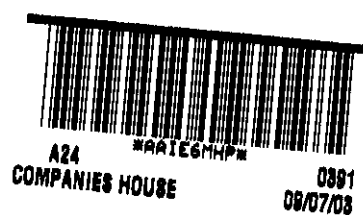


FPS (HOLDINGS) LIMITED

Company No. 1474522

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2002



## FPS (HOLDINGS) LIMITED

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## FPS (HOLDINGS) LIMITED

### DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of FPS (Holdings) Limited for the year ended 31 December 2002.

#### Principal activities

The results for the year are shown on page 5.

#### Results

The company did not trade during the year.

#### Directors and Directors' Interests

The following persons served as Directors of the company during the year:

J L Wybrew

NH Reid

No directors had any interest in the share capital of the company during the year.

#### Statement of Directors' Responsibilities

Company law requires the Directors to prepare, for each financial year, financial statements which give a true and fair view of the Company's state of affairs at the end of the year and profit and loss for the year ended. In preparing these financial statements, the Directors are required to ensure that:

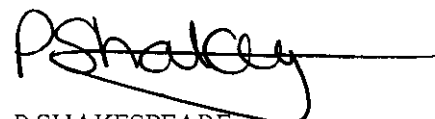
- suitable accounting policies are selected and consistently applied;
- reasonable and prudent judgements and estimates are made;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### Auditors

PricewaterhouseCoopers are now practicing as a limited liability partnership trading as PricewaterhouseCoopers LLP. Following this PricewaterhouseCoopers resigned and the directors appointed the new firm, PricewaterhouseCoopers LLP as auditors. A resolution to re-appoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

By order of the Board



P SHAKESPEARE  
Company Secretary

22 April 2003

## FPS (HOLDINGS) LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FPS (HOLDINGS) 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 historical cost convention (as modified by the revaluation of certain fixed assets) and 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.

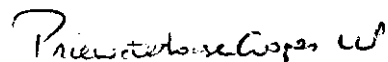
#### Basis of audit opinion

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.

#### 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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

22 April 2003

FPS (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £'000	2001 £'000
Provision against intercompany investment released		192	1,003
Profit on ordinary activities before taxation		192	1,003
Taxation on ordinary activities		-	-
Profit retained for the year	7	192	1,003

BALANCE SHEET AT 31 DECEMBER 2002

	Notes	2002 £'000	2001 £'000
<b>Fixed Assets</b>			
Investments	4	1,981	1,789
<b>Creditors</b>			
Amounts falling due within one year	5	(6,234)	(6,234)
<b>Net Liabilities</b>		(4,253)	(4,445)
<b>Capital and Reserves</b>			
Called up share capital	6	39	39
Share premium account	7	828	828
Profit and loss account	7	(5,120)	(5,312)
<b>Shareholders' funds deficit</b>		(4,253)	(4,445)

These accounts were approved by the Board of Directors on 22 April 2003.

N H REID - Director



The accounting policies and notes on pages 6 and 8 form part of these financial statements.

## FPS (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Principal accounting policies

##### (a) Basis of Accounting

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards. The company is exempted from producing a cash flow statement since a consolidated cash flow statement, prepared in accordance with the requirements of Financial Reporting Standard 1, (revised 1996) is included in the accounts of its ultimate parent undertaking.

Life Assurance Holding Corporation Limited has confirmed that so long as it remains the Company's immediate parent undertaking, it intends to provide such financial and other support as is necessary for the company to continue to trade or otherwise meet its obligations as they fall due. On the strength of this assurance the financial statements have been prepared on a going concern basis.

##### (b) Investments

The investments in subsidiary undertakings are stated at cost less provision for diminution in value.

##### (c) In accordance with Section 228 of the Companies Act 1985, the company has taken advantage of the exemption from the requirement to prepare group accounts.

#### 2. Directors' remuneration

None of the Directors received any emoluments in respect of their services to the Company during the year (2001: £NIL).

#### 3. Employees

The Company employs no employees other than the Directors who are remunerated by a fellow subsidiary undertaking.

#### 4. Investments

	2002 £'000	2001 £'000
Investments in group undertakings	7,101	7,101
Less: provision for diminution in value	(5,120)	(5,312)
	<hr/>	<hr/>
Net investment	1,981	1,789
	<hr/>	<hr/>

The investment represents a holding of 100% of the issued ordinary share capital of G Financial Services Ltd, which is registered in England.

**FPS (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5. Creditors: amounts falling due within one year**

	2002 £'000	2001 £'000
Amounts owed to group undertakings	6,234	6,234

No repayment terms exist and no interest is currently charged.

**6. Share capital**

	2002 No.	2001 No.	2002 £'000	2001 £'000
Authorised:				
'A' Ordinary shares of £1 each	50,000	50,000	50	50
'B' Ordinary shares of 25p each	200,000	200,000	50	50
'C' Ordinary shares of 1p each	1,800,000	1,800,000	18	18
'D' Ordinary shares of 1p each	108,500	108,500	1	1
	<u>2,158,500</u>	<u>2,158,500</u>	<u>119</u>	<u>119</u>
Allotted, called up and fully paid:				
'A' Ordinary shares of £1 each	5,000	5,000	5	5
'B' Ordinary shares of 25p each	61,250	61,250	15	15
'C' Ordinary shares of 1p each	1,742,400	1,742,400	17	17
'D' Ordinary shares of 1p each	108,028	108,028	1	1
	<u>1,916,678</u>	<u>1,916,678</u>	<u>39</u>	<u>39</u>

**7. Reserves**

	Share Premium £'000	Profit and loss account £'000
At 1 January 2002	828	(5,312)
Retained profit for the financial year	-	192
	<u>828</u>	<u>(5,120)</u>
At 31 December 2002	828	(5,120)

## FPS (HOLDINGS) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 8. Taxation

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	192	1003
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	58	301
Effects of:		
Permanent timing differences	(58)	(301)
Current tax charge for year	-	-

#### 9. Reconciliation of movement in shareholder funds

	2002 £'000	2001 £'000
Opening shareholders' funds deficit	(4,445)	(5,448)
Result for the financial year	192	1,003
Closing shareholders' funds deficit	(4,253)	(4,445)

#### 10. Related Party Transactions

The company has made use of the exemption under the Financial Reporting Standard 8 from reporting on transactions with the parent undertaking and its subsidiary undertakings.

#### 11. Immediate and Ultimate Parent Undertaking

The immediate parent company of FPS (Holdings) Limited is GLH Limited which is registered in England.

The parent undertaking of the largest group of undertakings for which the group financial statements are drawn up and of which the Company is a member is Life Assurance Holding Corporation Limited ("LAHC"). The consolidated financial statements of LAHC can be obtained from its registered office at Windsor House, Telford Centre, Shropshire TF3 4NB.