

Actuarial Profession

**Life Insurer Taxation Workshop**

Case Studies

**Data Pack**

**Death and Taxes plc**  
**Corporation Tax Computations for the Year Ended 31 December 2007**

**Part 1 data : basic I-E example**

**Unrelieved & deferred management expenses brought forward**

Deferred BLAGAB E	54,783
Unrelieved BLAGAB E	take to expense summary 30,000

**Capital allowances**

BLAGAB capital allowances are 1,378 take to expense summary

**Deferred acquisition expenses brought forward**

Year	Expense	2007	2008	2009	2010	2011	2012	Total b/f deferred E
2002	34,214	4,888	4,888					9,775
2003	23,985	3,426	3,426	3,426				10,279
2004	21,364	3,052	3,052	3,052	3,052			12,208
2005	19,151	2,736	2,736	2,736	2,736	2,736		13,679
2006	10,315	1,474	1,474	1,474	1,474	1,474	1,474	8,841
		15,576	15,576	10,688	7,261	4,209	1,474	54,783

**General annuity information**

	OLD	NEW	TOTAL
Opening liability	38,671	0	38,671
Closing liability	37,849	0	37,849
Premiums	276	1,800	2,076
Claims and other annuities	567	0	567
Annuities	826	231	1,057

Income element of annuities 826 3,568 4,394 take to expense summary

There is a charge on income of £295 relating to old general annuities take to expense summary

**Allocation information**

	BLAGAB	GRU	TOTAL
S432A allocation percentages	68.83%	31.17%	100.00%
S432ZA allocation percentages	70.00%	30.00%	100.00%

**I - E information**

Shareholder's share of relevant profits is 165,237 take to I-E computation

The GRU Case VI profit is 24,860 take to I-E computation

**Losses brought forward**

Notional Case I	0
GRU Case VI	0
Capital losses	0

# Death and Taxes plc

## Corporation Tax Computations for the Year Ended 31 December 2007

### Part 2 data : I-E allocations example

					Source
<b>LIABILITIES</b>					
<b>Opening liabilities</b>					
Non-linked with profit	take to 432A	836,442	277,266	1,113,708	
Non-linked without profit	take to 432A	219,655	81,953	301,608	
Linked	take to 432A & 432ZA	87,973	37,703	125,676	
		1,144,070	396,922	1,540,992	F58.21 (2006)
<b>Closing liabilities</b>					
Non-linked with profit	take to 432A	744,687	493,697	1,238,384	
Non-linked without profit	take to 432A	266,648	99,893	366,541	
Linked	take to 432A & 432ZA	99,099	42,471	141,570	
		1,110,434	636,061	1,746,495	F58.21 (2007)
<b>SURPLUS &amp; BONUSES</b>					
<b>Surplus arising in the year</b>				206,879	F58.35 (2007)
<b>Payments made in anticipation</b>					
Opening		26,694	0	6,674	33,368 F58.41 (2006)
Closing		29,249	0	7,312	36,561 F58.41 (2007)
				69,929	
<b>Reversionary bonuses</b>					
Opening	take to 432A	36,277	0	9,069	45,346 F58.43 (2006)
Closing	take to 432A	39,357	0	9,839	49,196 F58.43 (2007)
				94,542	
<b>ASSETS</b>					
<b>Opening and closing linked assets</b>					
		BLAGAB	Hybrid	GRU	Total
Opening linked assets		56,578	22,631	33,947	113,156
Closing linked assets		64,864	25,945	38,918	129,727
		take to 432A	take to 432ZA	take to 432A	

**Long term business : Revenue account**Name of company: **Death and Taxes plc**

Global business

Ordinary business

Financial year ended 31 December 2007

## Summary

Summary			Company registration number	GL/UK/CM	Period ended			Units	OB/IB	No of fund/ Summary	No of part of Fund
	day	month	year								
	R40	1234567	GL	31	12	2007	£	OB	1	0	
Items to be shown net of reinsurance ceded					The financial year 1			Previous year 2			
Earned premiums	11	284,857			175,654						
Investment income receivable before deduction of tax	12	118,969			119,542						
Increase (decrease) in the value of non-linked assets brought into account	13	195,288			265,986						
Increase (decrease) in the value of linked assets	14	17,971			20,547						
Other income	15										
Total income (11 to 15)	19	617,084			581,729						
Claims incurred	21	178,392			176,548						
Expenses payable	22	36,348			35,985						
Interest payable before deduction of tax	23										
Taxation	24	71,870			73,555						
Other expenditure- increase in provisions for derivative contracts	25										
Transfer to (from) non technical account	26	9,528									
Total expenditure (21 to 26)	29	296,138			286,088						
Increase (decrease) in fund in financial year (19-29)	39	320,947			295,641						
Fund brought forward	49	1,632,427			1,336,786						
Fund carried forward (39+49)	59	1,953,374			1,632,427						

