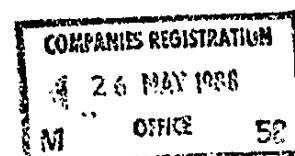


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Property Growth Pensions and Annuities Limited

Report and Accounts 1987



Property Growth Pensions and Annuities Limited

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at No. 1 Bartholomew Lane, London EC2, on Friday 6th May, 1988 at 11.00 a.m. to transact the ordinary business of the Company.

By order of the directors

H. SILVER

Secretary

14th April, 1988

Note:- A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

Directors

R.A.G. Neville, V.R.D., Chairman

J.H. Aubrey

W.G. Niven

D.D. Stringer

B.A. Wright

Actuary

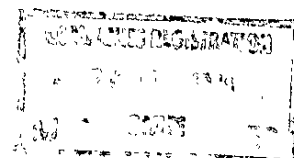
S.L. Smaller, F.I.A., F.P.M.I.

Secretary

H. Silver, Barrister

Registered office

1 Bartholomew Lane, London EC2N 2AB



Property Growth Pensions and Annuities Limited

Directors' report for the year ended 19th December, 1987

Activities

The Company transacts ordinary long-term insurance business.

Group reinsurance

The liabilities of the Company, with the exception of those relating to individual bonds, continued to be reassured with other companies in the Sun Alliance Insurance Group.

Results for the year

The profit for the year is shown in the profit and loss account on page 4.

It is proposed that no dividend be paid for 1987 and that the balance on profit and loss account be retained.

Directors

The directors whose names appear on page 1 served during the year. Mr. G. Bowler also served until he resigned on 30th June, 1987.

Mr. R.A.G. Neville was appointed a director and Chairman of the Company on 1st July, 1987.

Mr. J.H. Aubrey held options over 2,130 shares of 25p each of Sun Alliance and London Insurance plc granted under the Sun Alliance Savings Related Share Option Scheme at 20th December, 1986 and at 19th December, 1987.

Mr. D.D. Stringer held £3,399 of the 10½% unsecured loan notes 1987 of Sun Alliance and London Insurance plc at 20th December, 1986 which were redeemed on 30th September, 1987.

Auditors

In accordance with section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors of the Company will be put to the Annual General Meeting.

By order of the directors

H. SILVER

Secretary

24th March, 1988

**Report of the auditors to the members of
Property Growth Pensions and Annuities Limited**

We have audited the accounts for the year ended 19th December, 1987 on pages 3 to 6 in accordance with approved Auditing Standards.

In our opinion the accounts comply with the provisions of the Companies Act 1985 applicable to insurance companies. The accounts do not include the statement of source and application of funds required by Statement of Standard Accounting Practice number 10.

Deloitte Haskins & Sells

Chartered Accountants

24th March, 1988

Property Growth Pensions and Annuities Limited

Long-term insurance revenue account
for the year ended 19th December, 1987

	Notes	1987 £000	1986 £000
Premiums less reinsurance	3	3,179	10,009
Investment income	4	899	3,493
Net profit on sale of investments		119	6,595
Net unrealised depreciation of investments		(49)	(2,336)
		<u>4,148</u>	<u>17,761</u>
less:			
Claims and surrenders	3	(616)	6,512
Portfolio transfer		-	103,888
Commission		2,381	1,662
Expenses		1,021	1,051
Taxation	5	(70)	(32)
Transfer to profit and loss account		-	-
		<u>2,716</u>	<u>113,081</u>
Increase (decrease) in fund		<u>1,432</u>	<u>(95,320)</u>
Long-term insurance balance sheet at 19th December, 1987			
Fund		8,356	6,924
Other liabilities including provisions			
Mortgages		88	88
Bank overdraft		-	16
Sundry creditors		243	939
Due to Holding Company		1,174	270
Due to fellow subsidiary		5,967	7,324
		<u>15,828</u>	<u>15,561</u>
Investments			
British Government and municipal securities		2,943	2,104
Preference stocks and shares		21	-
Ordinary stocks and shares		543	533
Property		2,409	2,192
Mortgages		-	55
Loans to policyholders		1,997	2,208
Deposits at interest		6,454	6,919
		<u>14,367</u>	<u>14,011</u>
Current assets			
Sundry debtors		1,004	980
Bank balances		457	570
		<u>15,828</u>	<u>15,561</u>

