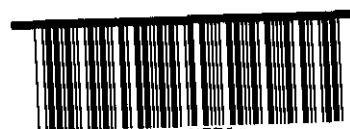


SLC FINANCIAL SERVICES (UK) LIMITED

REPORT AND ACCOUNTS 2000



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SLC FINANCIAL SERVICES (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

Directors

P Lucas
K J H Malde BA, FCCA
M T J Sismey-Durrant BSc, MPhil, FCIB (Chairman)

Secretary

M C Cronin

Registered Office

The Icon
Lytton Way
Stevenage
Hertfordshire
SG1 1ZE

Registered Number

2169927 England

Auditors

Deloitte & Touche
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

SLC FINANCIAL SERVICES (UK) LIMITED

Report of the Directors

The directors have pleasure in submitting their report together with the financial statements for the year ended 31 December 2000.

Activity

The principal activity is that of a parent undertaking providing a range of banking services through its subsidiary undertakings. The group contains an authorised institution under the Banking Act 1987.

Results and Dividends

The results for the year are set out in the Profit and Loss account on page 5. An interim dividend was paid during the year of £4,000,000 (1999 - £nil). The directors do not recommend the payment of a final dividend (1999 - £nil).

Directors and Directors' Interests

The present Board of Directors is shown on page 1. There were no changes to the Board in the year and all the other directors served in office throughout the year. At no time during the year have the directors or their families had any beneficial interest in the shares of the company or any other company within the group. None of the directors had a material interest in any contract significant to the company's business.

Supplier Payment Policy and Practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with. As at the year-end, the company had an average of 30 days' purchases outstanding which was the same as at 31 December 1999.

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 as at the end of the financial year and of the result of the company for that period. In preparing these 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; and
- prepare the financial statements on a 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.

SLC FINANCIAL SERVICES (UK) LIMITED

Auditors

A resolution for the re-appointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of directors on 13th March 2001



M T J SISMEY-DURRANT
Managing Director

13 March 2001

SLC FINANCIAL SERVICES (UK) LIMITED

Report of the Auditors to the Members of SLC Financial Services (UK) Limited

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on pages 2 & 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom Law and accountancy standards. 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 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 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 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
Stonecutter Court
1 Stonecutter Street
London
EC4A 4TR

15 March 2001

SLC FINANCIAL SERVICES (UK) LIMITED

Profit and Loss Account for the year ended 31 December 2000

	Notes	<u>2000</u> £000	<u>1999</u> £000
Income from group undertakings	2	4,000	-
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		4,000	-
Dividend	4	(4,000)	-
		<hr/>	<hr/>
Retained profit for the financial year	6	<u>-</u>	<u>-</u>

A statement of total recognised gains and losses has not been included as there were no recognised gains or losses or movements in shareholders' funds for the current or previous financial year other than those already dealt with in the profit and loss account.

All activities arise from continuing operations.

The notes on pages 7 to 9 form part of these accounts

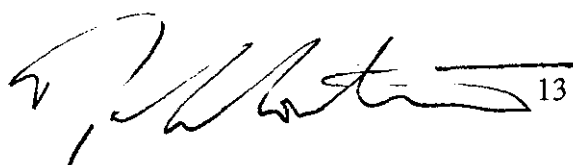
SLC FINANCIAL SERVICES (UK) LIMITED

Balance Sheet as at 31 December 2000

	Notes	<u>2000</u> £000	<u>1999</u> £000
Fixed Assets Investments			
Shares in group undertakings	6	40,101	36,600
Other investments		1	1
		<hr/>	<hr/>
Total Net Assets		<u>40,101</u>	<u>36,601</u>
Capital and Reserves			
Called up share capital	5	40,101	36,501
Profit and loss account		100	100
		<hr/>	<hr/>
Total shareholders' funds		<u>40,101</u>	<u>36,601</u>
Attributable to equity shareholders		101	101
Attributable to non-equity shareholders		40,000	36,500
		<hr/>	<hr/>
		<u>40,101</u>	<u>36,601</u>

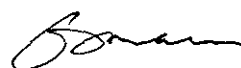
Approved by the Board of Directors

Director



13 March 2001

Director



13 March 2001

The notes on pages 7 to 8 form part of these accounts

SLC FINANCIAL SERVICES (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

1. PARENT UNDERTAKING

The immediate parent undertaking and controlling party is Sun Life of Canada UK Holdings PLC, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent undertaking and ultimate controlling party is Sun Life Financial Services of Canada Inc, a company incorporated in Canada. Both Sun Life of Canada UK Holdings PLC and Sun Life Financial Services of Canada Inc, prepare group accounts, which can be obtained from the Company Secretary Sun Life of Canada UK Holdings PLC, Basing View, Basingstoke, Hants, RG21 4DZ and Sun Life Financial Services of Canada Inc, Sun Life Center, 150 King Street West, Toronto, Ontario, M59 1J9, Canada respectively.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of Preparation

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

Exemption from preparation of group accounts

The information presented with the financial statements has been presented on an individual company basis and therefore the financial statements do not present information about the group.

