
Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

SCHEDULES

SCHEDULE 9A

FORM AND CONTENT OF ACCOUNTS OF INSURANCE COMPANIES AND GROUPS

Modifications etc. (not altering text)

- C1** Sch. 9A applied in part (with modifications) (31.12.2004) by [The Insurance Accounts Directive \(Lloyd's Syndicate and Aggregate Accounts\) Regulations 2004 \(S.I. 2004/3219\)](#), **reg. 3(4)(d)**, Sch. 9A applied in part (31.12.2004) by [The Insurance Accounts Directive \(Lloyd's Syndicate and Aggregate Accounts\) Regulations 2004 \(S.I. 2004/3219\)](#), **reg. 8(4)(5)**

PART I

INDIVIDUAL ACCOUNTS

CHAPTER I

GENERAL RULES AND FORMATS

Section A

General Rules

- 1 (1) Subject to the following provisions of this Part of this Schedule —
- (a) every balance sheet of a company shall show the items listed in the balance sheet format set out below in section B of this Chapter; and
 - (b) every profit and loss account of a company shall show the items listed in the profit and loss account format so set out,
- in either case in the order and under the headings and sub-headings given in the format.
- (2) Sub-paragraph (1) above is not to be read as requiring the heading or sub-heading for any item to be distinguished by any letter or number assigned to that item in the format.
- 2 (1) Any item required in accordance with paragraph 1 above to be shown in a company's balance sheet or profit and loss account may be shown in greater detail than so required.
- (2) A company's balance sheet or profit and loss account may include an item representing or covering the amount of any asset or liability, income or expenditure

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: *There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)*

not specifically covered by any of the items listed in the balance sheet or profit and loss account format set out in section B below, but the following shall not be treated as assets in any company's balance sheet —

- (a) preliminary expenses;
- (b) expenses of and commission on any issue of shares or debentures; and
- (c) costs of research.

(3) Items to which Arabic numbers are assigned in the balance sheet format set out in section B below (except for items concerning technical provisions and the reinsurers' share of technical provisions), and items to which lower case letters in parentheses are assigned in the profit and loss account format so set out (except for items within items I.1 and 4 and II.1, 5 and 6) may be combined in a company's accounts for any financial year if either —

- (a) their individual amounts are not material for the purpose of giving a true and fair view; or
- (b) the combination facilitates the assessment of the state of affairs or profit or loss of the company for that year;

but in a case within paragraph (b) above the individual amounts of any items so combined shall be disclosed in a note to the accounts and any notes required by this Schedule to the items so combined under that paragraph shall, notwithstanding the combination, be given.

(4) Subject to paragraph 3(3) below, a heading or sub-heading corresponding to an item listed in the format adopted in preparing a company's balance sheet or profit and loss account shall not be included if there is no amount to be shown for that item in respect of the financial year to which the balance sheet or profit and loss account relates.

3 (1) In respect of every item shown in the balance sheet or profit and loss account, there shall be shown or stated the corresponding amount for the financial year immediately preceding that to which the accounts relate.

(2) Where the corresponding amount is not comparable with the amount to be shown for the item in question in respect of the financial year to which the balance sheet or profit and loss account relates, the former amount shall be adjusted and particulars of the adjustment and the reasons for it shall be given in a note to the accounts.

(3) Paragraph 2(4) above does not apply in any case where an amount can be shown for the item in question in respect of the financial year immediately preceding that to which the balance sheet or profit and loss account relates, and that amount shall be shown under the heading or sub-heading required by paragraph 1 above for that item.

4 Subject to the provisions of this Schedule, amounts in respect of items representing assets or income may not be set off against amounts in respect of items representing liabilities or expenditure (as the case may be), or vice versa.

5 Every profit and loss account of a company shall show separately as additional items —

- (a) any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves; and
- (b) the aggregate amount of any dividends paid and proposed.

