

151731

171

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

DIRECTORS' REPORT AND ACCOUNTS
for the year ended 15th DECEMBER 1984



PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

CONTENTS

	<u>Page</u>
Directors	1
Report of the directors	2
Report of the auditors	2
Profit and loss account	3
Long-term business revenue account	4
Balance sheet	5
Notes to the accounts	6

1.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

DIRECTORS	M.H. Field FIA FCIA	Chairman
	D.D. Stringer	Managing Director
	J.H. Aubrey MA	
	S.A. Barnett BSc FIA	
	R.G. Williams LLB	
SECRETARY	J.H. Aubrey MA	
ACTUARY	S.A. Barnett BSc FIA	
AUDITORS	Touche Ross & Co., Hill House, 1 Little New Street, London, EC4A 3TR.	

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

2.

REPORT OF THE DIRECTORS
for the year ended 15th DECEMBER 1984

1. BUSINESS

The company continued to carry on ordinary long-term insurance business.

2. DIRECTORS

The names of the persons who were directors of the company during the year ended 15th December 1984 are given on page 1.

3. DIRECTORS' INTERESTS

All persons who were directors of the company at 15th December 1984 were also directors of the holding company, Property Growth Assurance Company Limited, and their relevant interests in group companies are given with the accounts of that company.

4. AUDITORS

Touche Ross & Co. have indicated their willingness to be re-appointed at the forthcoming annual general meeting.

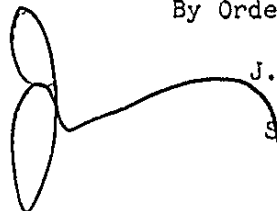
Leon House,
High Street,
Croydon, CR9 1LU.

14th March 1985.

By Order of the Board,

J.H. AUBREY,

Secretary.

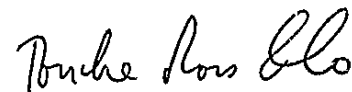


REPORT OF THE AUDITORS TO THE MEMBERS OF
PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

We have audited the accounts and notes on pages 3 to 11 in accordance with approved Auditing Standards.

In our opinion the accounts and notes comply with the provisions of the Companies Acts 1948 to 1981 applicable to insurance companies.

Touche Ross & Co.,
Hill House,
1 Little New Street,
London, EC4A 3TR.



TOUCHE ROSS & CO.

14th March 1985.

Chartered Accountants.

3.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 15th DECEMBER 1984

	NOTES	1984	1983
		£	£
Adverse balance brought forward		(730,141)	(730,141)
Transfer from reserves	7	1,405,036	700,000
Interest receivable		26,105	26,637
Management expenses		(1,000)	(1,000)
Transfer to long-term business revenue account	5	(700,000)	(725,637)
Balance carried forward		----- - =====	----- (£730,141) =====

The notes on pages 6 to 11 form part of these accounts.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

4.

LONG-TERM BUSINESS REVENUE ACCOUNT
for the year ended 15th DECEMBER 1984

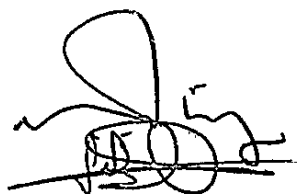
	NOTES	1984	1983
		£	£
Balance at beginning of year		33,845,876	25,354,396
Disposal of foreign fund	2	-	(1,205,971)
		-----	-----
		33,845,876	24,148,425
Premiums (net of reinsurance)	1	29,675,875	9,352,692
Interest, dividends and rents receivable	1	4,301,262	2,743,577
Net gain on revaluation or disposal of investments	1	2,474,536	1,216,868
Transfer from profit and loss account	5	700,000	725,637
		37,151,673	14,038,774
		-----	-----
		70,997,549	38,187,199
Claims (net of reinsurance)	1	3,708,866	1,066,396
Commission payable		2,087,318	1,486,131
Management expenses	3	2,380,571	1,791,436
Taxation charge (cred t)	1,4	9,707	(2,640)
		8,186,462	4,341,323
		-----	-----
Balance at end of year		£62,811,087	£33,845,876
		=====	=====

The notes on pages 6 to 11 form part of these accounts.

