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TRANSATLANTIC INSURANCE HOLDINGS LIMITED

Directors and Officers

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Directors

J. R. Benson
D. Gordon
M. J. Richardson
H. A. Smith
K. H. Wallis

Secretary and Registrar

Stonehage Organisation Limited
30 Cursitor Street, London EC4A 1LJ

Registered Office

30 Cursitor Street, London EC4A 1LJ

Auditors

Coopers & Lybrand, Chartered Accountants

Solicitors

Linklaters & Paines



TRANSATLANTIC INSURANCE HOLDINGS LIMITED

Report of the Directors

The Directors have pleasure in presenting their report and the audited accounts of the company for the year ended 31st December, 1982.

Principal Activity

The principal activity of TransAtlantic Insurance Holdings Limited (TransAtlantic) and its subsidiaries is that of an investment holding group.

With effect from 1st January, 1982, the company was reconstituted as a significant United Kingdom based vehicle for the purpose of making certain selected investments in important insurance and real estate propositions which are predominantly, but not exclusively in the United Kingdom.

It is TransAtlantic's policy, in appropriate circumstances, to seek to involve itself on a professional basis in the management and long-term planning decisions of certain of the companies in which it has a dominant or strategic position where its contribution can be of a positive and constructive nature.

Results

The results for the year and movements on reserves are set out in the profit and loss accounts on page 4 and note 9 to the accounts respectively.

Dividends

The Directors do not recommend the payment of a dividend for the year.

Issue of Shares

The issued share capital of the company was increased from 20,000 ordinary shares of 50p each to 59,056,000 ordinary shares of 50p each by the issue during the year of 59,036,000 shares of 50p each at an average premium of 44 pence per share. 29,056,000 shares were issued to finance the acquisition of 22,700,000 shares in Capital & Counties plc equivalent to 29.6% of the equity capital of that company and the balance of 29,980,000 shares was issued to capitalise the company adequately in view of the magnitude of its investment portfolio and the company's available loan facilities.

Directors

The directors who served during the year were:—

J. R. Benson
D. Gordon
M. J. Richardson
H. A. Smith (Appointed 26th February, 1982)
K. H. Wallis (Appointed 26th February, 1982)

Mr. J. R. Benson is a partner of Laing & Cruickshank who act as the company's stockbrokers.

Directors' Interests

Otherwise than as set out below the Directors had no direct beneficial interest in the shares of the company or any other company in the group at either the beginning or the end of the year.

Mr. D. Gordon and his family interests had an undivided 38.75% interest in the issued ordinary share capital of the ultimate holding company, Liblife Controlling Corporation (Proprietary) Limited, which consists of 400,000 shares of R1 each.

The ultimate holding company owns a 51.70% controlling interest in Liberty Holdings Limited which in turn owns 81% of the issued ordinary share capital of Liberty Life Association of Africa Limited which through its wholly owned subsidiary Conduit Insurance Holdings Limited owns 66.17% of the issued share capital of TransAtlantic.

Report of the Directors (continued)

In addition Mr. D. Gordon and his family interests had the following shareholdings in the intermediate holding companies of TransAtlantic Insurance Holdings Limited at the beginning and end of the year.

Intermediate Holding Companies

Liberty Holdings Limited

26,200 ordinary shares of 25c each

250,000 cumulative preference shares of 10c each (issued at R1 per share)

Liberty Life Association of Africa Limited

2,500 7.5% fixed rate convertible cumulative preference shares of R1 each (issued at R20 per share)

Review of the Year's Events

In terms of an agreement entered into in December 1981, the company acquired with effect from 1st January, 1982, 22,700,000 shares in Capital & Counties plc for £29,056,000 the consideration for which was settled by an allotment of 29,056,000 shares in TransAtlantic issued at £1 per share.

In addition the company's major investment in Sun Life Assurance Society PLC was increased to 13,735,000 shares representing approximately 23.85% of the issued share capital of that company.

The company also acquired through its acquisition of Montreal Holdings NV a 25% indirect interest in Montreal Life Insurance Company which in December 1982 was reduced to 19.998% following a 1 : 4 rights issue which was not taken up by the company.

Consequently the company's investments in the aforementioned are reflected in the consolidated balance sheet at £91,686,000 at 31st December, 1982.

Subsidiaries

As a result of a group reorganisation effective from 1st January, 1982 Montrose Holdings BV ceased to be the immediate holding company of TransAtlantic and was substituted by Conduit Insurance Holdings Limited.