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

- 6 The provisions of this Schedule which relate to long term business shall apply, with necessary modifications, to business within Classes 1 and 2 of Schedule 2 to the 1982 Act which —
- (a) is transacted exclusively or principally according to the technical principles of long term business, and
 - (b) is a significant amount of the business of the company.

VALID FROM 12/11/2004

- 6A The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

Section B

The Required Formats for Accounts

Preliminary

- 7 (1) References in this Part of this Schedule to the balance sheet format or profit and loss account format are to the balance sheet format or profit and loss account format set out below, and references to the items listed in either of the formats are to those items read together with any of the notes following the formats which apply to any of those items.
- (2) The requirement imposed by paragraph 1 to show the items listed in either format in the order adopted in the format is subject to any provision in the notes following the format for alternative positions for any particular items.
- (3) Where in respect of any item to which an Arabic number is assigned in either format, the gross amount and reinsurance amount or reinsurers' share are required to be shown, a sub-total of those amounts shall also be given.
- (4) Where in respect of any item to which an Arabic number is assigned in the profit and loss account format, separate items are required to be shown, then a separate sub-total of those items shall also be given in addition to any sub-total required by subparagraph (3) above.
- 8 A number in brackets following any item in either of the formats set out below is a reference to the note of that number in the notes following the format.
- 9 In the profit and loss account format set out below—
- (a) the heading “Technical account General business” is for business within the classes of insurance specified in Schedule 2 to the 1982 Act; and
 - (b) the heading “Technical account Long term business” is for business within the classes of insurance specified in Schedule 1 to that Act.

Balance Sheet Format

*Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
 Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)*

ASSETS

- (A) *Called up share capital not paid (1)*
- (B) *Intangible assets*
 - (1) Development costs
 - (2) Concessions, patents, licences, trade marks and similar rights and assets(2)
 - (3) Goodwill(3)
 - (4) Payments on account
- (C) *Investments*
 - (I) Land and buildings(4)
 - (II) Investments in group undertakings and participating interests
 - (1) Shares in group undertakings
 - (2) Debt securities issued by, and loans to, group undertakings
 - (3) Participating interests
 - (4) Debt securities issued by, and loans to, undertakings in which the company has a participating interest
 - (III) Other financial investments
 - (1) Shares and other variable-yield securities and units in unit trusts
 - (2) Debt securities and other fixed income securities(5)
 - (3) Participation in investment pools(6)
 - (4) Loans secured by mortgages(7)
 - (5) Other loans(7)
 - (6) Deposits with credit institutions(8)
 - (7) Other (9)
 - (IV) Deposits with ceding undertakings(10)
- (D) *Assets held to cover linked liabilities (11)*
- (Da) *Reinsurers' share of technical provisions (12)*
 - (1) Provision for unearned premiums
 - (2) Long term business provision
 - (3) Claims outstanding
 - (4) Provisions for bonuses and rebates
 - (5) Other technical provisions
 - (6) Technical provisions for unit-linked liabilities
- (E) *Debtors (13)*
 - (I) Debtors arising out of direct insurance operations
 - (1) Policy holders
 - (2) Intermediaries
 - (II) Debtors arising out of reinsurance operations
 - (III) Other debtors
 - (IV) Called up share capital not paid(1)
- (F) *Other assets*
 - (I) Tangible assets
 - (1) Plant and machinery

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

- (2) Fixtures, fittings, tools and equipment
 - (3) Payments on account (other than deposits paid on land and buildings) and assets (other than buildings) in course of construction
 - (II) Stocks
 - (1) Raw materials and consumables
 - (2) Work in progress
 - (3) Finished goods and goods for resale
 - (4) Payments on account
 - (III) Cash at bank and in hand
 - (IV) Own shares(14)
 - (V) Other(15)
 - (G) *Prepayments and accrued income*
 - (I) Accrued interest and rent(16)
 - (II) Deferred acquisition costs(17)
 - (III) Other prepayments and accrued income
- LIABILITIES**