5.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITEDBALANCE SHEET at 15th DECEMBER 1984

	NOTES	1984	1983
		£	£
INVESTED ASSETS	1,9	63,126,355	35,013,055
LOANS TO POLICYHOLDERS	1,10	812,887	499,265
CURRENT ASSETS	1		
Debtors and prepayments		1,352,096	866,127
Taxation recoverable		784,363	435,386
Bank balances and cash		2,212,402	469,145
		4,348,861	1,770,658
		£68,288,103	£37,282,978
		=====	=====
SHARE CAPITAL	6	1,000,100	1,000,100
RESERVES	7	194,964	-
PROFIT AND LOSS ACCOUNT	5	-	(730,141)
		1,195,064	269,959
		62,811,087	33,845,876
LIFE FUND			
DEFERRED TAXATION	1,4	26,972	18,176
AMOUNT DUE TO HOLDING COMPANY		239,425	173,329
MORTGAGES	8	87,578	89,178
CURRENT LIABILITIES			
Short term loans		3,250,000	2,000,000
Creditors and accruals		647,802	719,920
Bank overdrafts (secured)		30,175	166,540
		3,927,977	2,886,460
		£68,288,103	£37,282,978
		=====	=====



D.D. STRINGER Managing Director

S.A. BARNETT Director

The notes on pages 6 to 11 form part of these accounts.

NOTES TO THE ACCOUNTS
for the year ended 15th DECEMBER 1984

1. ACCOUNTING POLICIES

The principal accounting policies observed by the company are as follows:

a Disclosure requirements

In preparing these accounts the company avails itself of certain exemptions from disclosure available to it as an insurance company under the Companies Acts and the accounts comply with statements of standard accounting practice except to the extent that compliance would override the exemptions.

b Premiums

Premiums are not credited to the long-term business revenue account until proposals have been accepted and cash received. Premiums due on or before 15th December 1984 but not received at that date are not included in these accounts.

c Interest, dividends and rents

Investment income is accounted for on an accruals basis except for dividends which are included upon receipt.

d Claims

All death claims notified to the company on or before 15th December 1984 have been included in these accounts. Other claims are debited to the long-term business revenue account on payment.

e Assets

i Linked assets, which are identified in the records of the company as being notionally allocated to unit-linked policies, are stated in the accounts as follows:

Properties - at open market independent professional valuation at 15th December 1984 with the exception of those in individual funds which are included at cost or at recent valuation.

Quoted investments and unit trusts - at middle market price at 15th December 1984.

Deposits and local authority loans - at cost. Interest accrued is included in debtors.

Other assets - at the amount which can reasonably be expected to be received upon realisation.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 15th DECEMBER 1984
(continued)

1. ACCOUNTING POLICIES (continued)

ii Assets other than linked assets have been valued in the manner required by the Insurance Companies Regulations 1981 without applying Regulation 49 of those regulations which requires certain assets to be taken into account only to a specified extent.

iii Gains and losses arising on the revaluation or disposal of assets are taken to the long-term business revenue account.

f Actuarial valuation

The liabilities to policyholders are valued annually by the actuary. If, on the advice of the actuary, the directors determine that any part of the surplus should be attributed to shareholders, then that part is transferred to the profit and loss account.

g Taxation

i Provision is made for the company's liability to United Kingdom corporation tax on the basis applicable to a life insurance company.

ii Deferred taxation -

a Provision is made for deferred taxation in respect of the excess of short term timing differences over available taxation losses.

b In the case of unrealised appreciation of linked investments, where tax will ultimately be borne by the holders of linked policies appropriate provisions for deferred taxation are made by the actuary in his valuation of linked funds. In the case of unrealised appreciation of non-linked investments and of other timing differences, provision is made for deferred taxation (calculated on the liability method) except to the extent that the directors do not expect liabilities to crystallise in the foreseeable future.

h Foreign exchange

Assets and liabilities in overseas currencies have been translated into sterling at the exchange rates ruling at the balance sheet date. Gains and losses on exchange are reflected in the long-term business revenue account.

2. DISPOSAL OF FOREIGN FUND

Under an agreement effective from 12th December 1982 the company disposed of the separate Cyprus life assurance fund, together with the full benefits and liabilities arising on the long-term business in Cyprus.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

8.

