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TARGET HOLDINGS LIMITED  
AND SUBSIDIARY COMPANIES

47

FINANCIAL STATEMENTS

31 DECEMBER 1983



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TARGET HOLDINGS LIMITED

DIRECTORS AND MANAGEMENT

Directors:

Hon N C J Rothschild (Chairman)  
Hon D C S Montagu  
F J-P Mayer  
J K Stone  
B L Sack (resigned 1 September 1983)  
P A Finkel  
E B G Clowes, MBE (resigned 31 December 1983)  
P Oppenheimer

Secretary:

B E Weston, FCCA

Registered office:

Target House,  
Gatehouse Road,  
Aylesbury,  
Bucks HP19 3EB

Auditors:

Thomson McLintock & Co

Bankers:

Williams & Glyn's Bank plc

Solicitors:

S J Berwin & Co  
Bischoff & Co

TARGET HOLDINGS LIMITEDDIRECTORS' REPORT

The directors present to the members their report together with the financial statements of the company and the group for the period from 1 April to 31 December 1983.

ActivitiesGroup

The principal activities of the group are the transaction of long-term life assurance and pension business, the management of unit trusts and the administration of unit trusts on behalf of clients.

During the period under review there was a high level of activity in national stock markets. Together with strenuous marketing efforts this contributed to a great increase in the sales of life assurance and units in unit trusts managed by the group.

Target Trust Managers (Jersey) Limited was incorporated as a wholly-owned subsidiary resident in Jersey. This company launched a managed currency fund on 29 July 1983.

Sales of units have remained buoyant in the early part of 1984. The group intends to keep under review the number of funds that it manages and augment them with new ones when the conditions are appropriate.

For 1984 the directors have decided to discontinue work for external clients. This reduction of services will be phased out in conjunction with the increasing workloads derived from the management of the group's unit trusts.

Company

The company acts as an investment holding company.

During the year the company increased its investment in its subsidiary Target Life Assurance Company Limited by subscribing for 70,000 10% non cumulative participating and preference shares of £1 each at par on 22 July 1983 and for 5,899,600 7% non cumulative redeemable preference shares of £1 each at par on 29 December 1983.

Based on a report by Tillinghast Nelson and Warren Limited, consulting actuaries, the company's investment in Target Life Assurance Company Limited has been revalued in the accounts at its appraised value of £22 million as at 31 December 1983.

Reviews of the activities of the subsidiary companies are set out in the directors' reports of those companies.

TARGET HOLDINGS LIMITEDDIRECTORS' REPORT (continued)Results

The results of the group are set out in the consolidated profit and loss account. As noted in the accounting policies on page 6, the results of Target Life Assurance Company Limited have not been consolidated.

An interim dividend of £158,000 was paid on 30 September 1983. The directors recommend the payment of a final dividend of £596,000.

Directors

The directors are shown on page 1.

The interests of the directors in group companies are set out on pages 23 to 24.

Disabled persons

It is the policy of the group to offer equal opportunity to disabled persons applying for employment having due regard to their aptitudes and abilities in relation to the jobs available.

If any existing employee becomes disabled, every effort is made to ensure that continuity of employment and appropriate training are given.

The same opportunities are available to disabled persons as to other employees within the limitations of each individual's abilities.

Employee consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees of the company. This is achieved through formal and informal meetings and the company bulletin. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

TARGET HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

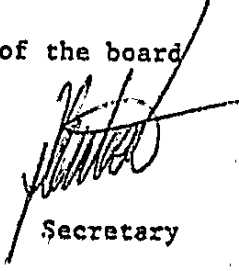
Current cost accounts

The directors are of the opinion that current cost accounts do not provide a meaningful current indication of the group's trading performance and accordingly they do not propose to issue current cost statements.

Auditors

The auditors, Thomson McLintock & Co, are willing to continue in office and a resolution concerning their reappointment and remuneration will be submitted to the annual general meeting.

By order of the board

  
Secretary

Target House,  
Gatehouse Road,  
Aylesbury,  
Bucks HP19 3EB

We have audited the financial statements of Target Holdings Limited on pages 6 to 22 in accordance with approved auditing standards. These, together with the attached audited financial statements of Target Life Assurance Company Limited for the year ended 31 December 1983, form the group accounts of Target Holdings Limited.

In our opinion the financial statements of Target Holdings Limited and the group accounts presented in this form, which have been prepared under the historical cost convention, including the revaluation of certain assets, give a true and fair view of the state of affairs of the company and the group at 31 December 1983 and of the results and source and application of funds of the group, and comply with the Companies Acts 1948 to 1981.

The financial statements do not include current cost statements as required by Statement of Standard Accounting Practice No.16 for the reasons given in the directors' report.

*Thomson McLintock & Co*

Chartered Accountants

LONDON

29 March 1984

ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with s149 and s152 of, and Schedule 8 to, the Companies Act 1948.

Consolidation

The results of Target Life Assurance Company Limited ('TLA') and its subsidiary have been excluded from the consolidated financial statements because of the dissimilar nature of the activities of those companies.

Accordingly group accounts are prepared in the form of consolidated financial statements for the company and its subsidiaries, excluding TLA and its subsidiary, together with separate consolidated financial statements for TLA. A separate profit and loss account and balance sheet for Target Holdings Limited are also included.