In addition TransAtlantic acquired the entire issued share capital of Montreal Holdings NV which in turn holds all of the issued share capital of Montrose Holdings BV.

All the issued share capital of Runic Nominees Limited was also acquired during the year.

Details of the subsidiaries are given in note 7 to the accounts.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By Order of the Board
STONEHAGE ORGANISATION LIMITED
Secretary

31st January, 1983

Auditors' report to the members of TransAtlantic Insurance Holdings Limited

We have audited the accounts on pages 4 to 11 in accordance with approved auditing standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31st December, 1982 and of its results and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

COOPERS & LYBRAND
Chartered Accountants.

London 31st January, 1983

TRANSATLANTIC INSURANCE HOLDINGS LIMITED
and subsidiary companies

Profit and Loss Accounts
Year Ended 31st December, 1982

	Note	1982 £'000 Group	1981 £'000 Company
Dividend Income		3,488	1,433
Listed company		2,256	1,433
Related company		1,232	—
Other Income		43	360
Interest receivable		34	342
Miscellaneous income		9	18
		3,531	1,793
Expenses		2,109	4,171
Auditors' remuneration (holding company)		3	3
Auditors' remuneration (subsidiaries)		6	—
Directors' remuneration	4	10	3
Interest payable		1,968	4,156
Management and administration expenses		121	9
		1,423	(2,378)
Share of Revenue Profits of Related Company		1,456	—
Attributable profits		2,319	
Less: Distributions (net of tax credits) included above		(863)	
Profit before Tax and Extraordinary Items (1981 Loss)		2,879	(2,378)
Taxation	5	391	4
Profit after Tax and before Extraordinary Items (1981 Loss)		2,488	(2,382)
Extraordinary Items	6	1,025	187
Transfer to Non-Distributable Reserves		(1,025)	(187)
Retained Profits for the Year (1981 Losses)		2,488	(2,382)
Attributable to:			
Parent company		1,438	
Subsidiaries		(16)	
Related company—revenue profits		1,066	
		2,488	

The notes on pages 8 to 11 form part of these accounts.

TRANSATLANTIC INSURANCE HOLDINGS LIMITED
and subsidiary companies

Balance Sheets
at 31st December, 1982

	Note	1982 £'000 Group	1982 £'000 Company	1981 £'000 Company (Restated Note 3)
Investments	7	91,686	91,807	37,168
Current Assets		1,334	1,323	453
Debtors		5	4	—
Due from immediate holding company		10	—	—
Tax credits recoverable		1,047	1,047	430
Dividends receivable		272	272	—
Cash in transit		—	—	23
Current Liabilities		(385)	(371)	(3,330)
Due to holding company		—	—	2,360
Due to immediate holding company		—	—	4
Purchases for future settlement		—	—	720
Creditors		384	371	246
Taxation		1	—	—
Net Current Assets (1981 Liabilities)		949	952	(2,877)
		92,635	92,759	34,291
Financed by:				
Share Capital	8	29,528	29,528	10
Share Premium Account		25,944	25,944	—
Reserves	9	22,673	22,797	4,475
		78,145	78,269	4,485
Medium Term Bank Loans	10	14,490	14,490	29,806
		92,635	92,759	34,291

Approved by the Board of Directors

J. R. Benson
M. J. Richardson

31st January, 1983

The notes on pages 8 to 11 form part of these accounts

TRANSATLANTIC INSURANCE HOLDINGS LIMITED
and subsidiary companies

Statements of Source and Application of Funds
Year Ended 31st December, 1982

		1982 £'000 Group	1981 £'000 Company
Source of funds			
Profit before taxation (1981 loss)		2,879	(2,378)
Profit retained by related company		(2,455)	—
Extraordinary items		1,085	187
		1,509	(2,191)
Funds from other sources		55,462	12,333
Issue of share capital		55,462	—
Medium term bank loans		—	12,333
Application of funds		(53,144)	(10,195)
Medium term bank loans		15,317	—
Purchase of investments	*	37,498	10,191
Taxation paid		—	4
Goodwill on acquisition of subsidiaries	*	329	—
Net inflow of funds (1981 outflow)		3,827	(53)
Increase (Decrease) in working capital		3,850	(76)
Debtors	*	5	336
Tax credits recoverable		617	(221)
Dividends receivable		272	—
Creditors	*	(138)	(226)
Purchases for future settlements		720	2,233
Amounts due from group companies		2,374	(2,298)
Movement in net liquid funds			
Cash in transit		(23)	23
		3,827	(53)

The notes on pages 8 to 11 form part of these accounts.

