

SLC FINANCIAL SERVICES (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2004



SLC FINANCIAL SERVICES (UK) LIMITED
DIRECTORS AND OFFICERS

DIRECTORS

D W Davies
E I Gardner - Resigned on 29 April 2005
N L Haynes - Appointed on 29 April 2005

COMPANY SECRETARY

R E S Littlejohn

REGISTERED OFFICE

Matrix House
Basing View
Basingstoke
Hampshire
RG21 4DZ

COMPANY REGISTRATION

Registered in England and Wales, number 2169927

GROUP INFORMATION

A member of the Sun Life Financial Inc group of companies

SLC FINANCIAL SERVICES (UK) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company is that of an intermediate holding company.

FUTURE DEVELOPMENTS

The directors are considering the future of the company.

RESULTS AND DIVIDENDS

The results of the company for the year ended 31 December 2004 are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2003: £nil) and the profit for the year after taxation of £nil (2003: profit of £79,000) has been taken to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company are shown on page 1. All the directors held office throughout the year. Post year-end, on 29 April 2005, Mr E I Gardner resigned as a director of the company and Mr N L Haynes was appointed as a director.

None of the directors have any interests in the shares of the company. Certain directors were, however, granted share options in the ultimate parent company in 2004 and prior years.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year that 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 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; 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and 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 in preparing the financial statements.

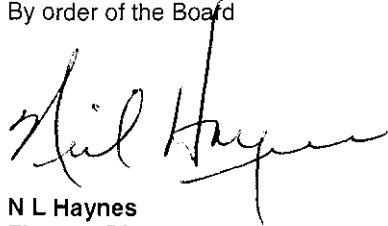
SLC FINANCIAL SERVICES (UK) LIMITED

DIRECTORS' REPORT (Continued)

AUDITORS

The company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of Section 386(2) of the Companies Act 1985.

By order of the Board

A handwritten signature in black ink, appearing to read 'N L Haynes', written over a horizontal line.

N L Haynes
Finance Director

28 October 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SLC FINANCIAL SERVICES (UK) LIMITED

We have audited the financial statements of SLC Financial Services (UK) Limited for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member, for our audit work, for this report, or for the opinions we have formed.

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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above year 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 United Kingdom 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 circumstances of the company, 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 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

28 October 2005

SLC FINANCIAL SERVICES (UK) LIMITED

PROFIT AND LOSS ACCOUNT For the Year Ended 31 December 2004

	Notes	2004 £'000	2003 £'000
Interest receivable and similar income		1	113
Interest payable and similar charges		<u>(1)</u>	<u> </u>
Profit on ordinary activities before taxation		-	113
Tax on profit on ordinary activities	5	<u>-</u>	<u>(34)</u>
Profit for the financial year	10, 11	<u>-</u>	<u>79</u>

The company has no recognised gains or losses other than those included in the profit and loss account above, and accordingly no statement of total recognised gains and losses has been presented.

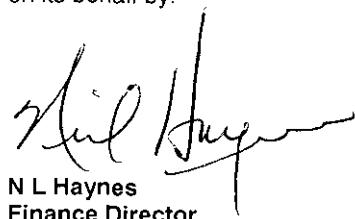
All results arise from continuing activities.

SLC FINANCIAL SERVICES (UK) LIMITED

BALANCE SHEET At 31 December 2004

	Notes	2004 £'000	2003 £'000
Fixed assets			
Investments			
Shares in group undertakings	6	-	-
Current assets			
Debtors	7	54,326	54,326
Cash at bank and in hand		46	45
		54,372	54,371
Creditors: amounts falling due within one year	8	(366)	(365)
Net current assets		54,006	54,006
Total assets less current liabilities		54,006	54,006
Capital and reserves			
Called up share capital	9	40,001	40,001
Profit and loss account	10	14,005	14,005
Total shareholders' funds	11	54,006	54,006
(of which £40.0 million (2003: £40.0 million) is attributable to non-equity shareholders)			

The financial statements on pages 5 to 10 were approved by the board of directors on 28 October 2005 and were signed on its behalf by:



N L Haynes
Finance Director

SLC FINANCIAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies are summarised below and have been applied consistently throughout the current and preceding year.

a) Basis of presentation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

b) Investments in subsidiary undertakings

Investments in subsidiary undertakings are included in the balance sheet at cost less any provision for impairment.

c) Taxation

Corporation tax is based on the taxable profits or losses for the year determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior years.

Deferred tax is provided in full on all material timing differences and is calculated at the rates at which it is expected that the tax will arise. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

d) Foreign Currencies

Assets and liabilities held in foreign currencies at the balance sheet date are translated into sterling at the rates of exchange ruling at the end of the financial year. Income and expenditure denominated in foreign currencies are translated at the rate of exchange ruling at the date of the transaction.

e) Preference Shares

The company is not accruing for the preference share dividend rights as the directors consider the prospect of future dividend payments to be remote.

2. ADMINISTRATIVE EXPENSES

Audit fees for the current and preceding year have been borne by the immediate parent undertaking. Other administrative expenses of the company are negligible and have been borne by another group undertaking.

3. EMPLOYEE NUMBERS AND COSTS

The company does not employ directly any staff. All staff were employed by another group undertaking in the current and preceding year.

4. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments from the company (2003: £nil).

SLC FINANCIAL SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2004 £'000	2003 £'000
Current taxation:		
UK corporation tax at 30% (2003: 30%)	-	34
Total tax charge on profit on ordinary activities	<u>-</u>	<u>34</u>

There is no difference (2003: £nil) between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax.

6. SHARES IN GROUP UNDERTAKINGS

Investments in subsidiary undertakings are valued at cost less any provision for impairment, as follows:

	2004 £'000
Balance at 1 January and 31 December 2004	<u>-</u>

At 31 December 2004 the company had one subsidiary undertaking, as shown below. The subsidiary undertaking was incorporated in Great Britain and the company owned the whole of the issued ordinary share capital.

Name of subsidiary undertaking	Principal activity
Confederation Property Services Limited	Estate agency

No consolidated financial statements have been prepared on the basis that the company is a wholly owned subsidiary of Sun Life of Canada UK Holdings PLC, a company registered in England and Wales. The company's accounts are consolidated in the financial statements of Sun Life of Canada UK Holdings PLC.

7. DEBTORS

	2004 £'000	2003 £'000
Amounts owed by group undertakings	<u>54,326</u>	<u>54,326</u>

8. CREDITORS: Amounts falling due within one year

	2004 £'000	2003 £'000
Other creditors, including taxation	<u>366</u>	<u>365</u>

SLC FINANCIAL SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. CALLED UP SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised:		
1,000,000 (2003: 1,000,000) ordinary shares of £1 each	1,000	1,000
50,000,000 (2003: 50,000,000) preference shares of £1 each	<u>50,000</u>	<u>50,000</u>
	<u>51,000</u>	<u>51,000</u>
Allotted and fully paid:		
1,252 (2003: 1,252) ordinary shares of £1 each	1	1
40,000,000 (2003: 40,000,000) preference shares of £1 each	<u>40,000</u>	<u>40,000</u>
	<u>40,001</u>	<u>40,001</u>

The cumulative non-convertible preference shares are redeemable, in whole or in part, at par at the company's option at any time on giving not less than 30 days notice.

The holders of the preference shares are entitled to receive out of the profits of the company (which it shall from time to time be determined to distribute by way of dividend) a fixed cumulative preferential dividend, calculated at 70% of the London Inter-Bank Offered Rate (LIBOR) per annum on the par value, with the preference shares ranking for dividend in priority to any other shares of the company.

The preference shares carry no right to vote or receive notice of General Meetings, other than if the business of the meeting includes a resolution to wind up the company or a resolution directly and adversely affecting any of the special rights or privileges attached to the preference shares (and in any such case the holders of the preference shares are only entitled to vote upon these resolutions), unless at the date of the notice convening the meeting at which such resolution is to be proposed the dividend on the preference shares is six months in arrears.

On winding up of the company or other repayment of capital (otherwise than by way of redemption), the preference shareholders have the right to have the distributable assets of the company applied first in paying them the capital paid up on the preference shares, together with a sum equal to any arrears and accruals of the fixed dividend thereon.

10. PROFIT AND LOSS ACCOUNT

	£'000
Balance at 1 January 2004	14,005
Retained profit for the financial year	<u>-</u>
Balance at 31 December 2004	<u>14,005</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Profit for the financial year	<u>-</u>	<u>79</u>
Net addition to shareholders' funds	-	79
Shareholders' funds at 1 January	<u>54,006</u>	<u>53,927</u>
Shareholders' funds at 31 December	<u>54,006</u>	<u>54,006</u>

SLC FINANCIAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. FINANCIAL COMMITMENTS

The company has provided a guarantee for one (2003: two) property lease arrangement in the name of its subsidiary undertaking. The annual commitment in respect of this non-cancellable operating lease is as follows:

	Land and buildings	
	2004	2003
	£'000	£'000
Operating leases which expire:		
Within one year	-	2
Between two and five years	<u>11</u>	<u>10</u>
	<u>11</u>	<u>12</u>

The above commitments are partially matched by rental income receivable by the subsidiary undertaking from subletting arrangements which are on similar terms and conditions as the head leases.

13. CASH FLOW STATEMENT

In accordance with Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the basis that it is a wholly owned subsidiary of a group for which the holding company prepares consolidated financial statements in which the company is included and which are publicly available, as indicated in note 15.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the dispensation available to subsidiary undertakings afforded by Financial Reporting Standard 8, and accordingly no disclosure has been made of related party transactions with those group undertakings that are included in the consolidated financial statements of the parent company. Consolidated financial statements, which include the company, are publicly available as indicated in note 15.

15. PARENT COMPANIES

The company's immediate parent company is Sun Life of Canada UK Holdings PLC, a company incorporated in Great Britain. The company's financial statements are consolidated in the financial statements of Sun Life of Canada UK Holdings PLC, and copies of the accounts can be obtained from the Company Secretary, Sun Life of Canada UK Holdings PLC, Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ.

The company's ultimate parent company and controlling party is Sun Life Financial Inc, a company incorporated in Canada. Consolidated accounts for this company can be obtained from the Corporate Secretary, Sun Life Financial Inc, 150 King Street West, Toronto, Ontario, Canada M5H 1J9.