The investment in TLA is stated at directors' valuation based on an independent actuarial appraisal at 31 December 1983 which takes into account the net assets of the company and the value of policies in force at that date.

Depreciation

Depreciation is provided to write off the cost of fixed tangible assets by equal instalments over their estimated useful economic lives as follows:

Equipment	-	Five years
Motor vehicles	-	Four years

Stocks

Stocks of units held at the balance sheet date are valued at the lower of cost and bid value.

Turnover

Turnover comprises amounts derived from the provision of services falling within the company's ordinary activities and consists of sales of units, proceeds of liquidated units, fees receivable for the administration of unit trust management companies and fees for financial advisory services.

Franked investment income

Franked investment income is included in the profit on ordinary activities before taxation inclusive of the related tax credits.

Deferred tax

Deferred tax is provided on material short term timing differences, where necessary. No significant timing differences arise on the excess of capital allowances over depreciation.



CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period from 1 April 1983 to 31 December 1983

	Notes	£'000	Year ended 31 March 1983 £'000
Turnover	1	73,756	41,219
Cost of sales		<u>70,997</u>	<u>38,770</u>
Gross profit		2,759	2,449
Administrative expenses		<u>1,802</u>	<u>2,129</u>
Trading profit	2 - 4	957	320
Other operating income		<u>79</u>	<u>68</u>
		1,036	388
Income from fixed asset investments	5		2
Other interest receivable	6	<u>68</u>	<u>138</u>
		<u>70</u>	<u>140</u>
Interest payable	7	<u>1,106</u> <u>19</u>	<u>528</u> <u>8</u>
Profit on ordinary activities before taxation		1,087	520
Tax on profit on ordinary activities	8	<u>491</u>	<u>199</u>
Profit on ordinary activities after taxation		596	321
Extraordinary item	9	<u>-</u>	<u>55</u>
Profit for the financial period attributable to members of the holding company		596	266
Dividends paid and proposed	10	<u>754</u>	<u>108</u>
Retained (loss)/profit for the period	20	( 158)	158
Profit/(loss) for the period in: The company	20	( 7)	( 5)
Subsidiary companies		<u>( 165)</u>	<u>163</u>
		<u>( 158)</u>	<u>158</u>

PROFIT AND LOSS ACCOUNT

For the period from 1 April 1983 to 31 December 1983

	<u>Notes</u>	£'000	Year ended <u>31 March 1983</u> £'000
Income from shares in group companies		1,086	165
Administrative expenses		-	( 18)
Interest payable		( 6)	-
Profit on ordinary activities before taxation		1,080	147
Tax on profit on ordinary activities	8	<u>319</u>	<u>44</u>
Profit on ordinary activities after taxation		761	103
Dividends paid and proposed	10	<u>754</u>	<u>108</u>
Retained profit/(loss) for the period	20	<u>7</u>	<u>( 5)</u>

TARGET HOLDINGS LIMITED  
AND SUBSIDIARY COMPANIES

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CONSOLIDATED BALANCE SHEET

As at 31 December 1983

	Notes	£'000	31 March 1983 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	-	2,975
Tangible assets	12	106	44
Investments	13	22,053	11,053
		22,159	14,072
<b>CURRENT ASSETS</b>			
Stocks	14	1,458	1,039
Debtors	15	8,222	2,762
Cash at bank and in hand		1,321	699
		11,001	4,500
CREDITORS: Amounts falling due within one year	16	( 16,759)	( 4,071)
NET CURRENT (LIABILITIES)/ ASSETS		( 5,758)	429
TOTAL ASSETS LESS CURRENT LIABILITIES		16,401	14,501
CREDITORS: Amounts falling due after more than one year	16	( 3)	-
PROVISION FOR LIABILITIES AND CHARGES	17	( 28)	( 28)
		16,370	14,473
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	14,001	14,001
Revaluation reserve	19	2,055	-
Profit and loss account	20	314	472
		16,370	14,473

*Donna*  
*J.K. Ginn*

Director

Director

BALANCE SHEET

As at 31 December 1983

	Notes	£'000	31 March 1983 £'000
FIXED ASSETS			
Investments	13	25,000	14,000
CURRENT ASSETS			
Debtors	15	798	121
Cash at bank		51	-
		849	121
CREDITORS: Amounts falling due within one year 16		( 6,816)	( 125)
NET CURRENT LIABILITIES		( 5,967)	( 4)
TOTAL ASSETS LESS CURRENT LIABILITIES		19,033	13,996
CAPITAL AND RESERVES			
Called up share capital	18	14,001	14,001
Revaluation reserve	19	5,330	-
Profit and loss account	20	-	( 5)
		19,033	13,996

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*16/5/84*

Director

Director

TARGET HOLDINGS LIMITED  
AND SUBSIDIARY COMPANIES

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CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the period from 1 April 1983 to 31 December 1983

