



## **FP UK HOLDINGS LIMITED**

### **ANNUAL REPORT AND ACCOUNTS**

**31ST DECEMBER 1996**



Company registered number: 2054153

**FP UK HOLDINGS LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 1996**

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**DIRECTORS**

M.F. DOERR, FIA (Chairman)  
G.K. ASLET, MA, FIA A.R. BARNES, ACII A.J. GRIFFITHS, BSc  
R.C. HALLETT BSc, FFA K. SATCHELL, BSc, FIA, ASA B.W. SWEETLAND, LLB

**SECRETARY**

B.W. SWEETLAND, LLB

**PRINCIPAL ACTIVITY**

The company is an investment holding company.

**RESULTS AND BUSINESS REVIEW**

The results for the year ended 31st December 1996 are shown in the profit and loss account on page 4.

Additionally, there were certain changes to the investments in subsidiary undertakings in the year.

On 20th February 1996, the company acquired the entire share capital of Financial Administration Systems Limited from FP Business Holdings Limited, a fellow subsidiary undertaking, for a cash consideration of £0.5m.

In two tranches, on 6th and 27th June 1996, the company acquired 34.5% of the issued ordinary and 15.7% of the issued deferred shares of London Capital Holdings Limited, a property holding undertaking, for a total cash consideration of £37.8m. The acquisitions were from other Friends Provident Group undertakings and from an unrelated company.

**LOANS**

On 26th March 1996, the company received an interest free loan of £0.5m from Financial Administration Systems Limited, a wholly owned subsidiary undertaking. This loan was fully repaid on 15th October 1996.

On 20th December 1996, the company received an £8m loan from Friends' Provident Life Office, its ultimate parent company, to supplement its working capital.

**DIVIDEND**

On 30th December 1996, the company paid an interim dividend of £11m for the year ended 31st December 1996 (1995:£Nil). The directors do not recommend the payment of a final dividend (1995:£Nil).

**DIRECTORS**

The directors named above held office throughout the year. No director held shares beneficially in any company of the Friends' Provident Life Office Group during the year.

**AUDITORS**

The directors have taken advantage of the Elective Regime, under section 386 of the Companies Act 1985, for dispensation from the annual appointment of auditors. The auditors, Price Waterhouse, have signified their willingness to continue in office.

**FP UK HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS (continued)**

**DIRECTORS' RESPONSIBILITIES**

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements 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 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.

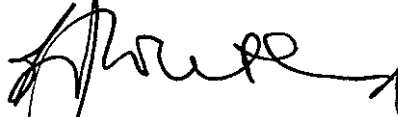
The directors confirm that they have complied with the above requirements.

Pixham End  
Dorking  
Surrey  
RH4 1QA

20th March 1997

Registered Number 2054153

BY ORDER OF THE DIRECTORS



B.W. SWEETLAND  
SECRETARY

**AUDITORS' REPORT**  
**TO THE MEMBERS OF FP UK HOLDINGS LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out therein.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

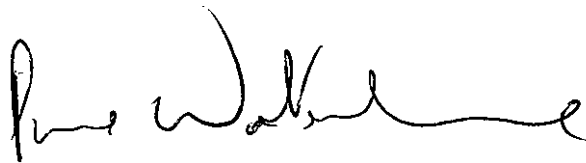
**BASIS OF OPINION**

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 of the company give a true and fair view of the state of the company's affairs at 31st December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY

20th March 1997

**FP UK HOLDINGS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1996**

	Notes	1996 £000	1995 £000
<u>Continuing Operations</u>			
Administrative expenses		-	(71)
Income from shares in subsidiary undertakings	2	46,005	-
<b>OPERATING PROFIT/(LOSS)</b>		----- 46,005	----- (71)
Income from other fixed asset investments		135	-
Interest receivable and similar income	3	373	404
Interest payable and similar charges	4	(22)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	----- 46,491	----- 333
Tax on profit on ordinary activities	7	(1,122)	(110)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	12	----- 45,369	----- 223
Dividends Paid		(11,000)	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		----- 34,369 =====	----- 223 =====

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST DECEMBER 1996**

	1996 £000	1995 £000
Profit on ordinary activities after taxation	45,369	223
Unrealised gains on investments	339	-
<b>Total recognised gains for the year</b>	----- 45,708 =====	----- 223 =====

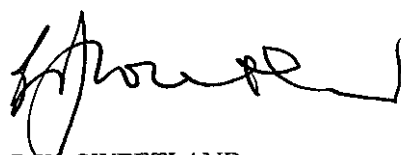
There is no difference between the results disclosed above and the results on a modified historical cost basis.

The notes on pages 6 to 10 form an integral part of these financial statements

**FP UK HOLDINGS LIMITED**

**BALANCE SHEET AS AT 31ST DECEMBER 1996**

	Notes	1996 £000	1995 £000
<b>FIXED ASSETS</b>			
Investment in group undertakings		144,570	106,770
Other investments		9,825	10
	8	<u>154,395</u>	<u>106,780</u>
<b>CURRENT ASSETS</b>			
Debtors	9	17	1
Cash at bank and in hand		1,165	5,975
		<u>1,182</u>	<u>5,976</u>
<b>CREDITORS:</b> Amounts falling due within one year	10	(10,253)	(2,140)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(9,071)</u>	<u>3,836</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>145,324</u>	<u>110,616</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	111,408	111,408
Profit and loss account	12	33,577	(792)
Revaluation reserve		339	-
<b>TOTAL SHAREHOLDERS' FUNDS - EQUITY</b>	12	<u>145,324</u>	<u>110,616</u>



B.W. SWEETLAND  
DIRECTOR

20th March 1997

The notes on pages 6 to 10 form an integral part of these financial statements

**FP UK HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. PRINCIPAL ACCOUNTING POLICIES**

**(a) Basis of preparation**

(i) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements also include the early adoption of FRS1 (Revised 1996) which exempts the company from preparing a cash flow statement.

(ii) Group accounts are not prepared as the company is a wholly-owned subsidiary of its immediate parent undertaking, Friends' Provident Life Office, which is incorporated in the United Kingdom.

**(b) Deferred taxation**

Deferred taxation is provided in full to take account of all differences in the taxation and accounting treatment of certain items, where the asset or liability is expected to crystallise in the foreseeable future.

**(c) Investments**

Investments, in subsidiary and associated undertakings, are stated at cost less provision where, in the opinion of the directors, there has been a permanent diminution in value.

Unit Trusts are stated at published bid prices and listed investments are stated at middle market prices. Any unrealised gains or losses are transferred to or from the revaluation reserve.

**2. TURNOVER**

The company has only one class of business being the holding company for shares and investments in United Kingdom subsidiary and associated undertakings.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1996 £000	1995 £000
Interest receivable on loans to group undertakings	63	69
Other interest and similar income receivable	310	335
	-----	-----
	373	404
	=====	=====

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	1996 £000	1995 £000
Interest payable on loan from ultimate parent company	.22	-
	=====	=====

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is stated after charging auditors' remuneration for audit services of £Nil (1995:£3,000). The auditors' remuneration for audit services for 1996 of £3,000 has been borne by Friends' Provident Life Office.

# FP UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. DIRECTORS AND EMPLOYEES

All executive directors (including the Chairman) are employed by, and receive their emoluments from, another group undertaking. Where appropriate, directors' emoluments have been apportioned to group undertakings in which the directors hold directorships.

The directors holding office during 1996 consider that their services to the company are incidental to their other duties within the Friends' Provident Life Office Group and accordingly no remuneration has been apportioned to this company.

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1996 £000	1995 £000
The taxation charge for the year comprises:		
Corporation tax at 33%	107	-
Taxation on franked income	1,015	-
Group relief at 33%	-	110
	<u>1,122</u>	<u>110</u>

### 8. INVESTMENTS

(a)

	Subsidiary undertakings		Associated undertakings	Other Investments	Total Investments
	Shares £000	Loans £000	Shares £000	£000	£000
Balance at 1st January 1996	105,870	900	-	10	106,780
Acquisitions	534	552	37,800	18,926	57,812
Disposals	(534)	(552)	-	(9,450)	(10,536)
Revaluation	-	-	-	339	339
	<u>105,870</u>	<u>900</u>	<u>37,800</u>	<u>9,825</u>	<u>154,395</u>

The company acquired the entire issued share capital of Financial Administration Systems Limited for £0.5m, this company is in the process of being wound up voluntarily. During the year the company also acquired 34.5% of the issued ordinary and 15.7% of the issued deferred ordinary shares of London Capital Holdings Limited for a total consideration of £37.8m including stamp duty.

In the opinion of the directors, the aggregate value of the company's investments, including the embedded value of the inforce business, are not less than the amount at which the investments are stated in the balance sheet.

