

Registered Number 545887

**SUN LIFE FINANCIAL SERVICES LIMITED**

**Directors' Report and Financial Statements for the  
year ended 31 December 2002**



Registered Office: 107 Cheapside, London EC2V 6DU

**SUN LIFE FINANCIAL SERVICES LIMITED**

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**DIRECTORS**

S. W. Lowther  
I. D. Richardson

**SECRETARY**

J. P. Small

**AUDITORS**

PricewaterhouseCoopers LLP

# SUN LIFE FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2002.

### REVIEW OF ACTIVITIES

The Company provided mortgage finance to individuals holding certain classes of pension or life assurance policies with the AXA Sun Life Group. The Company is no longer granting new loans. No change in activities is planned for the foreseeable future.

### DIRECTORS

The directors of the Company at the date of this report are shown on page 1.

Mr. P. N. S. Clark resigned as a director on 28 June 2002. Mr. S. W. Lowther was appointed a director on 15 August 2002.

### DIRECTORS' INTERESTS

According to the register of directors' interests, the interests of directors in the share capital and debentures of the Company, its ultimate holding company (AXA) or subsidiaries of the ultimate holding company are as follows:

#### AXA

Shares of €2.29 each

	At 1 January 2002	At 31 December 2002
I. D. Richardson	1,176	1,176

#### AXA

	Units in AXA Global Fund		Units in AXA Actionnariat II Fund	
	At 1 January 2002	At 31 December 2002	At 1 January 2002	At 31 December 2002
I. D. Richardson	112.1989	112.1989	-	-

# SUN LIFE FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT (continued)

### DIRECTORS' INTERESTS (Continued)

#### Interest in Debentures

	AXA	
	Loan Notes of £1 each	
	At 1 January 2002	At 31 December 2002
I. D. Richardson	74,875	55,875

#### Interests in Options

	AXA				
	At 1 January 2002	During Year			At 31 December 2002
	Options to subscribe for Shares	Options granted	Options exercised	Options lapsed	Options to subscribe for Shares
I. D. Richardson	23,803.96	6,000	6,423.96	-	23,380

The options outstanding at 31 December 2002 are exercisable at various times between 1 January 2003 and 26 February 2012 at prices between €20.98 and €41.06 per share.

#### AXA UK plc

	At 1 January 2002	During Year		At 31 December 2002
	Options to subscribe for Shares	Options exercised	Options lapsed	Options to subscribe for Shares
I. D. Richardson	2,380	-	-	2,380

The options outstanding at 31 December 2002 are exercisable between 1 January 2003 and 30 June 2003 at a price of £4.07 per share.

## SUN LIFE FINANCIAL SERVICES LIMITED

### DIRECTORS' REPORT (continued)

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#### DIRECTORS' INTERESTS (Continued)

As permitted by Statutory Instrument, the register of directors' interests does not include the interests of the following director in the share capital and debentures of the Company, its ultimate holding company (AXA) or subsidiaries of the ultimate holding company as such interests are disclosed in the Directors' Report of the following company, which is a parent company of the Company.

- S. W. Lowther reported by AXA Sun Life Holdings plc

#### PAYMENT OF CREDITORS

All trade purchases are dealt with through AXA Sun Life Services plc.

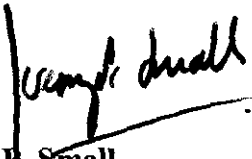
#### AUDITORS

Under Section 379A of the Companies Act 1985, the Company has elected to dispense with the following obligations:

- to lay accounts and reports before general meetings;
- to hold annual general meetings; and
- to appoint auditors annually.

Following the conversion of the Company's auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 10 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

By Order of the Board



J. R. Small  
Secretary  
2 June 2003

**SUN LIFE FINANCIAL SERVICES LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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**DIRECTORS' RESPONSIBILITIES**

The following statement 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 responsibilities of the auditors are set out in the audit report on pages 6 and 7.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which show 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 and loss for that period.

The directors consider that in preparing the financial statements on pages 8 to 11, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The directors are required to be satisfied that it is appropriate to prepare financial statements 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 that the financial statements comply with the Companies Act 1985.