	£'000	Year ended 31 March 1983 £'000
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	1,087	520
Adjustment for items not involving the movement of funds:		
Depreciation and other amounts written off	23	23
Total generated from operations	1,110	543
Funds from other sources:		
Issue of share capital	-	14,001
Deposit with group company	-	1,075
Proceeds of sale of fixed assets (including sales to group companies)	1	34
	1	15,110
	1,111	15,653
<b>APPLICATION OF FUNDS</b>		
Dividend paid	158	108
Tax and group relief paid	156	-
Purchase of fixed tangible assets	86	27
Purchase of fixed asset investments	5,970	14,025
Closure costs of subsidiary	-	112
	6,370	14,272
	( 5,259)	1,381
<b>INCREASE/(DECREASE) IN WORKING CAPITAL</b>		
Stocks	419	728
Debtors	5,460	2,023
Creditors	( 6,052)	( 1,908)
Proposed dividend of subsidiary	-	175
	( 173)	1,018
<b>Movement in net liquid funds:</b>		
Cash at bank and in hand	622	477
Bank overdraft	( 5,708)	( 114)
	( 5,086)	363
	( 5,259)	1,381

NOTES

(forming part of the financial statements)

31 December 1983

1 ANALYSIS OF TURNOVER AND PROFIT BEFORE TAXATION

	<u>Turnover</u> <u>£'000</u>	<u>Attributable</u> <u>pre-tax profit</u> <u>£'000</u>	<u>Year ended</u> <u>31 March 1983</u>	
			<u>Turnover</u> <u>£'000</u>	<u>Attributable</u> <u>pre-tax profit</u> <u>£'000</u>
<u>By activity:</u>				
Unit trust management	73,467	1,081	40,917	506
Unit trust administration	289	6	302	14
	<u>73,756</u>	<u>1,087</u>	<u>41,219</u>	<u>520</u>

All services rendered are within the UK market.

2 TRADING PROFIT

Trading profit is stated after charging/(crediting):

Depreciation of fixed tangible assets  
Auditors' remuneration  
Profit on disposal of fixed assets

	<u>£'000</u>	<u>Year ended</u> <u>31 March 1983</u> <u>£'000</u>
Depreciation of fixed tangible assets	23	24
Auditors' remuneration	34	31
Profit on disposal of fixed assets	-	( 1 )

NOTES (continued)

31 December 1983

3 EMPLOYEES

<u>Average number of employees by activity</u>	<u>Year ended 31 March 1983</u>	
Unit trust management	11	15
Unit trust administration	62	58
Total	73	73
	£'000	£'000
Wages and salaries	515	580
Social security costs	41	54
Pension contributions	10	21

There were no employees whose emoluments, excluding pension contributions, exceeded £30,000.

4 DIRECTORS' EMOLUMENTS

	<u>Year ended 31 March 1983</u>	
	£'000	£'000
Directors' emoluments were:		
Fees	2	2
Management remuneration	97	95
Pension contributions	33	44
	132	141

Directors' emoluments charged in Target Holdings Limited's consolidated financial statements amount to £32,000 (31 March 1983 - £26,000) and in Target Life Assurance Company Limited's financial statements to £100,000 (31 March 1983 - £115,000).

In the period 1 April 1983 to 31 December 1983, the emoluments, excluding pension contributions, of the chairman amounted to £nil (year ended 31 March 1983 - £nil) and those of the highest paid director amounted to £79,000 (year ended 31 March 1983 - £73,000).

The number of directors (excluding the above) whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

	<u>Year ended 31 March 1983</u>	
£ 0 - £ 5,000	6	8

NOTES (continued)

31 December 1983

5 INCOME FROM FIXED ASSET INVESTMENTS

£'000  
Year ended  
31 March 1983  
£'000

Income from unit trusts

2  
=====

6 OTHER INTEREST RECEIVABLE

£'000  
Year ended  
31 March 1983  
£'000

Interest receivable from  
loans and deposits

68  
=====

7 INTEREST PAYABLE

£'000  
Year ended  
31 March 1983  
£'000

Bank and short term interest

19  
=====

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

Group

£'000  
Year ended  
31 March 1983  
£'000

Corporation tax payable at a rate of 52%  
Current year  
Prior year

399  
( 1)  
=====

Group relief receivable at a rate  
of 52%  
Prior year

398  
( 1)  
=====

Tax credits on franked  
investment income

397  
94  
=====

Company

Group relief receivable  
Tax credits on franked investment  
income

491  
=====

( 7)  
326  
=====

( 5)  
49  
=====

199  
=====

44  
=====



NOTES (continued)

31 December 1983

9 EXTRAORDINARY ITEM

	£'000	Year ended 31 March 1983 £'000
Closure costs of a subsidiary	-	112
Tax relief at 52%	-	57
	-	55

10 DIVIDENDS PAID/PROPOSED

	£'000	Year ended 31 March 1983 £'000
Interim dividend paid on 'A' shares	158	108
Proposed final dividend on 'A' shares	596	-
	754	108

11 FIXED INTANGIBLE ASSETS

Goodwill

Goodwill amounting to £2,975,000 has been eliminated against the surplus arising on the revaluation of the company's investment in Target Life Assurance Company Limited (note 19).

NOTES (continued)

31 December 1983

12 FIXED TANGIBLE ASSETS

Group	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<u>Cost</u>			
At 1 April 1983	18	59	77
Additions	11	75	86
Disposals	-	( 7 )	( 7 )
At 31 December 1983	29	127	156
<u>Depreciation</u>			
At 1 April 1983	11	22	33
Charge for the period	3	20	23
Disposals	-	( 6 )	( 6 )
At 31 December 1983	14	36	50
<u>Net book value</u>			
At 31 December 1983	15	91	106
At 31 March 1983	7	37	44

13 FIXED ASSET INVESTMENTS

Group	Group company unlisted subsidiary £'000	Investments in unit trusts £'000	Investment in unlisted company £'000	Total £'000
<u>At cost</u>				
At 1 April 1983	11,000	28	25	11,053
Additions	5,970	-	-	5,970
Revaluation	5,030	-	-	5,030
At 31 December 1983	22,000	28	25	22,053

The investment in the unlisted subsidiary shown above represents the company's investment in Target Life Assurance Company Limited which has not been consolidated for the reasons given under accounting policies on page 6. The carrying value of the investment was valued at £22m as at 31 December 1983, in accordance with the procedure also set out under accounting policies on page 6. No provision has been made for any taxation which might arise if the company were to dispose of the investment at the carrying value as it is not the directors' intention to make such a disposal in the foreseeable future; the maximum amount of such taxation is estimated at £1.5m.

NOTES (continued)

31 December 1983

13 FIXED ASSET INVESTMENTS (continued)

The investments in unit trusts managed by group companies have been deposited with the trustees of certain unit trusts to secure provision for future management expenses. The market values of the investments in unit trusts at 31 December 1983 amounted to £55,338 (March 1983 - £50,831).

Target Trust Managers Limited, a subsidiary, owns a fifty per cent interest in the issued share capital of 3i and Target Fund Managers Limited, an unlisted company. This company is incorporated in Great Britain and acts as a management company, managing a unit trust. The investment has not been treated as a related company in accordance with the Companies Act 1981 because Target Trust Managers Limited is unable to exert significant influence over the operations of 3i and Target Fund Managers Limited. The directors consider that the investment is worth not less than the value shown above.

Company

The company's investment in subsidiary companies is stated at cost with the exception of the investment in Target Life Assurance Company Limited which is stated at a valuation at 31 December 1983. The surplus arising on revaluation has been taken directly to a revaluation reserve (note 19). The movements in the company's investment during the period are as follows:

	Group Companies - unlisted subsidiaries £'000
At 1 April 1983	14,000
Additions	5,970
Revaluation	<u>5,030</u>
At 31 December 1983	<u>25,000</u> *****

The principal subsidiaries are listed on page 22.

In the opinion of the directors the values of the investments in group companies are worth not less than book values.

NOTES (continued)

31 December 1983

14 STOCKS

Group

		31 March 1983
	£'000	£'000
Units in unit trusts	1,458	1,039
	*****	*****

15 DEBTORS:

				31 March 1983		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
<u>Group</u>	£'000	£'000	£'000	£'000	£'000	£'000
Trade debtors	7,931	71	8,002	2,490	-	2,490
Other debtors	41	-	41	29	-	29
Prepayments and accrued income	179	-	179	243	-	243
	8,151	71	8,222	2,762	-	2,762
	*****	*****	*****	*****	*****	*****
<u>Company</u>						
Due from subsidiary	784	-	784	116	-	116
Group relief receivable	12	-	12	5	-	5
Other debtors	2	-	2	-	-	-
	798	-	798	121	-	121
	*****	*****	*****	*****	*****	*****

NOTES (continued)

31 December 1983

16 CREDITORS:

<u>Group</u>	31 March 1983	
	Due within one year £'000	Due within one year £'000
Bank overdrafts	5,929	221
Trade creditors	9,090	2,627
Amounts owed to holding company and fellow subsidiaries	109	486
Tax and social security	512	149
Group relief payable	184	215
Accruals and deferred income	159	198
Other creditors	180	175
Proposed dividend	596	-
	16,759	4,071

Creditors due after one year comprise amounts due in respect of tax of £3,000 (31 March 1983 - Enil).

Company

Bank overdraft	5,903	107
Amounts owed to group companies:		
Holding company		
and fellow subsidiaries	42	10
Own subsidiaries	241	-
Accruals and deferred income	2	8
Other creditors	32	-
Proposed dividend	596	-
	6,816	125

17 PROVISIONS FOR LIABILITIES AND CHARGES

<u>Group</u>	31 March 1983	
	£'000	£'000
Provisions for future management expenses (note 13)	28	28

NOTES (continued)

31 December 1983

18 CALLED UP SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted and fully paid</u>	
		<u>31 December 1983</u>	<u>31 March 1983</u>
		<u>£'000</u>	<u>£'000</u>
'A' ordinary shares of £1 each	14,000,000	14,000,000	14,000,000
'B' ordinary shares of £1 each	1,000	1,000	1,000
'C' ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>
	14,001,001	14,001,001	14,001,001

19 NON DISTRIBUTABLE RESERVE

	<u>Group</u>	<u>Company</u>
	<u>£'000</u>	<u>£'000</u>
<u>Revaluation reserve</u>		
Revaluation during the period (note 13)	5,030	5,030
Goodwill eliminated against revaluation (note 11)	<u>2,975</u>	<u>-</u>
Balance at 31 December 1983	<u>2,055</u>	<u>5,030</u>

20 PROFIT AND LOSS ACCOUNT

	<u>Group</u>	<u>Company</u>
	<u>£'000</u>	<u>£'000</u>
At 1 April 1983	472	( 5)
Retained (loss)/profit for the period	<u>( 158)</u>	<u>7</u>
At 31 December 1983	<u>314</u>	<u>2</u>

The distributable profits of the company are £1,544 (31 March 1983 -  
£nil).