This balance sheet forms part of the balance sheet appearing on page 4

Property Growth Pensions and Annuities Limited

Profit and loss account
for the year ended 19th December, 1987

	Notes	1987 £000	1986 £000
Long-term insurance transfer		-	-
Investment income		200	204
Profit before taxation		200	204
Taxation	5	70	-
Profit after taxation		130	204
Balance brought forward		341	137
Balance carried forward		471	341

Balance sheet
at 19th December, 1987

		1987 £000	1986 £000
Share capital	6	1,000	1,000
Reserves		745	745
Profit and loss account		471	341
		2,216	2,086
Long-term insurance funds and liabilities (see separate balance sheet page 3)		15,828	15,561
		18,044	17,647
Assets		2,216	2,086
Deposits at interest		15,828	15,561
Long-term insurance assets (see separate balance sheet page 3)		18,044	17,647

The accounts on pages 3 to 6 were approved by the directors
on 24th March, 1988 and were signed on their behalf by:-

R.A.G. Neill
[Signature]

, Director

, Director

Property Growth Pensions and Annuities Limited

Notes on the accounts

1. Accounting and disclosure requirements

Insurance companies are not required to comply with the accounting and disclosure provisions of Chapter I of Part VII of the Companies Act 1985 and accordingly the accounts are prepared in accordance with Chapter II of that Part of the Act.

2. Accounting policies

(a) Long-term insurance business

The profits on long-term insurance business are determined annually by actuarial valuation.

(b) Investment income

Income on listed investments of the unit-linked funds is included by reference to ex-dividend dates. Other investment income is included on an accruals basis.

(c) Investments

In the long-term insurance balance sheet, investments of the unit-linked funds are stated at the market value as determined in accordance with the policy terms.

Realised and unrealised investment profits and losses are dealt with through the long-term insurance revenue account.

3. Group reinsurance

Premiums of £15,866,000 (1986 £14,586,000) were paid to and claims of £23,983,000 (1986 £19,596,000) were recovered from group companies during the year under reinsurance agreements entered into in 1986.

4. Investment income

Investment income is shown after deduction of:

	1987 £000	1986 £000
Interest payable on bank and other loans repayable within 5 years	309	866
Interest payable on other loans	14	15

Property Growth Pensions and Annuities Limited

Notes on the accounts continued

5. Taxation

The charges/(credits) for taxation comprise:

	Long-term Insurance revenue account		Profit and loss account	
	1987	1986	1987	1986
	£000	£000	£000	£000
UK corporation tax current provision	(70)	-	70	-
deferred taxation	-	(32)	-	-
	<u>(70)</u>	<u>(32)</u>	<u>70</u>	<u>-</u>

UK corporation tax included in the profit and loss account, calculated at 35.00% (1986 36.25%), is based on the profit for the year.

6. Share capital

	1987 £	1986 £
Authorised issued and fully paid 1,000,000 5% deferred non-cumulative preference shares of £1 each	1,000,000	1,000,000
100 ordinary shares of £1 each	100	100
	<u>1,000,100</u>	<u>1,000,100</u>

7. Directors' emoluments

No emoluments were paid or are payable to the directors in 1987 or 1986.

8. Auditors' remuneration

The remuneration of the auditors of the company amounted to £12,000 (1986 £17,700).

9. Ultimate Holding Company

The Company's ultimate Holding Company is Sun Alliance and London Insurance plc which is incorporated in Great Britain.