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certified a true copy.

[Signature]
Director

[Signature]
Secretary

Property Growth Pensions and Annuities Limited

Report of the Directors and Accounts
for the year ended 18th December 1979



PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

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PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

1.

DIRECTORS

M.H. Field FIA FCIA Chairman
(appointed 8th January 1979)
D.D. Stringer Managing director
J.H. Aubrey MA
S.A. Barnett BSc FIA
R.G. Williams LLB
E.W. Phillips MBE Former chairman
(resigned 8th January 1979)

SECRETARY

J.H. Aubrey MA

ACTUARY

S.A. Barnett BSc FIA

AUDITORS

Binder Hamlyn
8, St. Bride Street, London, EC4A 4DA

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

2.

REPORT OF THE DIRECTORS
for the year ended 18th DECEMBER 1979

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 18th December 1979 are given on page 1.

3. DIRECTORS' SHAREHOLDINGS

All persons who were directors of the company at 18th December 1979 were also directors of the holding company, Property Growth Assurance Company Limited, and their interests in the shares of companies in the group are given with the accounts of that company.

4. AUDITORS

A resolution will be presented at the annual general meeting of the company to reappoint Binder Hamlyn as auditors.

By Order of the Board,

J.H. AUBREY,

Secretary.

Leon House,
High Street,
Croydon, CR9 1LU

13th March 1980

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

3.

PROFIT AND LOSS ACCOUNT
for the year ended 18th DECEMBER 1979

	<u>Note</u>	<u>12 months to 18th December 1979</u>	<u>9 months to 18th December 1978</u>
		<u>£</u>	<u>£</u>
Adverse balance brought forward		(230,141)	(230,141)
Interest receivable		<u>58,729</u>	<u>51,274</u>
		(171,412)	(178,867)
Management expenses		<div style="border: 1px solid black; padding: 2px;">1,000</div>	<div style="border: 1px solid black; padding: 2px;">1,000</div>
Transfer to long-term business revenue account	5	<div style="border: 1px solid black; padding: 2px;">57,729</div>	<div style="border: 1px solid black; padding: 2px;">50,274</div>
		<u>(58,729)</u>	<u>(51,274)</u>
Adverse balance carried forward		<u>(£230,141)</u>	<u>(£230,141)</u>

The notes on pages 6 to 10 form part of these accounts.

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

In our opinion the accounts of the company for the year ended 18th December 1979 set out on pages 3 to 10 comply with the provisions of the Companies Acts 1948 and 1967 applicable to insurance companies.

8, St. Bride Street,
London, EC4A 4DA.

BINDER HAMLYN

13th March 1980

Chartered Accountants.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

4.

LONG-TERM BUSINESS REVENUE ACCOUNT
for the year ended 18th DECEMBER 1979

	<u>Notes</u>	12 months to 18th December 1979 £	9 months to 18th December 1978 £
Fund at beginning of year		6,311,372	6,908,520
Premiums (net of reinsurance)	1	3,342,905	1,868,160
Interest, dividends and rents receivable		806,570	584,753
Net gain on revaluation or disposal of investments	1	54,355	146,355
Transfer from profit and loss account	5	57,729	50,274
		<u>4,261,559</u>	<u>2,649,542</u>
		10,572,931	9,558,062
Claims (net of reinsurance)	1	1,462,706	2,123,239
Commission payable		639,297	445,341
Management expenses	2	897,362	677,436
Taxation	1,3	17,620	674
		<u>3,016,985</u>	<u>3,246,690</u>
Fund at end of year		<u><u>£7,555,946</u></u>	<u><u>£6,311,372</u></u>

The notes on pages 6 to 10 form part of these accounts.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

BALANCE SHEET at 18th DECEMBER 1979

	<u>Notes</u>	<u>1979</u> £	<u>1978</u> £
INVESTED ASSETS	1,4	8,439,047	7,360,583
LOANS TO POLICYHOLDERS	7	32,606	31,073
CURRENT ASSETS	1		
Debtors		230,095	233,128
Taxation recoverable (net of liabilities)	3	285,802	292,268
Bank balances and cash		135,763	35,146
		651,660	560,542
EQUIPMENT, at cost less depreciation		12,805	6,214
		£9,136,118	£7,958,412
SHARE CAPITAL	6	1,000,100	1,000,100
PROFIT AND LOSS ACCOUNT	5	(230,141)	(230,141)
		769,959	769,959
LIFE FUND		7,555,946	6,311,372
DEFERRED TAXATION	1,3	32,746	14,044
AMOUNT DUE TO HOLDING COMPANY		398,057	530,066
CURRENT LIABILITIES			
Creditors and accruals		246,653	247,926
Bank overdraft (secured)		132,757	85,045
		379,410	332,971
		£9,136,118	£7,958,412

D.D. STRINGER Managing director

J.H. AUBREY Director and Secretary

The notes on pages 6 to 10 form part of these accounts.

6.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 18th DECEMBER 1979

1. ACCOUNTING POLICIES

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

a 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 18th December 1979 but not received at that date are not included in these accounts.

b Claims

All death claims notified to the company on or before 18th December 1979 have been included in these accounts. Other claims are debited to the long-term business revenue account on payment.

c 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 18th December 1979 (see note 4).

Quoted investments - at offered price at 18th December 1979.

Unquoted investments - at directors' valuation at 18th December 1979.

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.

- ii Assets other than linked assets have been valued in the manner required by the Insurance Companies (Valuation of Assets) Regulations 1976.