TARGET HOLDINGS LIMITED  
AND SUBSIDIARY COMPANIESNOTES (continued)31 December 1983

## 21 SHAREHOLDERS AND ULTIMATE HOLDING COMPANY

The holdings in the company's issued 'A' ordinary shares by its shareholders are as follows:

	<u>31 December 1983</u>	<u>31 March 1983</u>
Reliance Services Inc.	40%	40%
RIT and Northern p.l.c.	60%	60%

On 1 April 1983 the company's ultimate holding company was RIT and Northern p.l.c.

On 19 December 1983 the company became a subsidiary of Charterhouse J. Rothschild plc. Both these companies are incorporated in Great Britain.

## 22 APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 29 March 1984.

TARGET HOLDINGS LIMITED  
AND SUBSIDIARY COMPANIES

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PRINCIPAL SUBSIDIARIES

31 December 1983

<u>Company</u>	<u>Registered office</u>	<u>Activity</u>
Target Life Assurance Company Limited	Target House Gatehouse Road Aylesbury Bucks HP19 3EB	Life Assurance
Target Annuities Limited*	As above	Reassurance of annuity policies
Target Trust Managers Limited	As above	Unit trust management
Target Trust Managers (Scotland) Limited*	As above	Unit trust management
Target Financial Consultants Limited (formerly Carliol Investment Management Limited)*	As above	Provision of financial services
Unit Trust Services Limited*	72-80 Gatehouse Road Aylesbury Bucks HP19 3EB	Unit trust administrative services
Target Trust Managers (Jersey) Limited*	Royal Trust House Colomberia St Helier Jersey CI	Currency Fund management

\* Owned indirectly

All the above companies are incorporated in Great Britain except Target Trust Managers (Jersey) Limited which is incorporated in Jersey.

All the above companies are wholly owned subsidiaries except Target Life Assurance Company Limited, in which company Target Holdings Limited owns all the equity capital, except the 10% non cumulative participating and preference shares, of which the company owns 70%.



TARGET HOLDINGS LIMITED  
AND SUBSIDIARY COMPANIES

DIRECTORS' INTERESTS

None of the directors had any interest in the share of the company during the period.

The interests of the directors in group companies at 31 December 1983 and 31 March 1983 are as follows:

<u>Director</u>	<u>31 March 1983</u>	<u>31 December 1983</u>	<u>Interest</u>
Hon N C J Rothschild (beneficial)	996,358	-	RIT and Northern p.l.c Ordinary 25p shares
	629,626	-	RIT and Northern p.l.c Warrants
	87,800	-	RIT and Northern p.l.c Options on Ordinary 25p shares
		1,993,844	Charterhouse J. Rothschild plc Ordinary 25p shares
		1,402,462	Charterhouse J. Rothschild plc Warrants
(non beneficial)	7,258	-	RIT and Northern p.l.c Ordinary 25p shares
	725	-	RIT and Northern p.l.c Warrants
	-	2,237,319	Charterhouse J. Rothschild plc Ordinary 25p shares
	-	1,426,807	Charterhouse J. Rothschild plc Warrants
	-	199,306	Charterhouse J. Rothschild plc Options on Ordinary 25p shares
Hon D C S Montagu	130,000	-	RIT and Northern p.l.c Warrants
	-	295,100	Charterhouse J. Rothschild plc Warrants

DIRECTORS' INTERESTS (continued)

<u>Director</u>	<u>31 March</u> <u>1983</u>	<u>31 December</u> <u>1983</u>	<u>Interest</u>
F J-P Mayer (beneficial)	7,500	-	RIT and Northern p.l.c. Ordinary 25p shares
	80,000	-	RIT and Northern p.l.c. Warrants
	200,100	-	RIT and Northern p.l.c. Options on Ordinary 25p shares
	-	17,025	Charterhouse J. Rothschild plc Ordinary 25p shares
	-	518,858	Charterhouse J. Rothschild plc Options on Ordinary 25p shares
(non-beneficial)	-	181,600	Charterhouse J. Rothschild plc Ordinary 25p shares
E B G Clowes	-	5,675	Charterhouse J. Rothschild plc Ordinary 25p shares

Thomson McLintock & Co

Messrs J K Stone, P A Finkel and P Oppenheimer had no interest in the shares of group companies during the period.

TARGET LIFE ASSURANCE  
COMPANY LIMITED

ACCOUNTS FOR YEAR ENDED  
31ST DECEMBER 1983.

DIRECTORS AND MANAGEMENT

Directors

The Hon. D. C. S. Montagu, (Chairman)  
J. K. Stone, F.C.I.I., (Managing)  
E. B. G. Clowes, M.B.E.  
R. H. Dickinson, M.A.  
P. A. Finkel, (U.S.A.)  
M. J. Fuller, F.I.A.  
H. J. Gittings  
F. J.-P. Mayer, (Swiss)  
M. J. McNulty, (U.S.A.), B.A., LL.B.  
M. E. G. Prince, M.A., F.C.A.  
D. Scott  
P. M. Taylor  
B. E. Weston, F.C.C.A.

Registered Office and  
Head Office

Target House, Gatehouse Road, Aylesbury, Bucks, HP19 3E

Secretary

B. E. Weston, F.C.C.A.

Auditors

Thomson McLintock & Co.

Bankers

National Westminster Bank plc

Solicitors

Bischoff & Co.

Chief Medical Officer

Dr. E. O. Walwyn-Jones, M.R.C.S., M.R.C.P.

# TARGET LIFE ASSURANCE COMPANY LIMITED

## Executive

Deputy Chairman	M. E. G. Prince, M.A., F.C.A.
Managing Director	J. K. Stone, F.C.I.I.
Administration Director	M. J. Fuller, F.I.A.
Actuary	J. C. A. Rathbone, F.I.A.
Marketing Director	D. Scott
Corporate Planning Director	P. M. Taylor
Finance Director	B. E. Weston, F.C.C.A.

## Senior Management

### Administration

Assistant Actuary	C. J. Sewell, F.I.A.
Chief Accountant	K. J. Gates, F.C.A.
Life Administration Manager	C. D. Pacitti, B.A.
Management Services Divisional Manager	A. G. Green, B.Sc., M.B.C.S.

### Marketing

Regional Director	J. M. Ogston, M.A.
Regional Managers	R. A. Bullivant, A.C.I.I.
	C. G. Carpenter
	W. G. S. Cullis
	M. H. Hall
	N. V. Stratton
	F. P. Struggles

### Advertising and Sales

Promotion manager	T. P. Clifford
Marketing Development Manager	B. S. Hulme, B.Sc.
Recruitment and Training Manager	R. O. Kelting, B.A., Cert. Ed., A.L.I.A. (Dip)
Sales Development Manager	G. B. Allen
Technical Services Manager	J. P. Godding, A.C.I.I., Barrister

## REPORT OF THE DIRECTORS

The directors have pleasure in submitting to the members their report together with the financial statements of the company and the group for the year ended 31st December 1983:

Share Capital

On the 22nd July 1983 the authorised share capital was increased by £5,000,000 by the creation of 44,000,000 Ordinary Shares of 10p each and 600,000 10% Non Cumulative Participating and Preference shares of £1 each. 100,000 of the 10% Non Cumulative Participating and Preference shares of £1 were issued at par on the same day.

The authorised share capital was reorganised on the 29th December 1983. 500,000 unissued 10% Non Cumulative Participating and Preference shares of £1 each and 53,996,000 Ordinary shares of 10p each were converted into 5,899,600 7% Non Cumulative Redeemable Preference Shares of £1 each, which were issued at par on the same day. The company has the right to redeem any or all of the redeemable preference shares at par at any time or times as the directors may determine.

These changes in the authorised and issued share capital were made in response to the introduction of the EEC solvency margins requirements.

### Principal Activities

The company's activities are the transaction of long-term life assurance, pensions and annuity business.

### New Business

During the year ended 31st December 1983 the company wrote the following new business:

	1983	1982
Premiums - Annual £000	15,740	9,034
Premiums - Single £000	36,826	12,456

### Directors

The directors of the company are shown on page 1.

H. J. Gittings, who was appointed on 17th January 1984, under Section 95 of Table A of the Companies Act, 1948, retires and being eligible offers himself for re-election.

B. L. Sack resigned on 1st September 1983 and V. G. Kenward resigned on the 30th November 1983

E. B. G. Clowes retired as Chairman on 31st December 1983. The Hon. D. C. S. Montagu was appointed Chairman on 1st January 1984.

At the 31st December 1983 the following directors had interests in Charterhouse J. Rothschild plc.

	<u>Beneficial Interest</u>		<u>Non Beneficial Interest</u>	
	<u>Ordinary</u>	<u>Warrants</u>	<u>Ordinary</u>	<u>Warrants</u>
	<u>25p shares</u>		<u>25p shares</u>	
M. E. G. Prince	11,350	-	15,436	-
R. H. Dickinson	3,050	304	10,591	367

At 31st December 1982 Mr R. H. Dickinson had a beneficial interest in 1,344 shares and 134 warrants and a non beneficial interest in 1,626 shares and 162 warrants of RIT and Northern plc.

The interests in group companies of the other directors are shown in the accounts of those companies.

TARGET LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS (CONT'D)

Disabled Persons

It is the company's policy to endeavour to provide employment for disabled persons commensurate with their skills, and where appropriate, the company makes available training facilities to enable better use of those skills.

Employee Consultation

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees of the company. This is achieved through formal and informal meetings and the company bulletin. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditors

The auditors, Thomson McLintock & Co., are willing to continue in office and a resolution concerning their reappointment will be submitted to the annual general meeting.

