

Registered Number 545887

**SUN LIFE FINANCIAL SERVICES LIMITED**

**Directors' Report and Financial Statements**

**for the year ended 31 December 2005**

Registered Office: 5 Old Broad Street, London EC2N 1AD



**SUN LIFE FINANCIAL SERVICES LIMITED**

**DIRECTORS' REPORT**

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**DIRECTORS**

D. E. Hynam  
J. P. Small

**SECRETARY**

J. P. Small

**AUDITORS**

PricewaterhouseCoopers LLP

# SUN LIFE FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT (CONTINUED)

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2005.

### 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. The existing loans were realised on 31 December 2005 through a sale of the loan portfolio for a consideration of £1,369,563, therefore all activity has now ceased. No further 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. S. W. Lowther resigned as a director on 2 September 2005. Mr. D. E. Hynam was appointed as a director on 28 September 2005.

### 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:

#### Interests in Shares and Units

	AXA	
	Shares of 2.29 each	
	At 1 January 2005	At 31 December 2005
J. P. Small	40	-

	AXA	
	Units in AXA Global Fund	
	At 1 January 2005	At 31 December 2005
J. P. Small	138.6425	174.0661

# SUN LIFE FINANCIAL SERVICES LIMITED

## DIRECTORS' REPORT (CONTINUED)

### DIRECTORS' INTERESTS (continued)

	AXA Units in AXA Actionnariat Fund	
	At 1 January 2005	At 31 December 2005
J. P. Small	-	23.2298

### Interests in Options

	AXA				
	At 1 January 2005 (or date of appointment, if later)	During Year			At 31 December 2005
	Options to subscribe for Shares	Options granted	Options exercised	Options lapsed	Options to subscribe for Shares
D. E. Hynam (appointed 28.09.2005)	35,940	-	-	-	35,940
J. P. Small	12,513	2,250	1,005	-	13,758

The options outstanding at 31 December 2005 are exercisable at various times between 1 January 2006 and 28 March 2015 at prices between 10.96 and 40.86 per share.

	AXA UK plc			
	At 1 January 2005	During Year		At 31 December 2005
	Options to subscribe for Shares	Options exercised	Options lapsed	Options to subscribe for Shares
J.P. Small	497	-	497	-

Save as stated above, none of the directors at 31 December 2005 had interests in the share capital of the Company, its ultimate holding company (AXA) or subsidiaries of the ultimate holding company.

### PAYMENT OF CREDITORS

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

**SUN LIFE FINANCIAL SERVICES LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

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**FINANCIAL INSTRUMENT RISK MANAGEMENT**

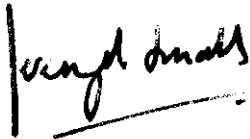
The extent of the Company's business restricts exposure to financial risk and its use of financial instruments is not considered material for an assessment of its financial position.

**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.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J. P. Small', written over a horizontal line.

**J. P. Small**  
Secretary

30 June 2006

**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 auditors' report.

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **SUN LIFE FINANCIAL SERVICES LIMITED**

## **AUDITORS' REPORT**

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

We have audited the financial statements of Sun Life Financial Services Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 into 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

# SUN LIFE FINANCIAL SERVICES LIMITED

## AUDITORS' REPORT

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### Basis of audit opinion (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2005 and of its results 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

30 June 2006



**SUN LIFE FINANCIAL SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2005**

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	2005 £	2004 £
Income from fixed asset investment	98,603	115,547
Realised profit on sale of investments	85,144	-
Interest payable and similar charges	(183,747)	(115,547)
<b>Profit on ordinary activities before tax</b>	<b>-</b>	<b>-</b>
Tax on profit on ordinary activities	-	-
<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 discontinued operations.

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

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

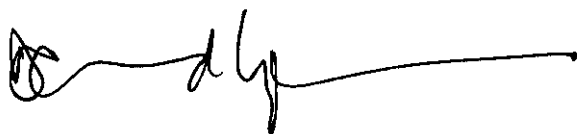
The information on pages 10 to 12 forms an integral part of these financial statements

# SUN LIFE FINANCIAL SERVICES LIMITED

## BALANCE SHEET AT 31 DECEMBER 2005

	Notes	2005 £	2004 £
<b>Fixed assets</b>			
Investments – Loans secured on properties	2	-	1,308,296
<b>Current assets</b>			
Prepayments and accrued income		-	184,860
Cash at bank and in hand		100	100
		<u>100</u>	<u>184,960</u>
<b>Creditors: amounts falling due within one year</b>			
Amount owed to group undertakings		-	(1,493,156)
		<u>-</u>	<u>(1,308,196)</u>
<b>Net current liabilities</b>			
		<u>100</u>	<u>100</u>
<b>Net assets</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 30 June 2006 and signed on its behalf by:



Director

The information on pages 10 to 12 forms an integral part of these financial statements.

# SUN LIFE FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The principal accounting policies are set out below.

#### (a) Basis of presentation

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

The accounts have been prepared in accordance with the formats set out in Schedule 4 to the Companies Act 1985.

#### (b) Income from fixed asset investments

Interest charged on the loans advanced is recognised when receivable.

#### (c) Loans secured on properties

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

#### (d) 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.

#### (e) Interest payable and similar charges

Interest payable to Sun Life Assurance Society plc, the Company's immediate parent undertaking, is recognised when due.

### 2. FIXED ASSET INVESTMENTS

	2005 £	2004 £
At 1 January	1,308,296	1,797,124
Realisations	(23,877)	(488,828)
Sale proceeds of investment	(1,369,563)	-
Profit on sale	85,144	
	<hr/>	<hr/>
At 31 December	-	1,308,296

# SUN LIFE FINANCIAL SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 3. DIRECTORS' EMOLUMENTS

The directors are employed and paid by companies in the AXA group and their directorships are held as part of that employment. No director has received any emoluments or other benefits from the Company or from any other company in the AXA group in respect of services to the Company.

Mr. S. W. Lowther was also a director of AXA Sun Life Holdings plc during the year and his emoluments, which relate to his services to the AXA group as a whole, are disclosed in the financial statements of that company.

### 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

	2005		2004	
	Authorised £	Paid-up £	Authorised £	Paid-up £
Authorised: 100 ordinary shares of £1 each	<u>100</u>		<u>100</u>	
Issued: 100 ordinary shares of £1 each		<u>100</u>		<u>100</u>

### 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.

## **SUN LIFE FINANCIAL SERVICES LIMITED**

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

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#### **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.