

2150733

GAN ASSURANCE & PENSION SERVICES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30TH JUNE 1997



GAN ASSURANCE & PENSION SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their annual report together with the audited accounts for the year ended 30th June 1997.

Principal Activity and Business Review

The principal activity of the company is the provision of independent financial advice.

The company's objective is to advise on and arrange new investment and annuity contracts for clients whose needs cannot be met by the investment contracts of GAN Life & Pensions PLC. The company continues to meet this objective and to provide a continuing service to its existing clients.

Results

The profit and loss account is set out on page 3 and shows the profit for the year.

Directors and Directors' interests

The Directors of the company during the year were:

R. Green	
P. Minderides	
M. Brownstein	(resigned 29.11.96)
P. Sewell	(appointed 28.10.96)

No Director, with the exception of P. Minderides, had any interest in shares of the company or any other group company.

GAN Life Holdings PLC
Ordinary shares of 5p each
1997 1996

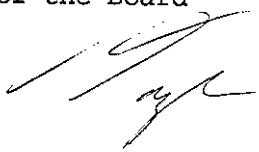
P. Minderides	2750	3666
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Auditors

Price Waterhouse have tendered their resignation as Auditors of the company.

A resolution to appoint Coopers & Lybrand as auditors will be proposed at the Annual General Meeting.

By order of the Board


S Taylor
Secretary

14 October 1997

Registered Number: 2150733

GENERAL ASSURANCE & PENSION SERVICES LIMITED

STATEMENT OF 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 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 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 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.

REPORT OF THE AUDITORS, PRICE WATERHOUSE,

TO THE MEMBERS OF GAN ASSURANCE & PENSION SERVICES LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention, and the accounting policies set out on page 5.

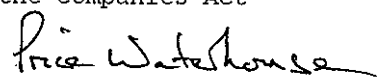
Respective responsibilities of Directors and Auditors As described above, the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 give a true and fair view of the state of the company's affairs as at 30th June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ST ALBANS
14 October 1997


Price Waterhouse
Chartered Accountants
and Registered Auditors

GAN ASSURANCE & PENSION SERVICES LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 30TH JUNE 1997

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
TURNOVER	1	269	173
Cost of sales		<u>(30)</u>	<u>(22)</u>
GROSS PROFIT		239	151
Administrative expenses	3	(106)	(103)
Interest receivable and other income	5	<u>19</u>	<u>15</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION	6	<u>152</u>	<u>63</u>

The company had no recognised gains attributable to the shareholders, other than the profit for the period disclosed above, which is all in respect of continuing activities.

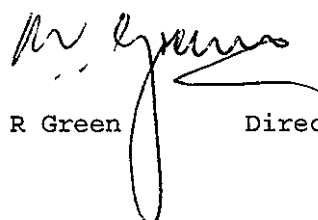
The notes on pages 5 to 7 form part of these accounts.

GAN ASSURANCE & PENSION SERVICES LIMITEDBALANCE SHEET AT30TH JUNE 1997

	<u>Note</u>	<u>1997</u> £'000	<u>1996</u> £'000
CURRENT ASSETS			
Debtors	7	7	8
Cash at bank and in hand		<u>478</u>	<u>227</u>
		485	235
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	(117)	(17)
NET CURRENT ASSETS		368	218
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	9	(7)	(10)
PROVISIONS FOR LIABILITIES AND CHARGES	10	(2)	(1)
NET ASSETS		<u>359</u>	<u>207</u>
CAPITAL AND RESERVES			
Called up share capital	11	330	330
Profit and loss account	12	<u>29</u>	<u>(123)</u>
SHAREHOLDERS' FUNDS	13	<u>359</u>	<u>207</u>

The notes on pages 5 to 7 form part of these accounts.

The accounts were approved by the Board of Directors on 14 October 1997.



R Green

Director

GAN ASSURANCE & PENSION SERVICES LIMITEDNOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Turnover

Turnover represents commission receivable on insurance and investment business transacted by the company during the year. All of the company's turnover is derived in the United Kingdom.

Commission income is recognised on policies transacted by the company on the date of notification by the insurance company. Commission payable represents total commission earned by agents on policies accepted by insurance companies.

c) Lapses

Provision is made in respect of the possible liability on lapsed policies. The provision is calculated on a percentage basis related to the frequency of lapsed policies whose commission is received substantially in advance.

d) Deferred taxation

Deferred taxation is dealt with on the liability basis and is provided in cases where the Directors consider that payment will be required in the foreseeable future.

2. DIRECTORS' REMUNERATION

Emoluments of the highest paid Director (excluding pension contributions) were £30580 (1996: £21272), paid by a fellow subsidiary and recharged to the company. The Chairman and other Directors did not receive any emoluments during the year to 30th June 1997 (1996: £NIL).

3. ADMINISTRATIVE EXPENSES

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Administrative expenses include:		
Auditors' remuneration	4	4
Directors' remuneration	<u>31</u>	<u>21</u>
	<u>35</u>	<u>25</u>

GAN ASSURANCE & PENSION SERVICES LIMITEDNOTES TO THE ACCOUNTS

4. STAFF NUMBERS AND COSTS

All employees and Directors are employed by a fellow subsidiary. A management charge is paid by the company for their services.

5. INTEREST RECEIVABLE AND OTHER INCOME

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Bank interest received	<u>19</u>	<u>15</u>

6. TAXATION

No provision for taxation is required due to the availability of group relief.

7. DEBTORS

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Commission receivable	4	7
Prepayments and accrued income	<u>3</u>	<u>1</u>
	<u>7</u>	<u>8</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Commission payable	8	9
Amounts owed to group undertakings	<u>109</u>	<u>8</u>
	<u>117</u>	<u>17</u>

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1997</u>	<u>1996</u>
	£'000	£'000
Commission payable	<u>7</u>	<u>10</u>

GAN ASSURANCE & PENSION SERVICES LIMITEDNOTES TO THE ACCOUNTS

10. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1997</u> £'000	<u>1996</u> £'000
Provision for liability on lapsed policies:		
Brought forward	1	1
Increase in provision	<u>1</u>	<u>0</u>
Carried forward	<u>2</u>	<u>1</u>

11. SHARE CAPITAL

	<u>1997</u>		<u>1996</u>	
Ordinary shares of £1 each	No.	£'000	No.	£'000
Authorised	<u>500,000</u>	<u>500</u>	<u>500,000</u>	<u>500</u>
Allotted, called up and fully paid	<u>330,000</u>	<u>330</u>	<u>330,000</u>	<u>330</u>

12. PROFIT AND LOSS ACCOUNT

	<u>1997</u> £'000	<u>1996</u> £'000
(Loss) brought forward	(123)	(186)
Profit for the year	<u>152</u>	<u>63</u>
Profit/ (loss) carried forward	<u>29</u>	<u>(123)</u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1997</u> £'000	<u>1996</u> £'000
Opening shareholders' funds	207	144
Profit for the financial year	<u>152</u>	<u>63</u>
Closing shareholders' funds	<u>359</u>	<u>207</u>

14. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The immediate parent company of GAN Assurance & Pension Services Limited is GAN Life Holdings Plc, a company registered in England.

The ultimate parent company of GAN Assurance & Pension Services Limited is Société Centrale du GAN, a company incorporated in France.

The company has taken advantage of the exemptions for wholly owned subsidiaries under Financial Reporting Standard 8 ("FRS 8") not to disclose transactions with other members of the Société Centrale du Groupe des Assurances Nationales.