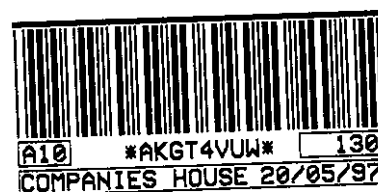


Registered Number 2822434

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)



**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
31st December, 1996

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**DIRECTORS**

P.SHARMAN (Chairman & Managing Director)

R.W.S. BAKER

H.A. FENN

H.A. HEATH

**OFFICERS**

B. J.BLACKBURN Compliance Officer

C.C.A.COOTE Appointed Actuary

M.C. CRONIN Secretary and Legal Advisor

J. McKEVITT Controller

SLC Pooled Pensions Limited  
Registered in England with number 2822434  
Registered Office  
Basing View, Basingstoke, Hampshire, RG21 4DZ

A member of the Sun Life of Canada Group of Companies

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**DIRECTORS' REPORT**

The Directors have pleasure in presenting their report and the audited financial statements for the year ended 31st December, 1996.

**Change of name**

The name of the company was changed from Confederation Pooled Pensions Limited to SLC Pooled Pensions Limited on 3rd June 1996.

**Principal Activities**

SLC Pooled Pensions Limited is the Company through which the Sun Life of Canada UK Holdings PLC Group markets corporate pensions business in the UK. It also accepts by way of reinsurance the unit linked liabilities relating to group pensions administered and individual pensions business written by Confederation Life Insurance Company (UK) Limited.

**Results**

The past year has continued to be difficult against a background of intense competition from large asset management organisations who have entered the corporate pensions market and the relative under performance of our equity funds over the last few years. Profit on ordinary activities after tax has fallen from £2.3m in 1995 to £1.4m in 1996, due mainly to a fall in management fee income.

Looking to the future, the Directors are to continue with their strategy of meeting the needs of the existing client base whilst at the same time competing for new business wherever possible.

Fund management is now provided by a new group company, SLC Asset Management Limited, which is making determined efforts to address poor investment performance.

**Share Capital**

There were no changes in the Company's share capital during the year.

**Directors**

The membership of the Board at the Balance Sheet date is set out on Page 1.

Mr. J.C.H.Tate resigned as Chairman on 21st May, 1996 and, as a Director on 31st May, 1996. He was succeeded as Chairman by Mr.P.Sharman who was appointed a Director on 21st May, 1996. Resignations were also accepted during the year from Messrs.G.L.Willman (28th June,1996) and C.R.Wilkinson (30th September,1996).

Messrs .R.W.S.Baker .H.A.Fenn and H.A.Hcath held office throughout the year.Mr.R.W.S.Baker resigned as a Director on 31st December,1996.

None of the Directors at any time had any notifiable interest in the shares of the Company or any company within the Group.

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**DIRECTORS' REPORT** (continued)

**Dividends**

An interim dividend of £1.0m (1995 - £3.2m) was paid on 28th June, 1996 to the immediate Parent Company. The Directors recommend that no further dividend shall be paid for 1996.

**Payments to Creditors**

It is the Groups normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions.

**Auditors**

Pursuant to the elective resolution passed on 24th April, 1996, the auditors, Deloitte & Touche will continue in office.

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'M.C. