

2821777

FRIENDS PROVIDENT PENSIONS SERVICES LIMITED
(formerly London and Manchester Pensions Services Limited)
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1999

DIRECTORS

B.W. SWEETLAND, LLB, Solicitor, ACoI

R.M. WHIFFIN, FCA

SECRETARY

R.M. WHIFFIN, FCA

PRINCIPAL ACTIVITY

The principal activity of the company is pensions administration services. The company's administrative requirements are provided by a fellow subsidiary undertaking under a management services agreement and accordingly the company has no direct employees.

RESULTS AND BUSINESS REVIEW

The results of the company are shown in the profit and loss account on page 4.

DIVIDEND

The directors have declared an interim dividend of £10,000.

DIRECTORS

The directors named above held office throughout the year. No director had any beneficial interest in shares or loan notes of any company in the Friends' Provident Life Office Group during the year.

YEAR 2000

The programme of work performed by the Friends' Provident Life Office Group to ensure that its computer systems were able to accommodate the Year 2000 was completed successfully.

AUDITORS

KPMG Audit Plc resigned as auditors on 30th September 1999 and PricewaterhouseCoopers were appointed by the board to fill the casual vacancy created by the resignation.

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. PricewaterhouseCoopers have signified their willingness to continue in office.



FRIENDS PROVIDENT PENSIONS SERVICES 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 confirm that they have complied with these requirements.

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.

Pixham End
Dorking
Surrey
RH4 1QA

11th April 2000

Registered Number 2821777

ON BEHALF OF THE BOARD



R.M. WHIFFIN
SECRETARY

AUDITORS' REPORT

TO THE MEMBER OF FRIENDS PROVIDENT PENSIONS SERVICES LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared in accordance with the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report. As described on page 2, 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.

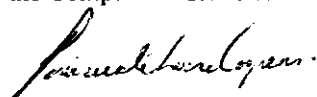
BASIS OF AUDIT OPINION

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 31st 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
Southwark Towers
32 London Bridge Street
London
SE1 9SY

11th April 2000

FRIENDS PROVIDENT PENSIONS SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1999

	Notes	1999 £000	1998 £000
<u>Continuing operations</u>			
Turnover		30	22
Administrative expenses		(5)	(11)
		----	----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		25	11
Tax on profit on ordinary activities	2	(8)	(3)
		----	----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		17	8
Dividends		(10)	-
		----	----
RETAINED PROFIT		7	8
		====	====

Note

The above profit and loss account includes all recognised gains and losses.

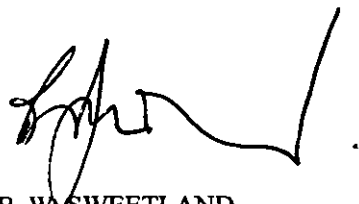
The notes on pages 6 to 7 form an integral part of these financial statements

FRIENDS PROVIDENT PENSIONS SERVICES LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1999

	Notes	1999 £000	1998 £000
CURRENT ASSETS			
Debtors	3	18	9
Cash at bank and in hand		25	8
		---	---
		43	17
CREDITORS: Amounts falling due within one year	4	(27)	(8)
		---	---
TOTAL ASSETS LESS CURRENT LIABILITIES		16	9
		==	==
CAPITAL AND RESERVES			
Called up share capital	5	1	1
Profit and loss account		15	8
		---	---
	6	16	9
		==	==

Approved by the Board on 11th April 2000 and signed on its behalf by



B. W. SWEETLAND
DIRECTOR

The notes on pages 6 to 7 form an integral part of these financial statements

FRIENDS PROVIDENT PENSIONS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Turnover

Turnover comprises management fees receivable.

(c) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

2. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £000	1998 £000
UK corporation tax	8	-
Group relief	-	3
	---	---
	8	3
	==	==

3. DEBTORS

	1999 £000	1998 £000
Other debtors	18	9
	---	---
	18	9
	==	==

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £000	1998 £000
Amounts owed to group companies	4	5
Tax payable	8	3
Interim dividend	10	-
Other creditors	5	-
	---	---
	27	8
	==	==

FRIENDS PROVIDENT PENSIONS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. SHARE CAPITAL

	1999 £000	1998 £000
Authorised	<u>1</u>	<u>1</u>
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

6. MOVEMENT IN TOTAL SHAREHOLDER'S FUNDS

	Share capital £000	Profit and loss account £000	Total shareholder's funds £000
Balance as at 1st January 1999	1	8	9
Retained profit	-	7	7
	---	---	---
Balance as at 31st December 1999	<u>1</u>	<u>15</u>	<u>16</u>

7. DIRECTORS' EMOLUMENTS

All executive directors are employed by, and receive their emoluments from, another group undertaking.

During the year, the directors consider that their services to the company were incidental to their other duties within the Friends' Provident Life Office Group and accordingly no remuneration nor other benefits have been apportioned to this company.

8. RELATED PARTY DISCLOSURES

The company is a wholly-owned subsidiary undertaking of London and Manchester Group plc. The results of the company are consolidated in the results of London and Manchester Group plc and the results of both the company and London and Manchester Group plc are consolidated in the results of Friends' Provident Life Office, the company's ultimate parent and controlling undertaking, 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. Friends' Provident Life Office is incorporated by Act of Parliament in the United Kingdom.

There were no other material related party transactions.

Copies of the Group Report and Accounts of Friends' Provident Life Office and of London and Manchester Group plc can be obtained from Pixham End, Dorking, Surrey, RH4 1QA.