- (A) *Capital and reserves*
 - (I) Called up share capital or equivalent funds
 - (II) Share premium account
 - (III) Revaluation reserve
 - (IV) Reserves
 - (1) Capital redemption reserve
 - (2) Reserve for own shares
 - (3) Reserves provided for by the articles of association
 - (4) Other reserves
 - (V) Profit and loss account
- (B) *Subordinated liabilities (18)*
- (Ba) *Fund for future appropriations (19)*
- (C) *Technical provisions*
 - (1) Provision for unearned premiums(20)
 - (a) gross amount
 - (b) reinsurance amount(12)
 - (2) Long term business provision(20) (21) (26)
 - (a) gross amount
 - (b) reinsurance amount(12)
 - (3) Claims outstanding(22)
 - (a) gross amount
 - (b) reinsurance amount(12)
 - (4) Provision for bonuses and rebates(23)
 - (a) gross amount
 - (b) reinsurance amount(12)
 - (5) Equalisation provision(24)
 - (6) Other technical provisions(25)

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: *There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)*

- (a) gross amount
- (b) reinsurance amount(12)

(D) *Technical provisions for linked liabilities (26)*

- (a) gross amount
- (b) reinsurance amount(12)

(E) *Provisions for other risks and charges*

- (1) Provisions for pensions and similar obligations
- (2) Provisions for taxation
- (3) Other provisions

(F) *Deposits received from reinsurers (27)*

(G) *Creditors (28)*

- (I) Creditors arising out of direct insurance operations
- (II) Creditors arising out of reinsurance operations
- (III) Debenture loans(29)
- (IV) Amounts owed to credit institutions
- (V) Other creditors including taxation and social security

(H) *Accruals and deferred income*

Notes on the balance sheet format

(1) Called up share capital not paid

(Assets items A and E.IV)

This item may be shown in either of the positions given in the format.

(2) Concessions, patents, licences, trade marks and similar rights and assets

(Assets item B.2)

Amounts in respect of assets shall only be included in a company's balance sheet under this item if either —

- (a) the assets were acquired for valuable consideration and are not required to be shown under goodwill; or
- (b) the assets in question were created by the company itself.

(3) Goodwill

(Assets item B.3)

Amounts representing goodwill shall only be included to the extent that the goodwill was acquired for valuable consideration.

(4) Land and buildings

(Assets item C.I.)

The amount of any land and buildings occupied by the company for its own activities shall be shown separately in the notes to the accounts.

(5) Debt securities and other fixed income securities

(Assets item C.III.2)

This item shall comprise transferable debt securities and any other transferable fixed income securities issued by credit institutions, other undertakings or public bodies, in so

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

far as they are not covered by Assets item C.II.2 or C.II.4. Securities bearing interest rates that vary in accordance with specific factors, for example the interest rate on the inter-bank market or on the Euromarket, shall also be regarded as debt securities and other fixed income securities and so be included under this item.

(6) Participation in investment pools

(Assets item C.III.3)

This item shall comprise shares held by the company in joint investments constituted by several undertakings or pension funds, the management of which has been entrusted to one of those undertakings or to one of those pension funds.

(7) Loans secured by mortgages and other loans

(Assets items C.III.4 and C.III.5)

Loans to policy holders for which the policy is the main security shall be included under “Other loans” and their amount shall be disclosed in the notes to the accounts. Loans secured by mortgage shall be shown as such even where they are also secured by insurance policies. Where the amount of “Other loans” not secured by policies is material, an appropriate breakdown shall be given in the notes to the accounts.

(8) Deposits with credit institutions

(Assets item C.III.6)

This item shall comprise sums the withdrawal of which is subject to a time restriction. Sums deposited with no such restriction shall be shown under Assets item F.III even if they bear interest.

(9) Other

(Assets item C.III.7)

This item shall comprise those investments which are not covered by Assets items C.III.1 to 6. Where the amount of such investments is significant, they must be disclosed in the notes to the accounts.