Statements of Source and Application of Funds (continued)
Year Ended 31st December, 1982

* Summary of effect of acquisition of Montreal Holdings NV and its subsidiary on the assets and liabilities of the group.

	£'000
Net assets acquired	
Investments	2,072
Current assets	8
Current liabilities	(2,343)
Goodwill on acquisition	329
	66
Discharged by	
Cash paid	66

The notes on pages 8 to 11 form part of these accounts.

TRANSATLANTIC INSURANCE HOLDINGS LIMITED
and subsidiary companies

Notes to the Accounts
Year Ended 31st December, 1982

1. Principal accounting policies

(a) Form and content of accounts

These accounts have been prepared in compliance with S152A of and Schedule 8A to the Companies Act 1948

(b) Consolidated accounts and goodwill on consolidation

The group accounts consolidate the accounts of the company and its subsidiaries and include the group's share of the results and realised post acquisition reserves of its related company. The subsidiaries' accounts are made up to 31st December in each year. Goodwill arising on consolidation is written off directly to non-distributable reserves

(c) Dividend income

Dividend income represents income from investments which is included, together with the related tax credit, in the profit and loss account of the accounting period in which it is due and payable.

(d) Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Assets, liabilities, reserves and revenue transactions in the accounts of foreign subsidiaries are translated into sterling at the rates of exchange ruling at the balance sheet date while share capital and pre-acquisition results are maintained at historic cost

The resultant adjustments and realised gains on exchange on the conversion of foreign currency are treated as extraordinary items and transferred to non-distributable reserves.

(e) Investments

Investments held as fixed assets are revalued to their mid-market value ruling at the balance sheet date. This represents a change in accounting policy from that applied previously (Note 3).

(f) Related company

A related company is one in which the group has a substantial interest held for the long term and upon whose commercial and financial policy decisions the group exercises a significant influence.

The group's share of the profits and losses, excluding unrealised capital profits, is incorporated in the profit and loss account and its investment therein is carried in the balance sheet at the mid-market listed value ruling at the balance sheet date.

(g) Deferred taxation

Deferred taxation has not been provided on the surplus arising on the revaluation of the investments as the company has no intention of disposing of them in the foreseeable future.

2. Comparative figures

As the company only became a holding company during the year comparative figures are not shown on the consolidated financial statements.

3. Revaluation of investments

The effect of the change in basis of valuation referred to in Note 1(e) is to increase non-distributable reserves of the group and company by £21,536,000 and £23,540,000 respectively. Of this £6,522,000 relates to the previous year (Note 9).

The balance sheet and reserves of the company for the year ended 31st December, 1981 have been restated accordingly.

4. Directors' remuneration

	1982 £'000 Group	1981 £'000 Company
The remuneration of the Directors was as follows:		
Chairman	2	2
	Number	Number
The remuneration of the other Directors fell within the following range:		
£0 to £5,000	3	3
	1	1
Directors' emoluments waived	£'000	£'000
	2	2
Emoluments waived		

Notes to the Accounts (continued)
Year Ended 31st December, 1982

	1982 £'000 Group	1981 £'000 Company
5. Taxation		
(a) Revenue profit and loss account		
The charge for taxation is made up as follows		
Tax credits on United Kingdom dividends received	1,047	430
Tax credits on a claim under Section 254 Income and Corporation Taxes Act 1970	(1,047)	(430)
	—	—
Irrecoverable tax credit relating to prior year	—	4
Overseas taxation	1	—
Group's share of tax charged on related company's revenue profits	390	—
	391	4

The group and company have losses for taxation purposes which may be offset against future taxable profits.

(b) Deferred taxation
The taxation liability which would arise if the investments of the company were sold at their values as at 31st December, 1982 and assuming the present United Kingdom corporation tax rate would have approximated to £6,607,000. As set out in Note 1(g) no provision has been made for the aforementioned taxation as the company has no intention of disposing of any of its investments in the foreseeable future.

