

Registered number: 932491

Property Growth Assurance Company Limited

Report and Financial Statements for the year 2000

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Property Growth Assurance Company Limited

Report and financial statements 2000

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Property Growth Assurance Company Limited

Directors

Mr W J Bradburn

Mrs J Carnie

Mr P S Egan

Mr R E K Greenfield

Mr J J Keane

Mr A Kerr

Mr G S Pater

Mr M L Warr

Secretary

Miss B C Young

Registered office

New Hall Place, Old Hall Street, Liverpool, L3 9UE

Property Growth Assurance Company Limited

Directors' report for the year ended 31st December 2000

Principal activities and review of business

During 1999 the authorisation of the Company to write life insurance business in the EEA was voluntarily withdrawn. The directors continue to review the operations of the Company with view to its future developments.

Result and dividend

The result of the Company for the year is shown in the profit and loss account on page 6. No dividend is recommended for the year (1999 £1,160,511).

Directors

Messrs J J Keane, P S Egan, A Kerr, M L Warr and W J Bradburn and Mrs J Carnie were appointed as directors of the Company with effect from 13th March 2000.

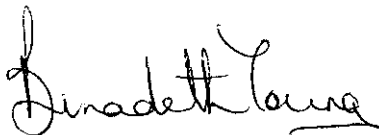
Messrs R Calver, N Criticos and B J Hall resigned as directors of the Company with effect from 13th March 2000.

The other directors whose names appear on page 2 served throughout the year.

None of the directors had any interests in the shares of the Company.

The interests of the directors in the ordinary shares of Royal & Sun Alliance Insurance Group plc are disclosed in the financial statements of Royal & Sun Alliance Life Holdings Limited.

By order of the directors



B C Young

Secretary

26th February 2001

Property Growth Assurance Company Limited

Directors' responsibilities for financial statements

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st December 2000. The directors also confirm that applicable accounting standards have been followed and that it is appropriate for the financial statements to have been prepared on the going concern basis.

The directors have responsibility for ensuring that the Company keeps proper accounting records. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors' report to the members of Property Growth Assurance Company Limited

We have audited the financial statements on pages 5 to 9, which have been prepared in accordance with the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
London, 26th February 2001

Property Growth Assurance Company Limited

Accounting Policies

Accounting and disclosure requirements

The financial statements are drawn up in compliance with Part VII, Chapter I and Schedule 4 to the Companies Act 1985 and applicable United Kingdom accounting standards.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of certain assets as permitted by the Companies Act 1985.

Certain minor presentational changes have been made to the prior year profit and loss account, in order to better present the results. There has been no net impact on the profit and loss account.

Investment income

Interest, rents and dividends on investments, other than ordinary shares, are included on an accruals basis. Account is taken of dividend income on ordinary shares when the related investment is quoted 'ex-dividend'. Investment income is net of related expenses.

Taxation

The UK taxation in the profit and loss account is based on profits/(losses) and income of the year as determined in accordance with the relevant tax legislation, together with adjustments of provisions of prior years.

Deferred taxation is calculated on the liability method and consists of the estimated taxation, or relief from taxation, which is expected to arise in the foreseeable future from material timing differences; expected future rates of tax are used where applicable. Credit is taken for relief for trading losses only to the extent that the directors anticipate that profits will absorb such losses in the foreseeable future.

Investments

Investments are shown at market value, for which purpose unlisted investments, mortgages and loans are included at directors' valuation and properties at professional valuation. For listed securities the stock exchange values are used.

Property Growth Assurance Company Limited

Profit and loss account

for the year ended 31st December 2000

	Notes	2000 £'000	1999 £'000
Investment income	1	89	101
Investment expenses and charges	2	(6)	(39)
Profit on ordinary activities before taxation		83	62
Taxation on profit on ordinary activities	3	(24)	(19)
Profit on ordinary activities after taxation		59	43
Dividends		-	(1,161)
Transfer to/(from) retained profits		59	(1,118)

All figures relate to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the years stated above and their historical cost equivalents.

There have been no recognised gains or losses in either reporting year other than those recorded in the profit and loss account and accordingly a statement of total recognised gains and losses has not been presented.

Movements in shareholders' funds

for the year ended 31st December 2000

	Share capital £'000	Revaluation reserve £'000	Profit & loss account £'000	2000 £'000	1999 £'000
Shareholders' funds at 1st January	4,000	(22)	99	4,077	5,195
Profit for the year			59	59	43
Transfer from revaluation reserve		22	(22)	-	-
Dividends	-	-	-	-	(1,161)
Shareholders' funds at 31st December	4,000	-	136	4,136	4,077

The profit and loss account includes £136k (1999 £99k) which is distributable.

