

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

**Report and Financial Statements
For the year ended 31 December 2000**



REGISTERED NUMBER: 151731

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

DIRECTORS' REPORT

For the year ended 31 December 2000

The directors are pleased to present their annual report and audited financial statements for the year ended 31 December 2000.

Review of business

The principal activity of Woolwich Life Assurance Company Limited (the 'Company') is to transact long-term life assurance and pension business in the United Kingdom.

Throughout the period the company sold a range of regular premium life assurance investment products, protection products and Guaranteed Bonds. Most of the sales of these products were made through the Company's appointed representative, Woolwich plc.

New regular annualised premium business amounted to £8 million (1999 - £12 million) and single premium business to £64 million (1999 - £121 million).

During the forthcoming year the Company intends to continue to transact long term life assurance and pension business in the United Kingdom.

Results and Dividends

The results for the year are set out in the Profit and Loss Account on pages 7 and 8. The Directors do not recommend the payment of a final dividend.

Directors

The Directors of the Company during the year were:

J M Baddeley (resigned 25 October 2000)
T C Baker (resigned 9 May 2000)
R Coatesworth
B J Hall (resigned 31 December 2000)
D Holcroft (appointed 28 January 2000)
I W Poston

Directors' Interests in Shares (as defined by section 325 the Companies Act 1985)

No Director had an interest in the shares of the Company at any time during the year.

The share interests of the directors of the company at the year end in the share capital of Woolwich plc the beginning of the year and in the share capital of Barclays PLC at the end of the year, as a consequence of the completion of the acquisition of Woolwich plc by Barclays PLC on 25 October 2000, are set out below:

	1 January 2000 (or date of appointment if later) Woolwich shares	25 October 2000 Woolwich shares	Woolwich shares converted into Barclays Shares Post 25 October 2000*	31 December 2000 Barclays shares
R Coatesworth	1,350	1,350	156	-
D Holcroft	1,456	1,481	267	267
I W Poston	1,981	2,025	190	280

*Under the terms of the Offer by Barclays for Woolwich, Scheme Shareholders were entitled to

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

DIRECTORS' REPORT (continued)

For the year ended 31 December 2000

receive in respect of each Woolwich Share: 0.1175 New Barclays Shares and £1.64 in cash. A mix and match election was available under which the Scheme Shareholders could elect, subject to availability, to vary the proportions in which they received New Barclays Shares and cash in respect of their holdings of Scheme Shares.

Directors' Interests in Share Options and Allocations

Details of options to subscribe for ordinary shares and allocations of shares in Woolwich plc made to director of the company during 2000 are set out below:

	At 1 Jan 2000 (or date of appt if later)	No of Options granted in 2000	Woolwich shares rolled over in 2000	Number of resulting Barclays shares	No of Options exercised in 2000	No of Barclays shares at 31 Dec 2000	Resulting option price	Market price at date of exercise £	Date from which exercisable	Expiry Date	
RC Coatesworth	13,040	-	13,040	2,831	-	2,831	15.42	-	28.04.01	28.04.08	ESOP
	11,902	-	11,902	2,584	-	2,584	16.90	-	25.03.02	25.03.09	
	54,275	-	54,275	11,786	-	11,786	15.38	-	01.01.03	14.12.09	
	-	15,846	15,846	3,441	-	3,441	13.17	-	17.02.03	17.02.10	
	6,436	-	6,436	1,397	-	1,397	12.34	-	01.07.03	31.12.03	SS
D Holcroft	13,432	-	13,432	2,916	-	2,916	15.42	-	28.04.01	28.04.08	ESOP
	15,302	-	15,302	3,322	-	3,322	16.90	-	25.03.02	25.03.09	
	84,071	-	84,071	18,256	-	18,256	15.38	-	14.12.02	14.12.09	
	-	26,748	26,848	5,808	-	5,808	13.17	-	17.02.03	17.02.10	
	6,436	-	6,436	1,397	-	1,397	12.34	-	01.07.03	31.12.03	SS
I W Poston	17,910	-	17,910	3,888	-	3,888	15.42	-	28.04.01	28.04.08	ESOP
	18,596	-	18,596	4,038	-	4,038	16.90	-	25.03.02	25.03.09	
	139,221	-	139,221	30,232	-	30,232	15.38	-	14.12.02	14.12.09	
	-	49,825	49,825	10,819	-	10,819	13.17	-	17.02.03	17.02.10	
	6,436	-	6,436	1,397	-	1,397	12.34	-	01.07.03	31.12.03	SS
Former Directors											
J M Baddeley	51,562	-	51,562	11,196	11,196	-	14.73	20.375	01.09.01	01.09.08	ESOP
	50,068	-	50,068	10,872	10,872	-	16.90	20.375	25.03.02	25.03.09	
	183,383	-	183,383	39,822	39,822	-	15.38	20.375	14.12.02	14.12.09	
	-	90,909	90,909	19,741	19,741	-	13.17	20.375	17.02.03	17.02.10	
	5,759	-	5,759	1,250	-	1,250	13.49	-	01.07.04	31.12.04	SS
T C Baker	17,910	-	-	3,888	3,888	-	-	22.0625	28.04.01	28.04.08	ESOP
	13,079	-	13,079	2,840	-	2,840	16.90	-	25.03.02	25.03.09	
	3,638	-	-	789	630	-	-	20.29	01.07.01	31.12.01	SS

SS = Options granted under the Company's sharesave scheme

ESOP = Options granted under the Company's 1998 Executive Share Option Plan

PSP = Awards initially allocated under the Company's 1998 Performance Share Plan

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2000

PSP

1998							
EDs	Granted	Normally Exercisable	Ex gratia	Total Exercisable	Ex- Gratia cash costs	Normal Cash cost	Total Cash Cost
J M Baddeley	34,375	31,510	955	32,465	£3,544.44	£116,966.67	£120,511.11
T C Baker	15,000	13,750	417	14,167	£1,546.67	£51,040.00	£52,586.67
D Holcroft	11,250	10,313	313	10,625	£1,160.00	£38,280.00	£39,440.00
I W Poston	15,000	13,750	417	14,167	£1,546.67	£51,040.00	£52,586.67

1999							
EDs	Granted	Normally Exercisable	Ex gratia	Total Exercisable	Ex- Gratia cash costs	Normal Cash cost	Total Cash Cost
J M Baddeley	34,313	15,012	715	15,727	£2,653.54	£55,724.31	£58,377.85
T C Baker	13,445	5,882	280	6,162	£1,039.75	£21,834.68	£22,874.43
D Holcroft	10,487	4,588	218	4,807	£810.99	£17,030.89	£17,841.88
I W Poston	15,294	6,691	319	7,010	£1,182.74	£24,837.46	£26,020.19

2000							
EDs	Granted	Normally Exercisable	Ex gratia	Total Exercisable	Ex- Gratia cash costs	Normal Cash cost	Total Cash Cost
J M Baddeley	39,156	9,789	1,088	10,877	£4,037.42	£36,336.77	£40,374.19
D Holcroft	12,289	3,072	341	3,414	£1,267.13	£11,404.19	£12,671.32
Ian Poston	22,891	5,723	636	6,359	£2,360.32	£21,242.85	£23,603.16

On 25 October 2000, the entire share capital of Woolwich plc was acquired by Barclays PLC. Under the terms of the Recommended Offer, each Woolwich plc ordinary share of 10p each was valued at 0.1175 New Barclays shares together with £1.64 in cash. A mix and match election was made available under which the Woolwich Scheme Shareholders could elect, subject to availability, to vary the proportions in which they received New Barclays Shares and cash in respect of their holdings of Scheme Shares.

Woolwich staff members who were members of the Executive Share Option Scheme and the Sharesave Scheme were given three choices: to elect to rollover their existing options over Woolwich plc shares in to options over Barclays PLC shares; to elect to cancel their options and receive a cash payment; or to elect to exercise their options.

Under the Company's 1998 Performance Share Plan (PSP) executives were allocated a right to acquire shares, the number of which being determined by the Company's relative TSR performance against a FT-SE 100 index comparator group of companies over a three year performance period. As a consequence of the completion of the Recommended Offer by Barclays for the entire share capital of Woolwich plc, the existing allocation under the PSP were cancelled in return for a cash payment, in accordance with the rules of the Plan. Details of the cash cancellation for the PSP are disclosed in the above table.

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DIRECTORS' REPORT (continued) For the year ended 31 December 2000

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report set out on page 6, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the Auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 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 for the financial year.

The directors consider that in preparing the financial statements on Pages 7 to 21,

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and
- that all the accounting standards which they consider to be applicable have been followed, and
- that the financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985.

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.

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

DIRECTORS' REPORT (continued) For the year ended 31 December 2000

Creditors' payment policy

Unless otherwise agreed, the Company's policy on payment of creditors is for all invoices to be paid within 28 days of receipt of an invoice, provided that all trading terms and conditions have been complied with.

At the year end, the company had an average of 39 days' purchases outstanding in trade creditors.

Holding Companies

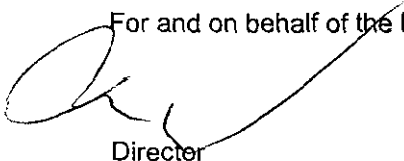
The parent company of the smallest group that presents group financial statements is Woolwich plc. The ultimate holding company is Barclays PLC and copies of the group financial statements of Barclays PLC and Woolwich plc may be obtained from Group Corporate Secretariat, Barclays PLC, 54 Lombard Street, London EC3P 3AH. Both companies are incorporated in Great Britain and registered in England and Wales.

Auditors

KPMG Audit Plc resigned as the Company's auditors on 26 October 2000 and PricewaterhouseCoopers were appointed as auditors on 26 October 2000.

Pursuant to a shareholders resolution, the Company is not obliged to re-appoint its auditors annually and PricewaterhouseCoopers will therefore continue in office.

For and on behalf of the Board



Director

26 March 2001

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

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

We have audited the financial statements on pages 7 to 21.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, 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 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
26 March 2001

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

Technical Account - Long Term Business

	Notes	2000 £000	1999 £000 As restated
Earned premiums, net of reinsurance			
Gross premiums written	2	148,197	202,688
Outward reinsurance premiums		(5,387)	(4,834)
		<u>142,810</u>	<u>197,854</u>
Investment income (including realised gains)	3	37,947	31,928
Unrealised gains on investments	3	-	48,459
		<u>180,757</u>	<u>278,241</u>
Claims incurred, net of reinsurance			
Claims paid			
- gross amount		(94,738)	(52,848)
- reinsurers' share		3,954	2,974
		<u>(90,784)</u>	<u>(49,874)</u>
Change in the provision for claims			
- gross amount		44	(593)
- reinsurers' share		(187)	429
		<u>(143)</u>	<u>(164)</u>
		<u>(90,927)</u>	<u>(50,038)</u>
Change in other technical provisions, net of reinsurance			
Long term business provision, net of reinsurance			
- gross amount		58,345	34,495
- reinsurers' share		-	-
		<u>58,345</u>	<u>34,495</u>
Other technical provisions, net of reinsurance			
- technical provisions for linked liabilities		(66,193)	(234,609)
		<u>(7,848)</u>	<u>(200,114)</u>
Net operating expenses	4	(12,306)	(19,403)
Investment expenses and charges	3	(846)	(932)
Unrealised losses on investments	3	(34,536)	-
Tax attributable to the long term business	7	(5,944)	(1,478)
		<u>(53,632)</u>	<u>(21,813)</u>
Balance on the technical account - long term business		<u>28,350</u>	<u>6,276</u>

All of the amounts above are in respect of continuing operations.

The notes on pages 11 to 21 form an integral part of these financial statements.

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

Non-Technical Account

	Notes	2000 £000	1999 £000 As restated
Balance on the long term business technical account		28,350	6,276
Tax credit attributable to the balance on the long term Business technical account	7	5,944	1,478
Shareholders' pre-tax profit from long term business		34,294	7,754
Investment Income (including realised gains)	3	1,597	1,362
Other charges including value adjustments		(2)	(27)
Profit on ordinary activities before tax	5	35,889	9,089
Tax on ordinary activities	7	(6,423)	(1,878)
Profit for the financial year		29,466	7,211
Retained profit for the financial year		29,466	7,211

All the amounts above are in respect of continuing operations.

All recognised gains and losses are dealt with in the Profit and Loss account.

The notes on pages 11 to 21 form an integral part of these financial statements.

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

Assets

	Notes	2000 £000	1999 £000 As restated
Investments			
Investments in Group undertakings and participating Interests	9	15,296	4,949
Deposits with ceding undertakings		-	15,770
Other financial investments	10	156,333	177,194
		<u>171,629</u>	<u>197,913</u>
Assets held to cover linked liabilities	11	557,357	494,323
Reinsurers' share of technical provisions			
Claims outstanding		962	1,149
		<u>962</u>	<u>1,149</u>
Debtors			
Other debtors	12	8,381	3,443
		<u>8,381</u>	<u>3,443</u>
Other assets			
Tangible Assets	13	101	138
Cash at bank and in hand		1,939	3,908
		<u>2,040</u>	<u>4,046</u>
Prepayments and accrued income			
Accrued interest and rent		5,252	6,167
Deferred acquisition costs		23,428	19,712
Other prepayments and accrued income		62	68
		<u>28,742</u>	<u>25,947</u>
Total assets		<u>769,111</u>	<u>726,821</u>

The notes on pages 11 to 21 form an integral part of these financial statements.

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

Liabilities

	Notes	2000 £000	1999 £000 As restated
Capital and reserves			
Called up share capital	14	30,000	30,000
Profit and loss account	16	60,722	31,256
Shareholders' funds - equity interests	15	90,722	61,256
Technical provisions			
Long term business provision		113,489	173,212
Claims outstanding		2,359	2,403
		115,848	175,615
Technical provisions for linked liabilities		546,140	478,569
Provisions for other risks and charges	18	4,686	3,942
Creditors			
Creditors arising out of direct insurance operations	19	2,557	2,566
Other creditors including taxation and social security	20	9,158	4,873
		11,715	7,439
Total liabilities		769,111	726,821


The notes on pages 11 to 21 form an integral part of these financial statements.

The financial statements on pages 7 to 21 were approved by the Board of Directors on 26 March 2001.

Ian Poston
Chairman



David Holcroft
Managing Director



WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985. The financial statements have also been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers on 23 December 1998. The comparatives stated in the financial statements cover the previous financial year.

The company is exempt from providing a cashflow statement on the grounds that 90% of voting rights are controlled within the Woolwich Group and consolidated accounts including the company are publicly available.

As the Company's financial statements are consolidated in the financial statements of Woolwich plc, the company has taken advantage of the exemption clauses in Financial Reporting Standard Number 8 in respect of transactions with group companies, which are also related parties.

Premiums

Premiums for unit linked business are accounted for when the policy liability is established. Other premiums are accounted for when due for payment.

Investment income, expenses and charges.

Investment income, expenses and charges are included in the long term business technical account to the extent that they relate to long term business. Other investment income and expenses are included in the non-technical account.

Dividend income is accounted for when the shares are quoted ex-dividend and unit trust income is accounted for on a receivable basis.