(10) *Deposits with ceding undertakings*

(Assets item C.IV)

Where the company accepts reinsurance this item shall comprise amounts, owed by the ceding undertakings and corresponding to guarantees, which are deposited with those ceding undertakings or with third parties or which are retained by those undertakings.

These amounts may not be combined with other amounts owed by the ceding insurer to the reinsurer or set off against amounts owed by the reinsurer to the ceding insurer.

Securities deposited with ceding undertakings or third parties which remain the property of the company shall be entered in the company’s accounts as an investment, under the appropriate item.

(11) *Assets held to cover linked liabilities*

(Assets item D)

In respect of long term business, this item shall comprise investments made pursuant to long term policies under which the benefits payable to the policy holder are wholly or partly to be determined by reference to the value of, or the income from, property of any

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: *There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)*

description (whether or not specified in the contract) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).

This item shall also comprise investments which are held on behalf of the members of a tontine and are intended for distribution among them.

(12) *Reinsurance amounts*

(Assets item Da: Liabilities items C.1(b), 2(b), 3(b), 4(b) and 6(b) and D(b))

The reinsurance amounts may be shown either under Assets item Da or under Liabilities items C.1(b), 2(b), 3(b), 4(b) and 6(b) and D(b).

The reinsurance amounts shall comprise the actual or estimated amounts which, under contractual reinsurance arrangements, are deducted from the gross amounts of technical provisions.

As regards the provision for unearned premiums, the reinsurance amounts shall be calculated according to the methods referred to in paragraph 44 above or in accordance with the terms of the reinsurance policy.

(13) *Debtors*

(Assets item E)

Amounts owed by group undertakings and undertakings in which the company has a participating interest shall be shown separately as sub-items of Assets items E.I, II and III.

(14) *Own shares*

(Assets item F.IV)

The nominal value of the shares shall be shown separately under this item.

(15) *Other*

(Assets item F.V)

This item shall comprise those assets which are not covered by Assets items F.I to IV.

Where such assets are material they must be disclosed in the notes to the accounts.

(16) *Accrued interest and rent*

(Assets item G.I)

This item shall comprise those items that represent interest and rent that have been earned up to the balance-sheet date but have not yet become receivable.

(17) *Deferred acquisition costs*

(Assets item G.II)

This item shall comprise the costs of acquiring insurance policies which are incurred during a financial year but relate to a subsequent financial year (“deferred acquisition costs”), except in so far as —

- (a) allowance has been made in the computation of the long term business provision made under paragraph 46 below and shown under Liabilities item C2 or D in the balance sheet, for —
 - (i) the explicit recognition of such costs, or
 - (ii) the implicit recognition of such costs by virtue of the anticipation of future income from which such costs may prudently be expected to be recovered,
- or

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

- (b) allowance has been made for such costs in respect of general business policies by a deduction from the provision for unearned premiums made under paragraph 44 below and shown under Liabilities item C.I in the balance sheet.

Deferred acquisition costs arising in general business shall be distinguished from those arising in long term business.

In the case of general business, the amount of any deferred acquisition costs shall be established on a basis compatible with that used for unearned premiums.

There shall be disclosed in the notes to the accounts—

- (a) how the deferral of acquisition costs has been treated (unless otherwise expressly stated in the accounts), and
- (b) where such costs are included as a deduction from the provisions at Liabilities item C.I, the amount of such deduction, or
- (c) where the actuarial method used in the calculation of the provisions at Liabilities item C.2 or D has made allowance for the explicit recognition of such costs, the amount of the costs so recognised.

(18) *Subordinated liabilities*

(Liabilities item B)

This item shall comprise all liabilities in respect of which there is a contractual obligation that, in the event of winding up or of bankruptcy, they are to be repaid only after the claims of all other creditors have been met (whether or not they are represented by certificates).

(19) *Fund for future appropriations*

(Liabilities item Ba)

This item shall comprise all funds the allocation of which either to policy holders or to shareholders has not been determined by the end of the financial year.