By order of the Board

B. E. Weston, F.C.C.A.  
Secretary

29th March 1984

TARGET LIFE ASSURANCE COMPANY LIMITED

CONSOLIDATED LIFE FUND REVENUE ACCOUNT FOR THE YEAR TO 31st DECEMBER 1983

	1983 £000	1982 £000
Income		
Premiums - annual	35,512	27,327
- single	36,826	12,456
Interest, dividends and rents	11,443	12,343
Appreciation in value of investments	20,477	13,758
	<u>104,258</u>	<u>65,884</u>
Outgoings		
Annuities	63	55
Death claims	2,232	1,772
Surrenders	21,817	8,368
Maturities	15,340	15,099
Commission	10,591	5,216
Management expenses	9,678	7,386
Establishment account transfer	(1,750)	-
	<u>57,971</u>	<u>37,896</u>
Increase in fund for the year	46,287	27,988
Fund brought forward	<u>143,688</u>	<u>115,700</u>
Fund carried forward	<u>189,975</u>	<u>143,688</u>

The notes, certificates and signatures on pages 7 to 12 are an integral part of these accounts.



TARGET LIFE ASSURANCE COMPANY LIMITED

BALANCE SHEETS AT 31st DECEMBER 1983

	<u>Notes</u>	<u>Consolidated</u>		<u>Company</u>	
		1983 £000	1982 £000	1983 £000	1982 £000
Assets employed					
Investments	3	178,624	133,575	160,350	127,770
Shares in subsidiary	8	-	-	100	100
Office equipment and motor vehicles		267	359	267	359
Net current assets	4	18,084	12,505	14,704	11,434
		<u>196,975</u>	<u>146,439</u>	<u>175,421</u>	<u>139,663</u>
Financed by					
Share capital	5	10,000	4,001	10,000	4,001
Less: Establishment Account	6	3,000	1,250	3,000	1,250
		<u>7,000</u>	<u>2,751</u>	<u>7,000</u>	<u>2,751</u>
Life Fund		<u>189,975</u>	<u>143,688</u>	<u>168,421</u>	<u>136,912</u>
		<u>196,975</u>	<u>146,439</u>	<u>175,421</u>	<u>139,663</u>

The notes, certificates and signatures on pages 7 to 12 are an integral part of these accounts.

The Hon. D. C. S. Montagu

Chairman

B. E. Weston

Director

29th March 1984

## ACCOUNTING POLICIES

### Format of Consolidated Accounts

The accounts have been prepared under the historical cost convention, modified by the revaluation of investments, and in accordance with section 152A and schedule 8A of the Companies Act, 1948.

The consolidated life fund revenue account and consolidated balance sheet reflect the accounts of the company and its wholly owned subsidiary, Target Annuities Limited. The accounts of both companies are made up to the 31st December 1983.

Under the provisions of schedule 8A of the Companies Act, 1948, the company is exempt from the disclosure of certain information, including information relating to reserves.

### Premiums

Premiums are shown net of reinsurance. Premiums received in respect of proposals which were not accepted at the balance sheet date are not included in the life fund.

### Investment Income

Income from unlisted investments is brought into account when received.

Income distributions from unit trust holdings and listed investments are accounted for at the dates such holdings are quoted ex-distribution.

Income received under deduction of tax is brought into account after taking credit for such tax.

### Claims

Claims are brought into account when notified and are shown net of reinsurance.

### Commission

Commission is shown net of reinsurance.

### Investments

Investments are valued at the close of business on the last dealing day of the year as follows:

Unit trust holdings -	at published bid price
Listed investments -	at middle market price
Unlisted investments -	at directors' valuation

Properties are included at valuations made by independent Chartered Surveyors, on the basis of open market values at the balance sheet date, less selling expenses.

### Foreign Currencies

Foreign currency balances are translated at rates ruling at the balance sheet date.

### Depreciation

Depreciation is charged on a straight line basis at the following rates:

Equipment	- 20%
Motor vehicles	- 25%

# NOTES TO THE ACCOUNTS

## 1. Life Fund

	1983 £000	1982 £000
Directors Emoluments		
Fees	3	5
Management remuneration	429	293
Compensation payment to former director	50	5
	<u>482</u>	<u>303</u>
The emoluments of the chairman, excluding pension fund contributions, amounted to	24	21
The emoluments of the highest paid director, excluding pension fund contributions, amounted to	88	63
The number of directors, including the above, whose emoluments, excluding pension fund contributions, fell into each £5,000 band was:		
Nil - £5,000	6	3
£10,001 - £15,000	1	1
£15,001 - £20,000	1	2
£20,001 - £25,000	1	1
£35,001 - £40,000	1	3
£40,001 - £45,000	1	1
£45,001 - £50,000	2	1
£60,001 - £65,000	1	1
£85,001 - £90,000	<u>1</u>	<u>1</u>
Remuneration of Employees		
The number of employees with remuneration, excluding pension fund contributions, in the bands specified below was:		
£30,001 - £35,000	2	2
£35,001 - £40,000	7	3
£40,001 - £45,000	4	1
£50,001 - £55,000	1	1
£80,001 - £85,000	1	-
£100,001 - £105,000	<u>1</u>	<u>-</u>
Remuneration of Auditors	£000	£000
The total remuneration of the auditors included in these accounts is	41	37
Hire of Equipment		
The cost of hiring office equipment and motor vehicles during the year was	596	507

## NOTES TO THE ACCOUNTS

### 2. Taxation

The UK Corporation Tax liability is calculated on the basis applicable to companies transacting long-term life assurance business. No provision is necessary in these accounts in respect of the year ended 31st December 1983.