NOTES TO THE ACCOUNTS
for the year ended 15th DECEMBER 1984
(continued)

3. MANAGEMENT EXPENSES

a Management expenses of £2,380,571 include the following:

	1984	1983
	£	£
Auditors' remuneration including that relating to the audit of the pricing of units	26,000	26,000
Interest payable on:		
Long term loans (see note 8)	11,837	12,197
Bank and other loans repayable within five years	257,540	38,601
	269,377	50,798

b The services of the directors are provided by holding companies and no part of their remuneration is specifically attributed to their services to this company.

4. TAXATION

a Taxation - long-term business revenue account -	1984	1983
	£	£
Linked funds -		
Transfer to/(from) deferred taxation	8,796	(3,307)
Non-linked funds -		
Overseas taxation written off	911	667
Taxation charge/(credit)	£9,707	(£2,640)
	=====	=====
b Deferred taxation - balance sheet	1984	1983
Linked funds -		
On unrealised net appreciation of investments	£26,972	£18,176
	=====	=====

9. PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 15th DECEMBER 1984
(continued)

4. TAXATION (continued)

The deferred taxation in respect of short term timing differences provided for in these accounts is:

	Amount provided
	£
Capital allowances	-
Other timing differences	429,000
Taxation losses	(429,000)

	-
	=====

The potential amount of deferred taxation which will not ultimately be borne by the holders of linked policies is fully offset by available taxation losses.

5. PROFIT AND LOSS ACCOUNT

The net credit balance arising on the account has been wholly transferred to the long-term business revenue account to satisfy solvency requirements.

6. SHARE CAPITAL	1984	1983
	£	£
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
	-----	-----
	£1,000,100	£1,000,100
	=====	=====

7. RESERVES

The sum of £1,600,000 was received during the year from Property Growth Assurance Company Limited, by way of contribution to reserves. £1,405,036 was subsequently transferred to the credit of the profit and loss account leaving a balance on this account of £194,964.

8. MORTGAGES

The amount of £87,578 comprises four mortgage loans repayable at dates between 1994 and 2002 secured on freehold property. Interest is payable at 14.75% on one loan of £16,000 and on the remainder at rates based on the Building Societies Association recommended lending rate.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

10.

NOTES TO THE ACCOUNTS
for the year ended 15th DECEMBER 1984
(continued)

9. INVESTED ASSETS	1984	1983
	£	£
Properties	6,145,929	4,414,301
Fixed income investments - British Government Gilt Edged Securities	5,097,166	3,744,806
Variable income investments - Quoted	12,158,370	6,811,905
Authorised unit trusts	1,002,801	549,569
	13,161,171	7,361,474
Mortgages and debenture	2,266,960	2,270,145
Deposits - Deposits at banks and other deposits	28,451,043	15,458,582
Certificates of deposit	1,575,382	-
	30,027,325	15,458,582
Local authority loans	6,427,804	1,763,747
	£63,126,355	£35,013,055
	=====	=====

Property valuations were carried out as at 15th December 1984 by Messrs. Weatherall Green & Smith.

10. LOANS TO POLICYHOLDERS

The amount of £812,887 includes an amount of £21,962 (1983 - £21,962) being an interest free loan to a policyholder made on the security of an annuity policy issued by the company the liability under which is fixed and equal to the amount of the loan outstanding. The remainder of the loans outstanding comprises interest bearing loans secured on both life and annuity policies issued by the company, the liabilities under these policies vary with changes in the prices of the units allocated to the policies.

11.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 15th DECEMBER 1984
 (continued)

11. CAPITAL COMMITMENTS

At 15th December 1984 commitments for capital expenditure for which no provision has been made in the accounts were as follows:

	1984	1983
	£	£
Contracts for capital expenditure	338,000	1,183,000
Expenditure authorised but not yet contracted for	-	-
	=====	=====

12. ULTIMATE HOLDING COMPANY

The ultimate holding company is Sun Alliance and London Insurance plc, a company incorporated in Great Britain.

13. APPROVAL OF ACCOUNTS

At a meeting on 14th March 1985 the directors approved the publication of these accounts.