Transfers to and from this item shall be shown in item II.12a in the profit and loss account.

(20) *Provision for unearned premiums*

(Liabilities item C.1)

In the case of long term business the provision for unearned premiums may be included in Liabilities item C.2 rather than in this item.

The provision for unearned premiums shall comprise the amount representing that part of gross premiums written which is estimated to be earned in the following financial year or to subsequent financial years.

(21) *Long term business provision*

(Liabilities item C.2)

This item shall comprise the actuarially estimated value of the company's liabilities (excluding technical provisions included in Liabilities item D), including bonuses already declared and after deducting the actuarial value of future premiums.

This item shall also comprise claims incurred but not reported, plus the estimated costs of settling such claims.

(22) *Claims outstanding*

(Liabilities item C.3)

*Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
 Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)*

This item shall comprise the total estimated ultimate cost to the company of settling all claims arising from events which have occurred up to the end of the financial year (including, in the case of general business, claims incurred but not reported) less amounts already paid in respect of such claims.

(23) *Provision for bonuses and rebates*

(Liabilities item C.4)

This item shall comprise amounts intended for policy holders or contract beneficiaries by way of bonuses and rebates as defined in Note (5) on the profit and loss account format to the extent that such amounts have not been credited to policy holders or contract beneficiaries or included in Liabilities item Ba or in Liabilities item C.2.

(24) *Equalisation provision*

(Liabilities item C.5)

This item shall comprise any amounts which, in accordance with Council Directive [87/343/EEC](#), are required to be set aside by a company to equalise fluctuations in loss ratios in future years or to provide for special risks.

A company which otherwise constitutes reserves to equalise fluctuations in loss ratios in future years or to provide for special risks shall disclose that fact in the notes to the accounts.

(25) *Other technical provisions*

(Liabilities item C.6)

This item shall comprise, inter alia, the provision for unexpired risks as defined in paragraph 81 below.

Where the amount of the provision for unexpired risks is significant, it shall be disclosed separately either in the balance sheet or in the notes to the accounts.

(26) *Technical provisions for linked liabilities*

(Liabilities item D)

This item shall comprise technical provisions constituted to cover liabilities relating to investment in the context of long term policies under which the benefits payable to policy holders are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).

Any additional technical provisions constituted to cover death risks, operating expenses or other risks (such as benefits payable at the maturity date or guaranteed surrender values) shall be included under Liabilities item C.2.

This item shall also comprise technical provisions representing the obligations of a tontine's organiser in relation to its members.

(27) *Deposits received from reinsurers*

(Liabilities item F)

Where the company cedes reinsurance, this item shall comprise amounts deposited by or withheld from other insurance undertakings under reinsurance contracts. These amounts may not be merged with other amounts owed to or by those other undertakings.

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

Where the company cedes reinsurance and has received as a deposit securities which have been transferred to its ownership, this item shall comprise the amount owed by the company by virtue of the deposit.

(28) *Creditors*

(Liabilities item G)

Amounts owed to group undertakings and undertakings in which the company has a participating interest shall be shown separately as sub-items.

(29) *Debenture loans*

(Liabilities item G.III)

The amount of any convertible loans shall be shown separately.
Special rules for balance sheet format

Additional items

- 10 (1) Every balance sheet of a company which carries on long term business shall show separately as an additional item the aggregate of any amounts included in Liabilities item A (capital and reserves) which are required not to be treated as realised profits under section 268 of this Act.
- (2) A company which carries on long term business shall show separately, in the balance sheet or in the notes to the accounts, the total amount of assets representing the long term fund valued in accordance with the provisions of this Schedule.