The company is exempt from the obligation to prepare group accounts under S228 Companies Act 1985. Group accounts are prepared by the immediate parent undertaking, Sun Life of Canada UK Holdings PLC, a company incorporated in Great Britain and registered in England and Wales.

Income from Group Undertakings

An interim dividend was received from a subsidiary undertaking £4,000,000 (1999 - £nil), and this is accounted for on a received basis.

Investments

The investments are shown at cost less any impairment.

3. DIRECTORS AND ADMINISTRATIVE EXPENSES

None of the directors received any emoluments in respect of direct services to the company in the current and the previous year from the company or any other group company.

The administrative expenses for the company are negligible and are borne by a subsidiary undertaking.

4. DIVIDENDS

An interim dividend was paid on the cumulative redeemable preference shares at 10.53 pence per share (1999 - £nil).

SLC FINANCIAL SERVICES (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

5.	CALLED UP SHARE CAPITAL	<u>2000</u> <u>£000</u>	<u>1999</u> <u>£000</u>
	Authorised:		
	1,000,000 ordinary shares of £1 each	1,000	1,000
	50,000,000 cumulative redeemable preference shares of £1 each	<u>50,000</u>	<u>50,000</u>
		<u>51,000</u>	<u>51,000</u>
	Called up, allotted and fully paid:		
	1,252 ordinary shares of £1 each	1	1
	38,000,000 cumulative redeemable preference shares of £1 each	<u>40,000</u>	<u>36,500</u>
		<u>40,001</u>	<u>36,501</u>

The company's called-up, allotted and fully paid capital was increased during the year by £3,500,000 through the issue of 3,500,000 cumulative redeemable preference shares of £1 each, on 31 January 2000 at par for cash.

The company is entitled at any time to redeem, at par, all or any of the cumulative redeemable preference shares.

6. SUBSIDIARY UNDERTAKINGS

The Company's wholly owned subsidiary undertakings of which it has 100% of the voting rights, and which are incorporated in Great Britain and registered in England and Wales unless otherwise stated are:-

Subsidiary Undertaking	Principal Activity
Sun Bank plc	Providers of a range of banking services.
Sun Bank Offshore Limited* (Channel Islands)	Offshore banking.
Primett Property Management Limited*	Provision of property management services.
Confederation Mortgage Services Limited*	Provision of residential mortgages.

SLC FINANCIAL SERVICES (UK) LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

6. SUBSIDIARY UNDERTAKINGS continued

Subsidiary Undertaking	Principal Activity
Confederation Property Services Limited	Franchising estate agency.
Exeter Trust Limited*	Provision of commercial mortgage and asset backed lending
Exeter Trust Financial Services Limited**	Provision of asset backed lending

*wholly owned subsidiary undertaking of Sun Bank plc

**wholly owned subsidiary undertaking of Exeter Trust Limited

7. COMMITMENTS

The company has undertaken a guarantee for two property lease agreements in the name of a subsidiary undertaking. At the balance sheet date, the annual commitments under these operating leases are as follows:-

	<u>2000</u> £	<u>1999</u> £
Operating leases which expire in:		
-between two and five years, inclusive	7,500	-
-over five years	<u>26,676</u>	<u>34,176</u>
	<u>34,176</u>	<u>34,176</u>

These commitments are partially matched by rental income receivable from sub letting arrangements on similar terms and conditions as the head leases by the subsidiary undertaking is as follows:-

-between two and five years, inclusive	6,000	-
-over five years	<u>17,500</u>	<u>23,500</u>
	<u>23,500</u>	<u>23,500</u>

8. RELATED PARTY TRANSACTIONS

The company is exempted from the provisions of FRS8 to disclose transactions with group companies, under paragraph 3 (c) by virtue of the fact that it is a wholly owned subsidiary of a UK parent company. There are no other related party transactions.