

Registered Number 1989351

19/05/00

SUN LIFE CORPORATION PLC
REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1999



Registered office: 107 Cheapside, London EC2V 6DU

SUN LIFE CORPORATION PLC

SUN LIFE CORPORATION PLC

COMPANY DETAILS

DIRECTORS

G M Wood	(Chairman)
A K Haste	(Chief Executive)
P N S Clark	
D Duverne	
D J Garrett	
N W O Gilmour	
R E Lee	
J V F Roberts	
P J Shelley	

SECRETARY

I D Richardson

AUDITORS

PricewaterhouseCoopers
Bristol

SUN LIFE CORPORATION PLC

DIRECTORS' REPORT

The directors present their report and the financial statements of the Company for the year ended 31 December 1999.

Review of Activities

During the year, Sun Life Corporation plc ("the Corporation") acted as the holding company for a group of companies whose principal activities involved offshore sales and marketing and the sales and marketing of the overseas business of the AXA Sun Life Group.

Dividend

The directors have recommended the payment of a final dividend of £2.6 million. (1998: £4.9million).

Directors

The names of the directors of the Company at the date of this report appear on page 2. Changes in directors since 31 December 1998 are detailed below:-

Mr G M P L Avenel resigned from on 11 January 1999.

Mr J V F Roberts was appointed a director on 24 June 1999.

Mr A K Haste was appointed director and Chief Executive on 13 December 1999.

Mr R E Lee was appointed as a director on 13 December 1999.

Mr P J Shelley was appointed a director on 13 December 1999.

Mr A L Owen resigned on 13 December 1999.

In accordance with Article 71 of the Memorandum and Articles of Association Messrs Haste, Lee, Roberts and Shelley will retire at the forthcoming annual general meeting and, being eligible will offer themselves for re-appointment.

In accordance with Article 85 of the Memorandum and Articles of Association, Mark Wood will retire by rotation at the forthcoming annual general meeting and, being eligible, offer himself for reappointment.

Directors' Interests

All directors are also directors of the immediate parent company.

As permitted by Statutory Instrument the register kept under Section 325 of the Companies Act 1985 does not include the interests of the following directors in the share capital of Sun Life and Provincial Holdings plc and AXA and their subsidiary undertakings:

- | | | |
|---|---|--|
| <ul style="list-style-type: none">• G M Wood• A K Haste• D Duverne• J V F Roberts | } | - reported by Sun Life and Provincial Holdings plc |
|
<ul style="list-style-type: none">• P N S Clark• D J Garrett• N W O Gilmour• R E Lee• P J Shelley | } |
- reported by AXA Sun Life Holdings plc |

SUN LIFE CORPORATION PLC

DIRECTORS' REPORT (continued)

Payment of Creditors

All trade purchases are dealt with through AXA Sun Life Services plc, a fellow subsidiary undertaking. That company's policy on the payment of creditors is to agree terms of payment when orders for goods and services are placed and to pay in accordance with those terms.

Balances outstanding for the Company at 31 December 1999 represented a credit period of 24 days (1998:29 days).

Year 2000

The Company implemented a structured programme to minimise the impact of the Millennium date change on its operations. The programme covered internal business systems, properties and the external supplier chain.

No significant issues have arisen as a result of the Year 2000 date change. However, given the nature and scale of the problem, it is not yet possible for any organisation to be certain that it will not be affected by failures due to the Year 2000 date change, even when its own systems are fully compliant.

The total cost of compliance across the UK Group is disclosed in the financial statements of Sun Life and Provincial Holdings plc.

The Euro

All computer systems immediately affected by the introduction of the Euro on 1 January 1999 were Euro compliant before its introduction. No further material costs have been incurred during the year.

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, and to authorise the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board



I D Richardson
Secretary

5 MAY 2000
..... 2000

SUN LIFE CORPORATION PLC

STATEMENT OF 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 page 6.

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 period and of the profit or loss for that period.

The directors consider that in preparing the financial statements on pages 7 to 12, 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 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.

SUN LIFE CORPORATION PLC

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF SUN LIFE CORPORATION PLC

We have audited the financial statements on pages 7 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 5, 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Bristol

- 5 MAY 2000
.....2000

SUN LIFE CORPORATION PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £m	1998 £m
Investment income	2	13.0	6.5
Operating profit		13.0	6.5
Loss on sale of subsidiary company		(0.4)	-
Profit on ordinary activities before tax		12.6	6.5
Tax on profit on ordinary activities	5	(2.0)	(1.6)
Profit on ordinary activities after tax		10.6	4.9
Dividends			
Paid		7.7	-
Proposed		2.6	4.9
		10.3	4.9
Retained profit for the financial year		0.3	-
Retained profit brought forward		52.2	52.2
Retained profit carried forward		52.5	52.2

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1999 £m	1998 £m
Retained profit for the financial year	0.3	-
Movement on revaluation reserve	0.5	-
Total recognised gains and losses	0.8	-

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

The accounting policies and notes on pages 9 to 12 form an integral part of these financial statements.