Managed funds

- 11 (1) For the purposes of this paragraph “managed funds” are funds of a group pension fund —
- (a) which fall within Class VII of Schedule 1 to the 1982 Act, and
 - (b) which the company administers in its own name but on behalf of others, and
 - (c) to which it has legal title.
- (2) The company shall, in any case where assets and liabilities arising in respect of managed funds fall to be treated as assets and liabilities of the company, adopt the following accounting treatment: assets and liabilities representing managed funds are to be included in the company’s balance sheet, with the notes to the accounts disclosing the total amount included with respect to such assets and liabilities in the balance sheet and showing the amount included under each relevant balance sheet item in respect of such assets or (as the case may be) liabilities.

Deferred acquisition costs

- 12 The costs of acquiring insurance policies which are incurred during a financial year but which relate to a subsequent financial year shall be deferred in a manner specified in Note (17) on the balance sheet format.

Profit and loss account format

I *Technical account General business*

- (1) Earned premiums, net of reinsurance—

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

- (a) gross premiums written(1)
 - (b) outward reinsurance premiums(2)
 - (c) change in the gross provision for unearned premiums
 - (d) change in the provision for unearned premiums, reinsurers' share
- (2) Allocated investment return transferred from the non-technical account (item III.6)(10)
- (2a) Investment income(8) (10)
- (a) income from participating interests, with a separate indication of that derived from group undertakings
 - (b) income from other investments, with a separate indication of that derived from group undertakings
 - (aa) income from land and buildings
 - (bb) income from other investments
 - (c) value re-adjustments on investments
 - (d) gains on the realisation of investments
- (3) Other technical income, net of reinsurance
- (4) Claims incurred, net of reinsurance(4)
- (a) claims paid
 - (aa) gross amount
 - (bb) reinsurers' share
 - (b) change in the provision for claims
 - (aa) gross amount
 - (bb) reinsurers' share
- (5) Changes in other technical provisions, net of reinsurance, not shown under other headings
- (6) Bonuses and rebates, net of reinsurance(5)
- (7) Net operating expenses—
- (a) acquisition costs(6)
 - (b) change in deferred acquisition costs
 - (c) administrative expenses(7)
 - (d) reinsurance commissions and profit participation
- (8) Other technical charges, net of reinsurance
- (8a) Investment expenses and charges(8)
- (a) investment management expenses, including interest
 - (b) value adjustments on investments
 - (c) losses on the realisation of investments
- (9) Change in the equalisation provision
- (10) Sub-total (balance on the technical account for general business) (item III.1)

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

- (1) Earned premiums, net of reinsurance—
 - (a) gross premiums written(1)
 - (b) outward reinsurance premiums(2)
 - (c) change in the provision for unearned premiums, net of reinsurance(3)
- (2) Investment income(8) (10)
 - (a) income from participating interests, with a separate indication of that derived from group undertakings
 - (b) income from other investments, with a separate indication of that derived from group undertakings
 - (aa) income from land and buildings
 - (bb) income from other investments
 - (c) value re-adjustments on investments
 - (d) gains on the realisation of investments
- (3) Unrealised gains on investments(9)
- (4) Other technical income, net of reinsurance
- (5) Claims incurred, net of reinsurance(4)
 - (a) claims paid
 - (aa) gross amount
 - (bb) reinsurers' share
 - (b) change in the provision for claims
 - (aa) gross amount
 - (bb) reinsurers' share
- (6) Change in other technical provisions, net of reinsurance, not shown under other headings—
 - (a) long term business provision, net of reinsurance(3)
 - (aa) gross amount
 - (bb) reinsurers' share
 - (b) other technical provisions, net of reinsurance
- (7) Bonuses and rebates, net of reinsurance(5)
- (8) Net operating expenses—
 - (a) acquisition costs(6)
 - (b) change in deferred acquisition costs
 - (c) administrative expenses(7)
 - (d) reinsurance commissions and profit participation
- (9) Investment expenses and charges(8)
 - (a) investment management expenses, including interest
 - (b) value adjustments on investments
 - (c) losses on the realisation of investments
- (10) Unrealised losses on investments(9)
- (11) Other technical charges, net of reinsurance

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: *There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)*