Interest, expenses and charges are accounted for on an accruals basis.

Realised gains and losses on investments are calculated as the difference between net sale proceeds and original cost.

Dividend income on Life business has been included gross. Dividend income on Pensions business has been stated net of tax credits.

Unrealised Gains and Losses on Investments

Unrealised gains and losses recorded in the profit and loss account represent the changes in value during the year of investments held at the balance sheet date and the reversal of changes in prior years on investments disposed of in the year. Unrealised gains and losses are included in the long term business technical account to the extent that they relate to long term business. Other unrealised gains and losses are included in the non technical account.

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Claims

Death claims, critical illness claims and surrenders are accounted for when notified and maturities are recognised when due for payment. Claims payable include the claims handling costs relating to settlement. Reinsurance recoveries are accounted for in the same period as the related claim.

Long Term Business Provision

The long term business provision is determined by the Appointed Actuary, following his annual investigation of the long term business, and is calculated initially to comply with the reporting requirements under the Insurance Companies Act 1982. A gross premium valuation method is used for all business with the exception of unit linked contracts where the provisions are based on the market value of the related assets. The statutory solvency basis of valuation is then adjusted by eliminating the undistributed surplus determined by that valuation, general contingency reserves, certain reserves required under the insurance companies regulations and deferred acquisition costs allowed for in the valuation.

Acquisition costs and deferred acquisition costs.

Acquisition costs comprise direct and indirect costs relating to the obtaining and processing of new business.

Deferred acquisition costs relate to those costs incurred in acquiring insurance policies during a financial year but which relate to a subsequent financial year. These costs are deferred as an explicit asset which is amortised over the period in which they are recoverable out of future margins from the relevant policies.

Depreciation

Depreciation of tangible fixed assets is provided on a straight line basis at the following annual rates:

Office equipment	5 years
Computer equipment and software	4 years
Motor vehicles	4 years

Finance Leases

Assets acquired under finance leases are included within tangible assets and the corresponding commitments for future payments are included within creditors, net of future finance charges. Finance charges are accounted for on a systematic basis over the life of each lease.

Retirement Benefits

The company is a contributor to the Group Pension Scheme, details of which are given in the financial statements of Woolwich plc. Contributions to this scheme are charged in the Long Term Business Technical Account in the period in which they become payable.

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Investments

All investments are stated at their current value as detailed below:

Debt securities, other fixed income securities and structured instruments are at middle market prices.

Listed investments are valued at the mid market value on the balance sheet date or on the last Stock Exchange trading day before the balance sheet date.

Unit Trusts are stated at the bid price.

Taxation

Provision is made using the liability method for all material timing differences where it is probable that a tax payment or recovery will occur in the foreseeable future. Provision is made for deferred taxation in respect of timing differences between the treatment of certain items for taxation and accounting purposes.

Any transfer from the long term business technical account to the non technical account is grossed up at the effective rate of tax applicable to the period.

Deferred taxation in respect of deferred acquisition costs is separately disclosed under provisions for other risks and charges in note 18. This represents a change of accounting policy in 2000. There is no net impact on the profit after tax. Comparative figures have been restated.

Foreign currency

Trading results denominated in foreign currencies are translated into sterling at average rates of exchange during the year. Assets and liabilities are translated at the exchange rate ruling at the year end except where rates of exchange are fixed under contractual arrangements. Exchange differences are taken to the profit and loss account as they arise.

Adoption of new accounting standards

Changes to accounting policies have occurred following the adoption in 2000 of Financial Reporting Standard 15 "Tangible Fixed Assets" (FRS 15) and Financial Reporting Standard 16 "Current Tax" (FRS 16). The changes have had no impact on the company's reported profit.