	£'000	£'000
6. Extraordinary items		
Differences on exchange transferred to non-distributable reserves	86	187
Share of realised after-tax capital profits of related company	939	—
	999	
Realised capital rofits	60	
Taxation		
	1,025	187

	1982 £'000 Group	Company	1981 £'000 Company (Restated Note 3)
7. Investments			
(a) Subsidiaries	—	2,412	—
Shares at cost		66	
Loan accounts		2,346	
(b) Related company	29,510	29,510	—
Shares at cost	—	29,117	
Group share of net assets	46,995	—	
Discount to attribute fair value to net assets at date of acquisition	(15,873)	—	
Adjustment on revaluation to mid-market listed value, on the London Stock Exchange at 31st December, 1982	(1,612)	393	
	59,885	59,885	37,168
(c) Listed investment			
Shares at cost	36,737	36,737	30,646
Add: Surplus on revaluation	23,148	23,148	6,522
(d) Unlisted investment	2,291	—	-
	91,686	91,807	37,168

Notes to the Accounts (continued)
Year Ended 31st December, 1982

7. Investments (continued)

The group's share of the net assets and realised profits of the related company is based on published financial information up to 29th September, 1982.

	1982 £'000		1981 £'000
	Group	Company	Company
Mid market value of the listed investment on the London Stock Exchange at 31st December, 1982	50,885	50,885	37,168

The listed investment comprises the group's holding of 23.85% of the issued share capital of Sun Life Assurance Society PLC, a company incorporated in England.

It is not considered that the group is in a position to exercise significant influence over the commercial and financial policy decisions of Sun Life Assurance Society PLC and in consequence it is not accounted for as a related company.

The unlisted investment comprises the group's holding of 19.99% of the issued share capital of Montreal Life Insurance Company, a company incorporated in Canada. The Directors' valuation of the investment approximates to cost as stated above.

Information relating to the subsidiaries and related company is as follows:

		Percentage of nominal value of shares held	
		Direct Interest	Group's Indirect Interest
Subsidiaries			
Montreal Holdings NV (Incorporated in Netherlands Antilles) Investment holding company	5% Non cumulative preference A shares of Dfl 100 each 5% Non cumulative preference B shares of Dfl 100 each	100%	
Montrose Holdings BV (Incorporated in Netherlands) Investment holding company	Ordinary shares of Dfl 1,000 each Preference shares of Dfl 1,000 each		100%
Runic Nominees Limited (Incorporated in England) Nominee company	Ordinary shares of £1 each	100%	
Related Company			
Capital & [illegible] (Incorporated in England) Property development and management company	Ordinary shares of 25p each	29.58%	

8. Share capital

	1982 £'000	1981 £'000
Authorised 50,000,000 Ordinary shares of 50p each	50,000	50,000
Issued and fully paid 59,256,000 (1981 - 20,000) Ordinary shares of 50p each	29,628	10

Notes to the Accounts (continued)
Year Ended 31st December, 1982

9. Reserves

Group	Non Distributable Reserves £'000	Revenue Reserves £'000	Total £'000
At 1st January, 1982	333	(2,380)	(2,047)
Profit for the year	—	2,488	2,488
Gains on exchange	86	—	86
Revaluation reserve	21,536	—	21,536
Goodwill on consolidation	(329)	—	(329)
Realised capital profits of related company	939	—	939
At 31st December, 1982	22,565	108	22,673
Retained by			
Group companies			20,668
Related company			2,005
Company			
At 1st January, 1982 as previously reported	333	(2,380)	(2,047)
Surplus on revaluation of investments to mid-market valuation for prior year (Note 3)	6,522	—	6,522
	6,855	(2,380)	4,475
Profit for the year	—	1,438	1,438
Loss on exchange	(134)	—	(134)
Surplus on revaluation of investments to mid-market valuation for current year	17,018	—	17,018
At 31st December, 1982	23,739	(942)	22,797

10. Medium-term bank loans

Medium-term bank loans are unsecured and have been obtained under facilities all of which expire after 1st January, 1984.

11. Ultimate holding company

The Directors regard Liblife Controlling Corporation (Proprietary) Limited, a company incorporated in South Africa, as the ultimate holding company.

TRANSATLANTIC INSURANCE HOLDINGS LIMITED

Notice of Meeting

NOTICE IS HEREBY GIVEN that the third Annual General Meeting of TransAtlantic Insurance Holdings Limited will be held at Standard Chartered Merchant Bank, 33-36 Gracechurch Street, London EC3V 0AX on Thursday the 2nd day of June, 1983 at 11.00 a.m. for the following purposes:—

1. To receive the Directors' Report and Statement of Accounts for the year ended 31st December, 1982.
2. To reappoint the Auditors and to authorise the Directors to fix their remuneration.
3. To transact any other business.

By Order of the Board
STONEHAGE ORGANISATION LIMITED
Secretary

31st January, 1983

NOTES

a) A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that proxy need not also be a member of the company.

b) The register of Directors' interests and transactions will be available for inspection at the commencement of, and during the continuance of the Annual General Meeting.