- (11a) Tax attributable to the long term business
- (12) Allocated investment return transferred to the non-technical account (item III.4)
- (12a) Transfers to or from the fund for future appropriations
- (13) Sub-total (balance on the technical account long term business) (item III.2)

III *Non-technical account*

- (1) Balance on the general business technical account (item I.10)
- (2) Balance on the long term business technical account (item II.13)
- (3) Investment income(8)
 - (a) income from participating interests, with a separate indication of that derived from group undertakings
 - (b) income from other investments, with a separate indication of that derived from group undertakings
 - (aa) income from land and buildings
 - (bb) income from other investments
 - (c) value re-adjustments on investments
 - (d) gains on the realisation of investments
- (3a) Unrealised gains on investments(9)
- (4) Allocated investment return transferred from the long term business technical account (item II.12)(10)
- (5) Investment expenses and charges(8)
 - (a) investment management expenses, including interest
 - (b) value adjustments on investments
 - (c) losses on the realisation of investments
- (5a) Unrealised losses on investments(9)
- (6) Allocated investment return transferred to the general business technical account (item I.2)(10)
- (7) Other income
- (8) Other charges, including value adjustments
- (8a) Profit or loss on ordinary activities before tax
- (9) Tax on profit or loss on ordinary activities
- (10) Profit or loss on ordinary activities after tax
- (11) Extraordinary income
- (12) Extraordinary charges
- (13) Extraordinary profit or loss
- (14) Tax on extraordinary profit or loss

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

(15) Other taxes not shown under the preceding items

(16) Profit or loss for the financial year

Notes on the profit and loss account format

(1) *Gross premiums written*

(General business technical account: item I.1.(a))

Long term business technical account: item II.1.(a))

This item shall comprise all amounts due during the financial year in respect of insurance contracts entered into regardless of the fact that such amounts may relate in whole or in part to a later financial year, and shall include inter alia —

- (i) premiums yet to be determined, where the premium calculation can be done only at the end of the year;
- (ii) single premiums, including annuity premiums, and, in long term business, single premiums resulting from bonus and rebate provisions in so far as they must be considered as premiums under the terms of the contract;
- (iii) additional premiums in the case of half-yearly, quarterly or monthly payments and additional payments from policy holders for expenses borne by the company;
- (iv) in the case of co-insurance, the company's portion of total premiums;
- (v) reinsurance premiums due from ceding and retroceding insurance undertakings, including portfolio entries, after deduction of cancellations and portfolio withdrawals credited to ceding and retroceding insurance undertakings. The above amounts shall not include the amounts of taxes or duties levied with premiums.

(2) *Outward reinsurance premiums*

(General business technical account: item I.1.(b))

Long term business technical account: item II.1.(b))

This item shall comprise all premiums paid or payable in respect of outward reinsurance contracts entered into by the company. Portfolio entries payable on the conclusion or amendment of outward reinsurance contracts shall be added; portfolio withdrawals receivable must be deducted.

(3) *Change in the provision for unearned premiums, net of reinsurance*

(Long term business technical account: items II.1.(c) and II.6.(a))

In the case of long term business, the change in unearned premiums may be included either in item II.1.(c) or in item II.6.(a) of the long term business technical account.

(4) *Claims incurred, net of reinsurance*

(General business technical account: item I.4)

Long term business technical account: item II.5)

This item shall comprise all payments made in respect of the financial year with the addition of the provision for claims (but after deducting the provision for claims for the preceding financial year).

These amounts shall include annuities, surrenders, entries and withdrawals of loss provisions to and from ceding insurance undertakings and reinsurers and external and internal claims management costs and charges for claims incurred but not reported such as are referred to in paragraphs 47(2) and 49 below.

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

Sums recoverable on the basis of subrogation and salvage (within the meaning of paragraph 47 below) shall be deducted. Where the difference between—

- (a) the loss provision made at the beginning of the year for outstanding claims incurred in previous years, and
- (b) the payments made during the year on account of claims incurred in previous years and the loss provision shown at the end of the year for such outstanding claims, is material, it shall be shown in the notes to the accounts, broken down by category and amount.