Death and Taxes plc  
Corporation Tax Computations for the Year Ended 31 December 2007

**Part 4 data : Notional Case I**

**Unrelieved management expenses brought forward**

Deferred E	54,783
BLAGAB E	take to part 4 expense summary 30,000

**Deferred acquisition expenses brought forward**

Year	Expense	2007	2008	2009	2010	2011	2012	Total b/f deferred
2002	34,214	4,888	4,888					9,775
2003	23,985	3,426	3,426	3,426				10,279
2004	21,364	3,052	3,052	3,052	3,052			12,208
2005	19,151	2,736	2,736	2,736	2,736	2,736		13,679
2006	10,315	1,474	1,474	1,474	1,474	1,474	1,474	8,841
		15,576	15,576	10,688	7,261	4,209	1,474	54,783

**General annuity information**

	OLD	NEW	TOTAL
Opening liability	38,671	0	38,671
Closing liability	37,849	0	37,849
Premiums	276	1,800	2,076
Claims and other annuities	567	0	567
Annuities	826	231	1,057
Income element of annuities	826	3,568	4,394

take to  
expense sum.

**Losses brought forward**

Notional Case I	0	take to NCI
GRU Case VI	0	
Capital losses	0	

**LIABILITIES**

	BLAGAB	GRU	TOTAL
<b>Opening liabilities</b>			
Non-linked with profit	836,442	277,266	1,113,708
Non-linked without profit	219,655	81,953	301,608
Linked	87,973	37,703	125,676
	1,144,070	396,922	1,540,992
<b>Closing liabilities</b>			
Non-linked with profit	744,687	493,697	1,238,384
Non-linked without profit	266,648	99,893	366,541
Linked	99,099	42,471	141,570
	1,110,434	636,061	1,746,495

**SURPLUS & BONUSES**

Surplus arising in the year	206,879	take to NCI
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**Payments made in anticipation**

Opening	26,694	0	6,674	33,368
Closing	29,249	0	7,312	36,561
				69,929

**Reversionary bonuses**

Opening	36,277	0	9,069	45,346
Closing	39,357	0	9,839	49,196
				94,542

**ASSETS**

**Opening and closing linked assets**

	BLAGAB	Hybrid	GRU	TOTAL
Opening linked assets	56,578	22,631	33,947	113,156
Closing linked assets	64,864	25,945	38,918	129,727

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**Part 3 data : Case VI example - non-profit fund**

**Non-Profit Fund**

**Take to**

	BLAGAB	GRU	TOTAL	
<b>Opening liabilities</b>				
Linked	87,973	37,703	125,676	432C proportions
Non-linked	219,655	81,953	301,608	432C proportions
	<u>307,628</u>	<u>119,656</u>	<u>427,284</u>	
<b>Closing liabilities</b>				
Linked	99,099	42,471	141,570	432C proportions
Non-linked	266,648	99,893	366,541	432C proportions
	<u>365,747</u>	<u>142,364</u>	<u>508,111</u>	

**Opening and closing linked assets**

	BLAGAB	GRU	TOTAL	
Opening linked assets	56,578	33,947	90,525	432C proportions
Closing linked assets	64,864	38,918	103,782	432C proportions

**Investment income (assuming no gains)**

	Dividend income	Loan Relationship income	Rent	Total	
BLAGAB linked	765	331	1	1,097	432C allocation
GRU linked	230	198	1	429	432C allocation
Non-linked	8,956	12,855	171	21,983	432C allocation
Total non-profit fund	<u>9,951</u>	<u>13,384</u>	<u>173</u>	<u>23,508</u>	

