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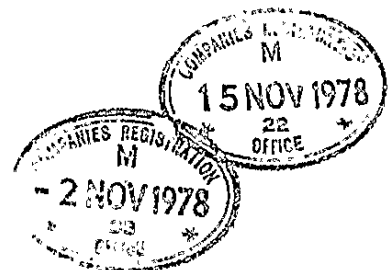
[Signature] Director

[Signature] Secretary

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PROPERTY GROWTH
PENSIONS & ANNUITIES LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS
for the year ended 23rd March 1978



PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

REPORT OF THE DIRECTORS AND ACCOUNTS
for the year ended 23rd MARCH 1978

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PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITEDDIRECTORS

E.W. Phillips, M.B.E.	Chairman
D.D. Stringer	Managing director
J.H. Aubrey, M.A.	
S.A. Barnett, B.Sc., F.I.A.	
R.G. Williams, LL.B.	
P.W. Hutley, F.R.I.C.S.	(resigned 1st June 1977)

SECRETARY

J.H. Aubrey, M.A.

ACTUARY

S.A. Barnett, B.Sc., F.I.A.

AUDITORS

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

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

REPORT OF THE DIRECTORS
for the year ended 23rd MARCH 1978

1. BUSINESS

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

2. CHANGE OF OWNERSHIP

On 2nd May 1977 the entire share capital of the ultimate holding company, Shenley Investments Limited, was acquired by Phoenix Assurance Company Limited.

3. DIRECTORS

The names of the persons who were directors of the company during the year ended 23rd March 1978 are given on page 1.

4. DIRECTORS' SHAREHOLDINGS

All persons who were directors of the company at 23rd March 1978 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.

5. 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

18th September 1978

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 23rd March 1978 set out on pages 3 to 8 comply with the provisions of the Companies Act 1948 and 1967 applicable to insurance companies.

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

BINDER HAMLYN
Chartered Accountants

18th September 1978

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

LONG-TERM BUSINESS REVENUE ACCOUNT

for the year ended 23rd MARCH 1978

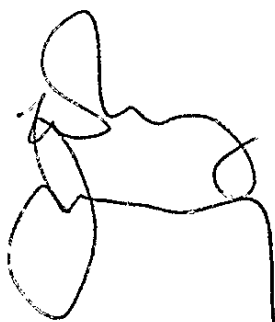
	<u>Notes</u>	<u>1978</u>	<u>1977 (15 months)</u>
		£	£
Fund at beginning of year		7,815,154	15,116,685
Premiums (net of reinsurance)	1	1,777,752	6,613,064
Annuities received		-	1,737,692
Interest, dividends and rents receivable		896,834	1,619,321
Foreign currency adjustment		76	24,893
Net gain on revaluation or disposal of investments	1	11,920	50,281
		<u>2,686,582</u>	<u>10,045,251</u>
		10,501,736	25,161,936
Claims (net of reinsurance)	1	2,356,737	13,330,634
Annuity premiums paid		-	3,105,032
Commission payable		334,579	237,651
Management expenses	2	777,372	553,465
Taxation	1, 3	124,528	117,000
		<u>3,593,216</u>	<u>17,346,782</u>
Fund at end of year		<u>£6,908,520</u>	<u>£7,815,154</u>

The notes on pages 5 to 8 form part of these accounts.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