The directors have 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.

# **SUN LIFE FINANCIAL SERVICES LIMITED**

## **AUDITORS' REPORT**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUN LIFE FINANCIAL SERVICES LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the accounting policies set out in the statement of accounting policies.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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. The other information comprises only the directors' report.

#### **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.

SUN LIFE FINANCIAL SERVICES LIMITED

AUDITORS' REPORT

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**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

2 June 2003



**SUN LIFE FINANCIAL SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2002**

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	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Income from fixed asset investment	<b>179,260</b>	<b>421,841</b>
Interest payable and similar charges	<b>(179,260)</b>	<b>(421,841)</b>
<b>Profit on ordinary activities before tax</b>	<b>-</b>	<b>-</b>
Tax on profit on ordinary activities	<b>-</b>	<b>-</b>
<b>Profit on ordinary activities after tax being retained profit for the year</b>	<b>-</b>	<b>-</b>

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

The Company had no recognised gains or losses during the year other than those included in the profit and loss account.

The information on pages 10 to 11 forms an integral part of these financial statements.

**SUN LIFE FINANCIAL SERVICES LIMITED**

**BALANCE SHEET  
AT 31 DECEMBER 2002**

	Notes	2002 £	2001 £
<b>Investments</b>			
Loans secured on properties	2	2,259,490	5,280,516
<b>Current assets</b>			
Prepayments and accrued income		209,871	425,697
Cash at bank and in hand		100	100
		<u>209,971</u>	<u>425,797</u>
<b>Creditors: amounts falling due within one year</b>			
Amount owed to group undertakings		(2,469,361)	(5,706,213)
		<u>(2,259,390)</u>	<u>(5,280,416)</u>
<b>Net assets less current liabilities</b>			
		<u>100</u>	<u>100</u>
<b>Equity shareholders' funds</b>			
Called up share capital	5	<u>100</u>	<u>100</u>

The financial statements were approved by the Board of Directors on 2 June 2003 and signed on its behalf by:

  
Director

The information on pages 10 to 11 forms an integral part of these financial statements.

## **SUN LIFE FINANCIAL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **1. ACCOUNTING POLICIES**

The principal accounting policies are set out below. The policies remain unchanged from the previous year.

##### **(a) Basis of Accounting**

The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

##### **(b) Cash Flow Statement**

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement. The cashflow of the Company is consolidated in the AXA group financial statements, which can be obtained from 23, avenue Matignon, 75008 Paris, France.

##### **(c) Income from fixed asset investments**

Interest charged on the loans advanced is recognised when receivable.

##### **(d) Loans secured on properties**

Loans are capitalised at the amount advanced less provision for diminution in value due to irrecoverability.

##### **(e) Interest payable**

Interest payable and other charges are recognised when due.

#### **2. Loans secured on properties**

All loans are repayable on demand and are secured against properties.

#### **3. DIRECTORS' EMOLUMENTS**

Mr. I. D. Richardson is employed and paid by another company in the AXA group and his directorship is held as part of that employment. No director has received any emoluments or other benefits from the Company or any other company in the AXA group in respect of services to the Company.

Mr. P. N. S. Clark and Mr. S. W. Lowther were also directors of AXA Sun Life Holdings plc during the year and their emoluments, which relate to their services to the AXA group as a whole, are disclosed in the financial statements of that company.

## **SUN LIFE FINANCIAL SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **4. ADMINISTRATIVE EXPENSES**

The remuneration of the auditors and staff costs have been borne by AXA Sun Life Services plc, a fellow subsidiary undertaking.

#### **5. SHARE CAPITAL**

	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Authorised, issued and fully paid, 100 shares of £1 each	<b>100</b>	<b>100</b>

#### **6. RELATED PARTIES**

As the Company is a wholly-owned subsidiary it has taken advantage of the exemption granted under Financial Reporting Standard 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with Group companies qualifying as related parties provided that consolidated financial statements are publicly available.

#### **7. IMMEDIATE AND ULTIMATE PARENT COMPANIES**

The Company is a subsidiary of Sun Life Assurance Society plc, a company incorporated in Great Britain and registered in England and Wales.

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France.