**Notes**

Amount attributable to non-profit fund for this exercise = 20% of total

# Death and Taxes plc

## Corporation Tax Computations for the Year Ended 31 December 2007

### Part 3 data : Case VI example - with-profit fund

#### With-Profit Fund

Take to

	BLAGAB	GRU	TOTAL	
<b>Opening liabilities</b>				
Non-linked with profit	836,442	277,266	1,113,708	
Non-linked without profit	219,655	81,953	301,608	
Linked	87,973	37,703	125,676	
	<u>1,144,070</u>	<u>396,922</u>	<u>1,540,992</u>	432E needs
<b>Closing liabilities</b>				
Non-linked with profit	744,687	493,697	1,238,384	
Non-linked without profit	266,648	99,893	366,541	
Linked	99,099	42,471	141,570	
	<u>1,110,434</u>	<u>636,061</u>	<u>1,746,495</u>	432E needs
<b>Surplus arising in the year (Form 58.35)</b>			<u>206,879</u>	432E needs
<b>Payments made in anticipation</b>				
Opening	26,694	6,674	33,368	
Closing	<u>29,249</u>	<u>7,312</u>	<u>36,561</u>	432E needs
			<u>69,929</u>	
<b>Reversionary bonuses</b>				
Opening	<u>36,277</u>	<u>9,069</u>	<u>45,346</u>	432E needs
Closing	<u>39,357</u>	<u>9,839</u>	<u>49,196</u>	432E needs
			<u>94,542</u>	
<b>Opening and closing linked assets</b>				
	<b>BLAGAB</b>	<b>Hybrid</b>	<b>GRU</b>	<b>TOTAL</b>
Opening linked assets	56,578	22,631	33,947	113,156
Closing linked assets	64,864	25,945	38,918	129,727
<b>Premiums and claims</b>				
	<b>BLAGAB</b>	<b>GRU</b>	<b>TOTAL</b>	
Premiums	<u>200,243</u>	<u>84,614</u>	<u>284,857</u>	432E needs
Claims	<u>(120,587)</u>	<u>(57,805)</u>	<u>(178,392)</u>	432E needs
<b>Taxation</b>				
Form 40.24	<u>71,870</u>	<u>0</u>	<u>71,870</u>	432E needs

**Long term business : Valuation result and distribution of surplus**Name of company: **Death and Taxes plc**

Global business

Financial year ended 31 December 2007

Category of surplus - Total

Global business		Company registration number	GL/UK/CM	Period ended		Units	Category of surplus		
Financial year ended 31 December 2007				day	month	year			
Category of surplus - Total		R58	1234567	GL	31	12	2007	£	11
Valuation result	Fund carried forward				11				1,953,374
	Bonus payments made to policyholders in anticipation of a surplus				12				36,561
	Transfers out of fund/ parts of fund	Transfer to non-technical account			13				9,528
		Transfer to other funds/parts of funds			14				
	Net transfer out of funds/parts of funds (13+14)				15				9,528
	Total (11+12+15)				16				1,999,463
	Mathematical reserves for accumulating with profit policies				17				
	Mathematical reserves for other non-linked contracts				18				1,238,384
	Mathematical reserves for property linked contracts				19				141,570
	Mathematical reserves for index linked contracts				20				366,541
	Total (17 to 20)				21				1,746,495
	Surplus including contingency and other reserves held towards the solvency margin (deficiency) (16-21)				29				252,968
Composition of surplus	Balance of surplus brought forward unappropriated from last valuation				31				46,089
	Transfers into fund/part of fund	Transfer from non-technical account			32				
		Transfer from other funds/parts of fund			33				
	Net transfer into fund/part of fund (32+33)				34				
	Surplus arising since the last valuation				35				206,879
	Total (31+34+35)				39				252,968
Distribution of surplus	Bonus payments made to policyholders in anticipation of a surplus				41				36,561
	Allocated to policyholders by way of	Cash bonuses			42				
		Reversionary bonuses			43				49,196
		Other bonuses			44				
		Premium reductions			45				
	Total allocated to policyholders (41 to 45)				46				85,757
	Net transfer out of fund/part of fund				47				9,528
	Total distributed surplus (46+47)				48				95,285
	Balance of surplus (including contingency and other reserves held towards the solvency margin) carried forward unappropriated				49				157,683
Total (48+49)				59				252,968	
Percentage of distributed surplus allocated to policyholders of fund/part of fund					61				90.00%
Corresponding percentage at three immediately previous valuations	Latest (31 December 2005 )				62				90.00%
	Earlier (31 December 2004 )				63				90.00%
	Earlier (31 December 2003 )				64				90.00%