(5) *Bonuses and rebates, net of reinsurance*

(General business technical account: item I.6)

Long term business technical account: item II.7)

Bonuses shall comprise all amounts chargeable for the financial year which are paid or payable to policy holders and other insured parties or provided for their benefit, including amounts used to increase technical provisions or applied to the reduction of future premiums, to the extent that such amounts represent an allocation of surplus or profit arising on business as a whole or a section of business, after deduction of amounts provided in previous years which are no longer required.

Rebates shall comprise such amounts to the extent that they represent a partial refund of premiums resulting from the experience of individual contracts.

Where material, the amount charged for bonuses and that charged for rebates shall be disclosed separately in the notes to the accounts.

(6) *Acquisition costs*

(General business technical account: item I.7.(a))

Long term business technical account: item II.8.(a))

This item shall comprise the costs arising from the conclusion of insurance contracts. They shall cover both direct costs, such as acquisition commissions or the cost of drawing up the insurance document or including the insurance contract in the portfolio, and indirect costs, such as advertising costs or the administrative expenses connected with the processing of proposals and the issuing of policies.

In the case of long term business, policy renewal commissions shall be included under item II.8.(c) in the long term business technical account.

(7) *Administrative expenses*

(General business technical account: item I.7.(c))

Long term business technical account: item II.8.(c))

This item shall include the costs arising from premium collection, portfolio administration, handling of bonuses and rebates, and inward and outward reinsurance. They shall in particular include staff costs and depreciation provisions in respect of office furniture and equipment in so far as these need not be shown under acquisition costs, claims incurred or investment charges.

Item II.8.(c) shall also include policy renewal commissions.

(8) *Investment income, expenses and charges*

(General business technical account: items I.2a and 8a)

Status: Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.
Changes to legislation: There are currently no known outstanding effects for the Companies Act 1985, Chapter 1. (See end of Document for details)

Long term business technical account: items II.2 and 9

Non-technical account: items III.3 and 5)

Investment income, expenses and charges shall, to the extent that they arise in the long term fund, be disclosed in the long term business technical account. Other investment income, expenses and charges shall either be disclosed in the non-technical account or attributed between the appropriate technical and non-technical accounts. Where the company makes such an attribution it shall disclose the basis for it in the notes to the accounts.

(9) *Unrealised gains and losses on investments*

(Long term business technical account: items II.3 and 10

Non-technical account: items III.3a and 5a)

In the case of investments attributed to the long term fund, the difference between the valuation of the investments and their purchase price or, if they have previously been valued, their valuation as at the last balance sheet date, may be disclosed (in whole or in part) in item II.3 or II.10 (as the case may be) of the long term business technical account, and in the case of investments shown as assets under Assets item D (assets held to cover linked liabilities) shall be so disclosed.

In the case of other investments, the difference between the valuation of the investments and their purchase price or, if they have previously been valued, their valuation as at the last balance sheet date, may be disclosed (in whole or in part) in item III.3a or III.5a (as the case may require) of the non-technical account.

(10) *Allocated investment return*

(General business technical account: items I.2 and 2a

Long term business technical account: item II.2

Non-technical account: items III.4 and 6)

The allocated return may be transferred from one part of the profit and loss account to another.

Where part of the investment return is transferred to the general business technical account, the transfer from the non-technical account shall be deducted from item III.6 and added to item I.2.

Where part of the investment return disclosed in the long term business technical account is transferred to the non-technical account, the transfer to the non-technical account shall be deducted from item II.12 and added to item III.4.

The reasons for such transfers (which may consist of a reference to any relevant statutory requirement) and the bases on which they are made shall be disclosed in the notes to the accounts.

Status:

Point in time view as at 19/12/1993. This version of this chapter contains provisions that are not valid for this point in time.

Changes to legislation:

There are currently no known outstanding effects for the Companies Act 1985, Chapter I.