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. SEGMENTAL ANALYSIS

Gross premiums written (all direct individual business)

	Regular premiums		Single premiums	
	2000	1999	2000	1999
		As		
	£000	restated	£000	£000
		£000		
Non-participating:				
Life	15,875	12,153	63,384	120,764
Pensions	52	34	-	-
	<u>15,927</u>	<u>12,187</u>	<u>63,384</u>	<u>120,764</u>
Linked:				
Life	66,283	67,931	-	-
Pensions	2,228	1,368	375	438
	<u>68,511</u>	<u>69,299</u>	<u>375</u>	<u>438</u>
	<u>84,438</u>	<u>81,486</u>	<u>63,759</u>	<u>121,202</u>

Gross new business premiums (all direct individual business)

	Regular premiums		Single premiums	
	2000	1999	2000	1999
		As		
	£000	restated	£000	£000
		£000		
Non-participating:				
Life	6,549	5,100	63,384	120,764
Pensions	27	31	-	-
	<u>6,576</u>	<u>5,131</u>	<u>63,384</u>	<u>120,764</u>
Linked:				
Life	661	5,479	-	-
Pensions	1,103	1,192	375	438
	<u>1,764</u>	<u>6,671</u>	<u>375</u>	<u>438</u>
	<u>8,340</u>	<u>11,802</u>	<u>63,759</u>	<u>121,202</u>

Assets attributable to the long term business fund

Of the total amount of assets shown on page 9 £741,506,000 (1999: £700,386,000) was attributable to the long term business fund.

Geographical Analysis

All business is conducted in the UK.

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. INVESTMENT RETURN SUMMARY

Long term insurance business

	2000 £000	1999 £000
Investment Income:		
Income from other investments - listed	24,984	22,034
Gains on the realisation of investments	12,963	9,894
	<u>37,947</u>	<u>31,928</u>
Investment expenses and charges:		
Investment management expenses, including interest	(846)	(932)
Unrealised (losses) / gains on investments	<u>(34,536)</u>	<u>48,459</u>
Net investment return included in the long term business Technical Account	<u>2,565</u>	<u>79,455</u>

Shareholders' funds

	2000 £000	1999 £000
Investment Income:		
Income from other investments - other	1,597	1,362
Investment expenses and charges:		
Investment management expenses, including interest	(2)	(27)
Net investment return included in the non-technical account	<u>1,595</u>	<u>1,335</u>
Total investment return	<u>4,160</u>	<u>80,790</u>

4. NET OPERATING EXPENSES

	2000 £'000	1999 £'000 As restated
Acquisition costs	12,732	16,977
Change in deferred acquisition costs	(3,716)	(2,604)
Administrative expenses	4,298	5,655
Experience rebate	(1,008)	(625)
	<u>12,306</u>	<u>19,403</u>

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2000 £'000	1999 £'000
Auditors' remuneration:		
Audit services	50	50
Non-audit services	26	33
Total auditors' remuneration	<u>76</u>	<u>83</u>
Depreciation of tangible fixed assets:		
Owned assets	19	22
Leased assets	16	13
Total depreciation charge	<u>35</u>	<u>35</u>
Wages and salaries	1,032	794
Social security costs	70	71
Other pension costs	82	92
Total staff costs	<u>1,184</u>	<u>957</u>

The average monthly numbers of employees during the year was 17 (1999: 21). The employees were involved in the management and central administration of the company. The policy administration was carried out by Royal & Sun Alliance plc and investment administration and management is carried out by Merrill Lynch Investment Management plc.

6. DIRECTORS' EMOLUMENTS

	2000 £000	1999 £000
For services as directors and other emoluments		
Paid by the company	184	308
Compensation for loss of office	-	73
Employer contribution to pension scheme	310	-
Sums paid to third parties for Directors services	5	5
	<u>499</u>	<u>386</u>

Retirement benefits are accruing to three Directors under a defined benefit scheme at 31 December 2000 and 5 Directors at 31 December 1999.

None of the directors personally receive fees from the company. Fees are paid to either the Woolwich plc or Royal & Sun Alliance plc in respect of their duties as directors.