The company had unrelieved management expenses for tax purposes at 31st December 1983 estimated to amount to £12.3m (1982 - £10.3m)

### 3. Investments

	Consolidated		Company	
	1983	1982	1983	1982
	£000	£000	£000	£000
Issued or guaranteed by a British Government authority	11,519	29,445	9,280	27,284
Debentures and loan stock	14,169	19,464	14,115	19,417
Local authority loans	38,005	21,393	38,005	21,393
Unit trust funds	88,123	52,574	88,089	52,574
Listed investments	15,929	3,597	55	-
Unlisted investments	73	-	-	-
Properties	6,723	5,541	6,723	5,541
Secured loans	4,083	1,561	4,083	1,561
	<u>178,624</u>	<u>133,575</u>	<u>160,350</u>	<u>127,770</u>

### 4. Net Current Assets

Current Assets				
Reinsurers	543	497	543	497
Taxation recoverable	3,160	2,957	2,894	2,763
Fellow subsidiaries	8	-	8	-
Debtors	3,634	2,912	2,081	2,635
Short term loans and deposits	15,302	9,328	15,041	9,215
Cash at bank and in hand	1,735	24	1,729	20
	<u>24,382</u>	<u>15,718</u>	<u>22,296</u>	<u>15,130</u>

TARGET LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE ACCOUNTS (CONT'D)

	Consolidated		Company	
	1983	1982	1983	1982
	£000	£000	£000	£000
4. Net Current Assets brought forward	<u>24,382</u>	<u>15,718</u>	<u>22,296</u>	<u>15,130</u>
Current Liabilities				
Claims notified but not yet paid	868	810	868	810
Fellow subsidiaries	-	7	-	7
Subsidiary company	-	-	1,968	649
Brokers and agents	1,041	626	1,041	626
Reinsurers	16	7	16	7
Premiums received in respect of proposals not yet accepted	1,670	401	1,670	401
Creditors	2,703	1,289	2,029	1,123
Bankers	-	73	-	73
	<u>6,298</u>	<u>3,213</u>	<u>7,592</u>	<u>3,696</u>
Net Current Assets	<u>18,084</u>	<u>12,505</u>	<u>14,704</u>	<u>11,434</u>

NOTES TO THE ACCOUNTS (CONT'D)

5. Share Capital	1983		1982	
	Number	£000	Number	£000
Authorised				
Ordinary shares of 10p each	4,000	1	10,000,000	1,000
1% Non Cumulative Deferred shares of £1 each	4,000,000	4,000	4,000,000	4,000
10% Non Cumulative Participating and Preference shares of £1 each	100,000	100	-	-
7% Non Cumulative Redeemable Preference shares of £1 each	5,899,600	5,899	-	-
		<u>10,000</u>		<u>5,000</u>
Issued				
Ordinary shares of 10p each	4,000	1	4,000	1
1% Non Cumulative Deferred shares of £1 each	4,000,000	4,000	4,000,000	4,000
10% Non Cumulative Participating and Preference shares of £1 each	100,000	100	-	-
7% Non Cumulative Redeemable Preference shares of £1 each	5,899,600	5,899	-	-
		<u>10,000</u>		<u>4,001</u>

6. Establishment Account

A proportion of the initial expenses incurred as a result of the continued expansion of the long-term business of the company is carried forward within the shareholders' fund by way of the Establishment Account. The balance of the Establishment Account is recoverable out of future surplus emerging in the life fund.

7. Capital Commitments

Capital commitments at 31st December 1983 amounted to £nil (1982 - £nil)

8. Subsidiary

The subsidiary, Target Annuities Limited, is wholly owned and incorporated in England. Its business comprises the reinsurance of annuity policies written by the company.

9. Ultimate Holding Company

The company is a subsidiary of Target Holdings Limited which is a 60% subsidiary of Charterhouse J. Rothschild plc. All these companies are incorporated in Great Britain. Reliance Services Inc. holds a 40% interest in Target Holdings Limited.

10 Approval of the Accounts

The accounts were approved at a meeting of the directors on 29th March 1984.

TARGET LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE AUDITORS

ACTUARY'S CERTIFICATE

AUDITORS' REPORT TO THE MEMBERS OF TARGET LIFE ASSURANCE COMPANY LIMITED

We have audited the financial statements on pages 5 to 11.  
in accordance with approved auditing standards.

In our opinion, the financial statements comply with the provisions  
of the Companies Acts 1948 to 1981 applicable to insurance companies.

Thomson McLintock & Co  
Chartered Accountants  
London

29th March 1984

ACTUARY'S CERTIFICATE

In my opinion, the aggregate amount of the liabilities of the company  
in relation to its long-term business does not exceed the aggregate  
amount of those liabilities as shown in the balance sheet.

J. C. A. Rathbone  
Fellow of the Institute  
of Actuaries

29th March 1984