The notes on pages 8 to 9 form part of these financial statements.

Property Growth Assurance Company Limited

Balance sheet

at 31st December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Other financial investments	4	-	964
Current assets			
Amounts due from group companies		4,169	2,681
Other debtors		-	30
Accrued interest		-	27
Cash at bank and in hand		30	420
		4,199	3,158
Creditors: amounts falling due within one year			
Amounts due to group companies		-	(45)
Provision for tax		(63)	-
		(63)	(45)
Net current assets		4,136	3,113
Net assets		4,136	4,077
Capital and reserves (see page 6)			
Called up share capital	5	4,000	4,000
Revaluation reserve		-	(22)
Profit and loss account		136	99
Shareholders' funds – equity interests		4,136	4,077

The notes on pages 8 to 9 form part of these financial statements

The financial statements on pages 5 to 9 were approved by the directors on 26th February 2001 and were signed on their behalf by:



R E K Greenfield

Director

Liverpool, 26th February 2001

Property Growth Assurance Company Limited

Notes on the financial statements

1. Investment income

	2000 £'000	1999 £'000
Investment income comprises:		
Interest receivable	89	101
	<u>89</u>	<u>101</u>

2. Investment expenses and charges

	2000 £'000	1999 £'000
Investment expenses and charges comprise:		
Realised losses on investments	(6)	(39)
	<u>(6)</u>	<u>(39)</u>

3. Taxation

The charges for taxation in the profit and loss account comprise:

	2000 £'000	1999 £'000
United Kingdom taxation charge:		
Group relief	-	(9)
Corporation tax	(24)	(10)
	<u>(24)</u>	<u>(19)</u>

UK corporation tax for the current year included above is based on a rate of 30.0% (1999 30.25%).

4. Fixed Assets

	2000 £'000	1999 £'000
Other financial investments:		
Debt securities and other fixed income securities		
British government securities (all listed)	-	964
Total other financial investments	<u>-</u>	<u>964</u>

The historical cost of investments is £Nil (1999 £995k).

5. Share Capital

	2000 £	1999 £
Authorised		
10,000,000 ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid		
4,000,000 ordinary shares of £1 each fully paid	4,000,000	4,000,000
10,000 ordinary shares 3p per share paid up	300	300
	<u>4,000,300</u>	<u>4,000,300</u>

6. Directors' emoluments

All the directors receive remuneration from Royal & Sun Alliance Insurance plc as employees of that company. The directors received no emoluments in respect of their services to the Company.

7. Auditors' remuneration

The remuneration of the auditors of the Company amounted to £1,000 (1999 £1,000). The auditors of the Company also received fees of £600 (1999 £600) in respect of non-audit services.

Property Growth Assurance Company Limited

Notes on the financial statements

8. Pension costs and other post-retirement benefits

All of the staff in the UK are employed by Royal & Sun Alliance Insurance plc and are members of defined benefits pension schemes, details of which are disclosed in the accounts of that company. Contributions are based on pension costs across the UK group as a whole.

9. Capital commitments

The Company had no capital commitments as at 31st December 2000 (*1999 £Nil*).

10. Financial commitments

The Company had no financial commitments under non-cancellable operating leases at 31st December 2000 (*1999 £ Nil*).

11. Cash flow

The Company is a wholly owned subsidiary of Royal & Sun Alliance Insurance Group plc and the cash flows of the Company are included in the consolidated cash flow statement of Royal & Sun Alliance Insurance Group plc. The Company has thus taken advantage of the exemption permitted by FRS 1 (revised) and has elected not to prepare its own cash flow statement.

12. Contingent liabilities

Other than in the normal course of business the Company had no material contingent liabilities at 31st December 2000 (*1999 £ Nil*).

13. Related party transactions

Advantage has been taken of the exemption provided in FRS 8 from disclosing details of transactions with Royal & Sun Alliance Group plc and its subsidiaries and associated undertakings.

14. Parent companies

The Company's immediate parent company is Phoenix Assurance plc, which is registered in England and Wales.

The parent of the smallest group for which consolidated accounts including Property Growth Assurance Company Limited are drawn up is Royal & Sun Alliance Insurance plc, which is registered in England and Wales.

The Company's ultimate parent company is Royal & Sun Alliance Insurance Group plc, which is registered in England and Wales. A copy of that company's accounts can be obtained from 30 Berkeley Square, London, W1J 6EW.