There were no loans during the year to Directors or Officers of the Company or other transactions, arrangements and agreements which require disclosure in accordance with Schedule 6 of the Companies Act 1985 or FRS 8 'Related Party Transactions'.

Information relating to the Directors' options is provided in the directors report on pages 1 to 5.

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TAXATION

	2000	1999 As restated
	£000	£000
Long term business technical account		
UK Corporation Tax at 30% (1999: 30%)	5,200	958
Deferred tax	<u>744</u>	<u>520</u>
	<u>5,944</u>	<u>1,478</u>
Non-technical account		
UK Corporation Tax at 30% (1999: 30%)	479	400
Tax attributable to balance on long term business technical account	<u>5,944</u>	<u>1,478</u>
	<u>6,423</u>	<u>1,878</u>

8. PENSION COMMITMENTS

The company is a member of a group scheme, details of the which are given in the financial statements of Woolwich plc. The cost of contributions to the group scheme amount to £82,588 (1999: £91,816) and are based on pension costs across the group as a whole.

9. INVESTMENTS IN GROUP UNDERTAKINGS AND OTHER PARTICIPATING INVESTMENTS

	Current value		Cost	
	2000	1999	2000	1999
	£000	£000	£000	£000
Debt securities issued by Group undertakings	<u>15,296</u>	<u>4,949</u>	<u>15,000</u>	<u>5,000</u>

10. OTHER FINANCIAL INVESTMENTS

	Current value		Cost	
	2000	1999	2000	1999
	£000	£000	£000	£000
Debt securities and other fixed				
Income securities	94,338	143,626	95,679	144,983
Deposits with credit institutions	<u>61,995</u>	<u>33,568</u>	<u>61,995</u>	<u>33,568</u>
	<u>156,333</u>	<u>177,194</u>	<u>157,674</u>	<u>178,551</u>

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. ASSETS TO COVER LINKED LIABILITIES

	Current value		Cost	
	2000 £000	1999 £000	2000 £000	1999 £000
Assets held to cover linked liabilities	<u>557,357</u>	<u>494,323</u>	<u>504,201</u>	<u>405,996</u>

Linked assets exceed linked liabilities as detailed below:

	Current value	
	2000 £000	1999 £000
Linked Assets	557,357	494,323
Reserve for unrealised gains	(8,208)	(13,569)
Realised CGT	(2,453)	(1,716)
Other liabilities	(314)	(230)
Surplus units	(242)	(239)
Linked liabilities	<u>546,140</u>	<u>478,569</u>

12. OTHER DEBTORS

	2000 £'000	1999 £'000
Tax Recoverable	8,301	3,443
Other	80	-
	<u>8,381</u>	<u>3,443</u>

13. TANGIBLE FIXED ASSETS

	Equipment £000	Motor Vehicles £000	Assets held under finance leases £000	Total £000
Cost				
At 1 January	142	31	90	263
Additions	6	-	30	36
Disposals	-	(31)	(24)	(55)
At 31 December	<u>148</u>	<u>-</u>	<u>96</u>	<u>244</u>
Accumulated depreciation				
At 1 January	105	6	14	125
Charge for the year	19	-	16	35
Disposals	(2)	(6)	(9)	(17)
At 31 December	<u>122</u>	<u>-</u>	<u>21</u>	<u>143</u>
Net book value				
At 31 December 2000	<u>26</u>	<u>-</u>	<u>75</u>	<u>101</u>
At 31 December 1999	<u>37</u>	<u>25</u>	<u>76</u>	<u>138</u>

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. CALLED UP SHARE CAPITAL

	2000 £000	1999 £000
Authorised 40,000,000 ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>
Allotted and fully paid 30,000,000 ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2000 £000	1999 £000
Profit for the year	29,466	7,211
Opening shareholders' funds	<u>61,256</u>	<u>54,045</u>
Closing shareholders' funds	<u>90,722</u>	<u>61,256</u>

16. RESERVES

	Total £000
Retained profit for year	29,466
At 1 January 2000	<u>31,256</u>
At 31 December 2000	<u>60,722</u>

£39,391,000 of the above reserves is held within the long term fund as an unrealised surplus.