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

d 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.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

NOTES TO THE ACCOUNTS
for the year ended 18th DECEMBER 1979
(continued)

1. ACCOUNTING POLICIES (continued)

e Deferred taxation

i Capital gains. Provision is made for the corporation tax that might become payable in the event of future sales of investments at the amounts at which they are stated in these accounts.

ii Income and expenditure. The provision for taxation is adjusted in order to eliminate the effect of timing differences between the financial years in which income and expenditure are recorded in the accounts and the accounting periods in which they are brought into charge for taxation.

f 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. MANAGEMENT EXPENSES

As in the previous period the directors received no emoluments. Auditors' remuneration amounts to £9,000 (1978 - £8,000).

3. TAXATION

The company is liable to United Kingdom corporation tax on the basis applicable to life insurance companies.

a Taxation - long-term business revenue account

	12 months to 18th December 1979	9 months to 18th December 1978
	£	£
Current year -		
Transfer from (to) deferred taxation	18,702	(484)
Income tax written off	-	1,158
Previous years -		
Income tax written back	(1,082)	-
	£17,620	£674
b Deferred taxation - balance sheet	<u>£32,746</u>	<u>£14,044</u>
On unrealised capital gains	<u>£32,746</u>	<u>£14,044</u>

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

8.

NOTES TO THE ACCOUNTS
for the year ended 18th DECEMBER 1979
(continued)

3. TAXATION (continued)

c Taxation recoverable (net of liabilities) - balance sheet

The Inland Revenue is contesting the company's claim for the repayment of income tax of approximately £315,000 included in the item "Taxation recoverable (net of liabilities)" in current assets. Counsel has advised the directors that the Inland Revenue's contention is incorrect and that repayment of the income tax is due, although this may not be immediate.

In these circumstances, the directors do not consider that it would be appropriate to make any provision against the amount of the income tax recoverable.

4. INVESTED ASSETS

	<u>1979</u>	<u>1978</u>
	£	£
Properties	1,072,500	728,500
Fixed income investments -		
British Government	311,636	302,071
Other Government	247,500	202,958
	559,136	505,029
Variable income investments -		
Quoted	1,064,702	908,171
Unquoted	85,550	59,932
	1,150,252	968,103
Mortgages and debenture	191,004	191,004
Deposits -		
Fixed deposits at banks	1,593,121	1,022,947
Other fixed deposits	2,490,000	2,055,000
Certificates of deposit	593,034	550,000
	4,676,155	3,627,947
Local authority loans	790,000	1,340,000
	£8,439,047	£7,360,583

Property valuations were carried out by Messrs. Weatherall Green & Smith.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

9.

NOTES TO THE ACCOUNTS
for the year ended 18th DECEMBER 1979
(continued)

4. INVESTED ASSETS (continued)

Fixed deposits at banks of £1,593,121 include a deposit of £550,000 with Williams & Glyn's Bank Limited which was due for repayment on the 1st September 1976 and which has not yet been paid. The bank is withholding repayment on the grounds that another party is claiming this deposit. The company is now engaged in legal action in order to secure the release of its deposit.

The company has received Counsels' opinion on this matter on the basis of which the directors are confident that the company has legal remedies available to it for the recovery of the amount which is due. Accordingly no provision has been made against this amount but a provision of £75,000 is available for possible costs of the legal action which may prove to be irrecoverable.

5. PROFIT AND LOSS ACCOUNT

The net profit arising during the year on the account has been transferred to the long-term business revenue account.

6. SHARE CAPITAL

	<u>1979</u>	<u>1978</u>
	£	£
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. LOANS TO POLICYHOLDERS

The amount of £32,606 comprises interest bearing loans to policyholders made on the security of certain life policies issued by the company. The liabilities under these policies vary with changes in the prices of the units allocated to the policies.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

10.

NOTES TO THE ACCOUNTS
for the year ended 18th DECEMBER 1979
(continued)

8. CAPITAL COMMITMENTS

At 18th December 1979 commitments for capital expenditure for which no provision has been made in the accounts were as follows:

	<u>1979</u>	<u>1978</u>
Contracts for capital expenditure	£240,000	£133,000
Expenditure authorised but not yet contracted for	-	-

9. ULTIMATE HOLDING COMPANY

The ultimate holding company is Phoenix Assurance Company Limited, a company incorporated in Great Britain.

JEFFREY HAROLD AUBREY

DIRECTORSHIPS

Property Growth (Holdings) Ltd.
Property Growth Assurance Company Limited
Property Growth Pensions & Annuities Limited
Bretmead Limited
Atlantic Assurance Services Limited
Property People Limited
J.A. Management Services Limited
Pomerance Furs Limited
K.Lewis & Sons (Imports & Exports) Limited

MARSHALL HAYWARD FIELD

DIRECTORSHIPS

Phoenix Group Nominees Ltd. ·
Occupational Pensions Information Ltd.
Property Growth Pensions & Annuities Ltd.
Ebor Phoenix Assurance Co.Ltd.
The Acadia Life Insurance Co.Ltd.
The Provident Life Assurance Co.Ltd.
Phoenix Assurance Company of Australia Ltd.

R. G. WILLIAMS - DIRECTORSHIPS

Property Growth Assurance Company Limited
Property Growth (Pensions & Annuities) Limited
Property Growth(Holdings) Limited
Property People Limited
Bretmead Limited
Atlantic Assurance Services Limited
Lysander Securities Limited
Cressida Investments Limited
Voxkern Limited
Mossgrand Limited

Flameless Furnaces Limited
Appa Thermal Exchanges Limited

Charterhall Investment Services Limited
Charterhall Investment Services (Finance) Limited

Mairdoh Limited
Rowans School Limited
Yesterday Restaurants Limited

Empers Estates Limited
Lysander Marine Charter, Limited
Fernside Developments Limited
The Sea Company Limited
Lysander Leasing Limited
Fireward Limited
Lysander Marine Limited
Lysander Marine Limited
Lysander Marine Limited
Lysander Marine Limited
Lysander Marine Limited