Other investments comprise unit trusts £9,814,352 (cost £9,475,310) and United Kingdom government securities of £9,795 (cost £9,817).



# FP UK HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. INVESTMENTS (continued)

- (b) The subsidiary and associated undertakings of the company are set out below. Unless otherwise stated the share capital of each company comprises of ordinary shares, all are incorporated and operate within the United Kingdom and, where denoted as subsidiary undertakings are wholly-owned subsidiary undertakings.

<u>Subsidiary undertakings</u>	<u>Activity</u>
FP Financial Management Limited	Financial management services
FP Life Assurance Limited	Long-term insurance business
FP Financial Management Group Services Limited	Management and administrative services
Friends Provident First Call Limited	Sales and marketing company
FP Pension Trustees Limited	Pensioneer trustee
SFM Holdings Limited *	Investment holding company
Friends Provident Associates Limited	Sales and marketing company

\* Indirectly held

<u>Associated undertakings</u>	<u>Activity</u>
London Capital Holdings Limited (34.5% ordinary shares) (15.7% deferred shares)	Property holding company

### 9. DEBTORS

	1996 £000	1995 £000
Amounts falling due within one year:		
Amounts due to group undertakings	16	-
Other debtors	1	1
	-----	-----
	17	1
	=====	=====

**FP UK HOLDINGS LIMITED**

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

**10. CREDITORS**

	1996 £000	1995 £000
Amounts falling due within one year:		
Corporation tax	107	-
Amounts due to group undertakings		
Group relief	124	110
Loans	8,000	-
Other amounts	2,000	2,030
Other creditors	22	-
	<u>10,253</u>	<u>2,140</u>

On 20th December 1996 the company was provided with an £8m unsecured loan from Friends' Provident Life Office. The loan is repayable on demand and bears interest at a variable rate of 1% above LIBOR.

**11. CALLED-UP SHARE CAPITAL**

	1996 £000	1995 £000
Authorised		
150,000,000 ordinary shares of £1 each	<u>150,000</u>	<u>150,000</u>
Allotted, called-up and fully paid		
111,407,905 ordinary shares of £1 each	<u>111,408</u>	<u>111,408</u>

**12. RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES**

	Share capital £000	Profit and loss account £000	Revaluation reserve £000	Total shareholders' funds £000
Profit for the financial year	-	45,369	-	45,369
Dividends paid	-	(11,000)	-	(11,000)
Revaluation of investments	-	-	339	339
	<u>-</u>	<u>-</u>	<u>339</u>	<u>34,708</u>
Net addition to shareholders' funds				
Balance at 1st January 1996	111,408	(792)	-	110,616
	<u>111,408</u>	<u>33,577</u>	<u>339</u>	<u>145,324</u>
Balance at 31st December 1996				

## **FP UK HOLDINGS LIMITED**

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

#### **13. RELATED PARTY TRANSACTIONS**

The results of the company are consolidated in the results of Friends' Provident Life Office, the company's ultimate parent and controlling company, whose financial statements are publicly available. Accordingly, the company is exempt from the requirement to disclose transactions with other companies which qualify as related parties within the Friends' Provident Life Office Group.

There were no other material related party transactions.

#### **14. GUARANTEES, INDEMNITIES AND CONTINGENT LIABILITIES**

- (a) The company has given a guarantee to SFM Holdings Limited, a wholly-owned subsidiary undertaking, in respect of liabilities which may arise following the sale of NM Life Assurance International Limited, a former wholly-owned offshore subsidiary undertaking of SFM Holdings Limited.

The company has given a guarantee to NM Financial Management International Limited, a wholly-owned subsidiary company in liquidation, in respect of liabilities which may arise following the sale of that company's fund management contracts.

The maximum potential liability under these guarantees is £9,500,000 and no claims have been made or are pending.

- (b) The company has given an indemnity to the liquidators of NM Financial Management International Limited, a former wholly-owned offshore subsidiary undertaking, in respect of liabilities which may arise by them acting as liquidators in relation to the winding up of this company. No claims have been made or are pending.

#### **15. ULTIMATE PARENT UNDERTAKING**

The company's ultimate parent undertaking is Friends' Provident Life Office, which is incorporated in the United Kingdom by Act of Parliament. Copies of the Group Report and Accounts of Friends' Provident Life Office can be obtained from Pixham End, Dorking, Surrey, RH4 1QA.