17. LONG TERM BUSINESS PROVISION

1. The long-term business provision has been calculated using a cash flow method for unit-linked policies and a gross premium method for conventional policies. The provision for conventional policies has been increased by the removal of the contribution for initial acquisition expenses.

2. The principal assumptions underlying the calculation, for conventional business, were as follows:

Class of Business	2000 Mortality	2000 Interest Rate %	1999 Mortality	1999 Interest Rate %
Term Assurances	A67/70 Ult*	3.00	A67/70 Ult*	3.00
Guaranteed Income Bond	A67/70 Ult	5.01	A67/70 Ult*	5.88

* With adjustment for AIDS

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. For linked business, the unit liability was based on the value of units at bid price. The principal assumptions underlying the calculation of the non-unit liability were as follows:

Economic Assumptions

Class of Business	2000			1999		
	Interest Rate %	Inflation Rate %	Unit Price Growth Rate before charges And tax %	Interest Rate %	Inflation Rate %	Unit Price Growth Rate before Charges %
Life	4.00	5.00	6.00	3.40	5.50	6.25

Other Assumptions

Class of Business	2000		1999	
	Mortality Table	Expenses – Regular (£)	Mortality Table	Expenses – Regular (£)
Life	A67/70 Ult*	30.97	A67/70 Ult*	30.97
	*With adjustment for AIDS			

4. Deferred Tax

Future anticipated tax cash flows are included in the actuarial calculation and are discounted at the interest rate applicable to the appropriate business.

18. PROVISIONS FOR OTHER RISKS AND CHARGES

	2000 £'000	1999 £'000
Opening provision for deferred taxation relating to deferred acquisition costs	3,942	3,422
Increase to provision in year	744	520
Closing provision for deferred taxation relating to deferred acquisition costs	<u>4,686</u>	<u>3,942</u>

19. CREDITORS ARISING OUT OF DIRECT INSURANCE OPERATIONS

	2000 £000	1999 £000
Premiums received in advance	108	155
Commission payable to Group undertaking	737	1,207
Administration fee payable to third party administration	1,157	695
Amounts due to reinsurers	555	509
	<u>2,557</u>	<u>2,566</u>

WOOLWICH LIFE ASSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2000 £000	1999 £000 As restated
Due within one year		
Corporation tax payable	7,334	2,929
Other creditors	1,749	1,867
Obligations under finance leases	32	26
Payable within one year	<u>9,115</u>	<u>4,822</u>
Due after one year		
Obligations under finance leases between two and five years	43	51
Total Other Creditors	<u>9,158</u>	<u>4,873</u>
The maturity of obligations under finance leases is as follows:		
Within one year	32	26
In the second to fifth years	43	51
	<u>75</u>	<u>77</u>
Less: future finance charges	(25)	(29)
	<u>50</u>	<u>48</u>

21. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under the provisions of Financial Reporting Standard 8 ("FRS 8"), Related Party Disclosures not to disclose transactions with other group companies since the Company is a 90% owned subsidiary of Woolwich plc, the consolidated financial statements of which are publicly available. During the period there have been no transactions with related parties other than group companies.

22. ULTIMATE HOLDING COMPANY

The parent undertaking of the smallest group that presents group accounts is Woolwich plc. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England and Wales. Barclays PLC's and Woolwich plc's statutory accounts are available from the Secretary, 54 Lombard Street, London EC3P 3AH. Woolwich plc holds 90% of the issued share capital and Royal & Sun Alliance plc holds the remaining 10%. On 2 January 2001 Woolwich plc purchased the remaining 10% of the issued share capital of the Company.