BALANCE SHEET at 23rd MARCH 1978

	<u>Notes</u>	<u>1978</u>	<u>1977</u>
INVESTED ASSETS	1,4	7,940,984	8,946,598
LOANS TO POLICYHOLDERS	7	30,144	23,145
CURRENT ASSETS	1		
Debtors		246,914	282,559
Taxation recoverable (net of liabilities)	3	290,951	686,914
Bank balances and cash		18,402	4,524
		556,267	973,997
EQUIPMENT at cost less depreciation		10,355	-
		<u>£8,537,750</u>	<u>£9,943,740</u>
SHARE CAPITAL	6	1,000,100	1,000,100
PROFIT AND LOSS ACCOUNT	5	(230,141)	(230,141)
		769,959	769,959
LIFE FUND		6,908,520	7,815,154
DEFERRED TAXATION	1,3	14,528	150,000
AMOUNT DUE TO HOLDING COMPANY		415,632	71,901
CURRENT LIABILITIES			
Creditors and accruals		273,405	429,121
Bank overdraft (secured)		155,706	707,605
		429,111	1,136,726
		<u>£8,537,750</u>	<u>£9,943,740</u>



D.D. STRINGER

J.H. AUBREY

Managing director

Director and secretary

The notes on pages 5 to 8 form part of these accounts.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

NOTES TO THE ACCOUNTS

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 23rd March 1978 but not received at that date are not included in these accounts.

(b) Claims

All death claims notified to the company on or before 23rd March 1978 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:

Quoted investments - at offered price at 23rd March 1978

Unquoted investments - at directors' valuation at 23rd March 1978

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

(cont'd)

1. ACCOUNTING POLICIES (cont'd)

(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. In making the adjustments, credit is taken where appropriate for the tax relief on the proportion of future annuity payments attributable to the period ended 23rd March 1978 and for which no provision is made in these accounts, and for excess management expenses carried forward for tax purposes.

(f) Foreign exchange

Assets and liabilities in overseas currencies have been translated to 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 amounted to £8,060 (1977 - £7,900).

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

	<u>1978</u>	<u>1977</u>
	£	£
Current year -		
Transfer (from) to deferred taxation	(135,472)	117,000
Previous years -		
Corporation tax underprovided	260,000	-
	<u>£124,528</u>	<u>£117,000</u>
(b) Deferred taxation - balance sheet		
On accrued income less expenditure	-	150,000
On unrealised capital gains	14,528	-
	<u>£14,528</u>	<u>£150,000</u>

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

NOTES TO THE ACCOUNTS

(cont'd)

3. TAXATION (cont'd)

(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>1978</u> £	<u>1977</u> £
Properties	225,000	237,500
Fixed income investments -		
British Government	520,208	714,241
Other Government	163,662	129,578
	683,870	843,819
Variable income investments -		
Quoted	652,991	671,444
Unquoted	33,235	16,484
	686,226	687,928
Mortgages and debenture	418,392	450,000
Deposits -		
Fixed deposits at banks	1,164,496	657,586
Other fixed deposits	2,323,000	1,670,000
Certificates of deposit	900,000	2,209,765
	4,387,496	4,537,351
Local authority loans	1,540,000	2,190,000
	<u>£7,940,984</u>	<u>£8,946,598</u>

Fixed deposits at banks of £1,164,496 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.

PROPERTY GROWTH PENSIONS AND ANNUITIES LIMITED

NOTES TO THE ACCOUNTS

(cont'd)

4. INVESTED ASSETS (cont'd)

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 has been made for possible costs of the legal action which may prove to be irrecoverable.

5. PROFIT AND LOSS ACCOUNT

The company's share capital less the adverse balance on profit and loss account attributed to shareholders is represented by assets which produce no income and there are no expenses relating to shareholders' interests which require to be charged to the profit and loss account in accordance with section 24 (1) of the Insurance Companies Act 1974. No part of the accumulated actuarial surplus has been attributed to shareholders (see note 1(d)). No profit and loss account is shown since there was no movement on the account during the year.

6. SHARE CAPITAL

Authorised, issued and fully paid -

	<u>1978</u> £	<u>1977</u> £
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 £30,144 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.

8. CAPITAL COMMITMENTS

At 23rd March 1978 there were no commitments for capital expenditure not provided for in the accounts.

9. ULTIMATE HOLDING COMPANY

At 23rd March 1978 the ultimate holding company was Phoenix Assurance Company Limited, a company incorporated in Great Britain.