SUN LIFE CORPORATION PLC

BALANCE SHEET AT 31 DECEMBER 1999

	Notes	1999 £m	1998 £m
Fixed asset investments			
Investment in subsidiary undertakings	6	1.9	6.1
Current assets			
Cash at bank and in hand		6.6	8.0
Amounts due within one year:			
Amounts due from group undertakings		0.4	1.3
Amounts due from parent undertakings		59.4	55.6
Amounts due after more than one year:			
Amounts due from parent undertakings		61.0	61.0
		<u>127.4</u>	<u>125.9</u>
Creditors: amounts falling due within one year			
Corporation tax payable		0.4	1.6
Final dividend proposed		2.6	4.9
		<u>3.0</u>	<u>6.5</u>
Net current assets		124.4	119.4
Net assets		<u>126.3</u>	<u>125.5</u>
Equity capital and reserves			
Called up share capital	7	3.4	3.4
Share premium account		68.8	68.8
Revaluation reserve		1.6	1.1
Profit and loss account		52.5	52.2
Equity shareholder funds	8	<u>126.3</u>	<u>125.5</u>

The notes on pages 9 to 12 form an integral part of these financial statements.

The financial statements on pages 7 to 12 were approved by the Board on2000


G M Wood
Director

5 MAY 2000

SUN LIFE CORPORATION PLC
NOTES TO THE FINANCIAL STATEMENTS

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 and have been applied consistently. The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts.

(b) Investments

Investments in subsidiaries are shown at the underlying net asset values. Unrealised gains and losses on subsidiary undertakings are taken to the revaluation reserve.

(c) 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 wholly owned undertaking of a parent, which produces a consolidated cash flow statement.

(d) Income and Expenses

Investment income and expenses include dividends, interest, gains and losses on the realisation of investments, and related expenses and are accounted for on an accruals basis.

(e) Investment Income

Investment income includes interest on cash on deposit, interest on loan and dividends receivable and are accounted for on an accruals basis.

(f) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is calculated on the liability basis and is provided only where it is likely that the amount will become payable in the foreseeable future.

SUN LIFE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. INVESTMENT INCOME

	1999 £m	1998 £m
Interest on deposits	0.3	0.3
Interest on loan	3.7	4.9
Dividend receivable	9.0	1.3
	<u>13.0</u>	<u>6.5</u>

3. DIRECTORS EMOLUMENTS

The emoluments of the directors are paid and disclosed by a fellow subsidiary, AXA Sun Life Services plc (ASLS). ASLS makes no recharge to the company for the services of the directors, as it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Therefore the costs of Sun Life Corporation plc include no emoluments in respect of the directors (1998: £nil).

4. ADMINISTRATIVE EXPENSES

Administrative expenses, including staff costs, have been borne by ASLS. ASLS levies management fees on the company which represents the Corporation's apportionment of audit fees only.

5. TAXATION

	1999 £m	1998 £m
Corporation tax at 30.25% (1998 - 31%)	<u>2.0</u>	<u>1.6</u>

SUN LIFE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. SUBSIDIARY COMPANIES

Shares in subsidiaries are stated at net asset values in accordance with group accounting policies. The amount in the company's balance sheet for shares in subsidiary undertakings is as below:

	£m
At 1 January 1999	6.1
Disposal of AXA GRE Europe Investments Ltd	(4.7)
Revaluation in the year	0.5
At 31 December 1999	1.9

Principal subsidiaries	Nature of business	Country of incorporation
Sun Life International Limited	Distribution of Group products and business development overseas	Great Britain
Sun Life Deutschland (UK) Limited	Holding Company for SLD GmbH	Great Britain
Sun Life SMC Limited	Holding company for SLI Services Ltd	Great Britain
Sun Life Staff Schemes Limited	Participates in a joint venture partnership with Postal Staff Assurance	Great Britain

All principal subsidiaries are wholly owned. All companies operate principally in the country of incorporation. Principal subsidiaries incorporated in Great Britain are registered in England and Wales.

7. CALLED UP SHARE CAPITAL

	Ordinary Shares of 5p each	£
Authorised		
At 31 December 1999 and 1998	80,000,000	4,000,000
Allotted, issued and fully paid		
At 31 December 1999 and 1998	68,155,793	3,407,790

SUN LIFE CORPORATION PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. MOVEMENTS IN TOTAL SHAREHOLDERS FUNDS

	Share Capital	Share Premium	Revaluation Reserve	Profit and Loss Account	Total
	£m	£m	£m	£m	£m
At 1 January 1999	3.4	68.8	1.1	52.2	125.5
Retained profit for the financial year	-	-	-	0.3	0.3
Movement on revaluation reserve	-	-	0.5	-	0.5
At 31 December 1999	3.4	68.8	1.6	52.5	126.3

9. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption conferred by FRS8 not to disclose related party transactions with other group companies by virtue of the fact that over 90% of its voting rights are controlled within the Sun Life and Provincial Holdings plc group for which consolidated financial statements are publicly available. There were no other related party transactions requiring disclosure under FRS8 during the year.

10. IMMEDIATE AND ULTIMATE PARENT COMPANIES

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

The Company's ultimate parent company and its ultimate controlling party is AXA, a company incorporated in France. For the year ended 31 December 1999, the parent company of the largest group of undertakings for which group accounts were drawn up, and of which the Company was a member, was AXA. Copies of the AXA group accounts can be obtained from 23 avenue Matignon, 75008 Paris, France. The parent and controlling company of the smallest group of undertakings for which group accounts were drawn up, and of which the Company was a member, was Sun Life and Provincial Holdings plc. Copies of the Sun Life and Provincial Holdings plc group accounts can be obtained from 107 Cheapside, London, EC2V