1995 £'000
UK corporation tax at 33% (1995 33%) - prior years	<u>(374)</u>	<u>1,701</u>

Subject to agreement with the Inland Revenue there are unrelieved tax losses amounting to £6.8m (1995 £9.3m) available to carry forward against future trading profits.

7 OTHER DEBTORS

	1996 £'000	1995 £'000
Prepayments and accrued income	277	-
Corporation tax recoverable	-	87
Sundry debtors	<u>179</u>	<u>344</u>
	<u>456</u>	<u>431</u>

8 AMOUNTS OWED TO GROUP UNDERTAKINGS

The amount owed to group undertakings is secured by a floating charge over the Company's assets. The amount owed is repayable on demand. The group undertaking to which the debt is due has agreed not to recall amounts advanced to the Company until all claims by other creditors have been met.

9 SHARE CAPITAL

	1996 £	1995 £
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 PROFIT AND LOSS ACCOUNT

	1996 £'000	1995 £'000
Balance at 1st January	(20,804)	(16,575)
Retained loss for the financial year	<u>(994)</u>	<u>(4,229)</u>
Balance at 31st December	<u>(21,798)</u>	<u>(20,804)</u>

NOTES CONTINUED

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £'000	1995 £'000
Loss for the financial year	<u>(994)</u>	<u>(4,229)</u>
Net reduction to shareholders' funds	(994)	(4,229)
Opening shareholders' funds	<u>(20,804)</u>	<u>(16,575)</u>
Closing shareholders' funds	<u><u>(21,798)</u></u>	<u><u>(20,804)</u></u>

12 COMMITMENTS

Property development contracts entered into but not provided for in these financial statements amounted to £3.8m (1995 £11.1m).

13 CASH FLOW STATEMENTS

Under Financial Reporting Standard No. 1 (revised 1996), "Cash flow statements", the Company is exempt from the requirement to prepare a cash flow statement, being a wholly owned subsidiary included in consolidated accounts of an EC parent which will include a consolidated cash flow statement.

14 ULTIMATE PARENT COMPANY

The Company is a subsidiary undertaking of General Accident plc, which is incorporated in Great Britain. Copies of that company's financial statements may be obtained from the Registered Office: Pitheavlis, Perth, Scotland, PH2 0NH. The largest group in which the results of the Company are consolidated is that headed by General Accident plc. The smallest group in which the results are consolidated is that headed by General Accident Life Assurance Limited.

15 RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption provided within Financial Reporting Standard No.8, Related Party Disclosures, not to disclose intra-group related party transactions in respect of 90% subsidiaries. There were no material related party transactions in respect of Directors.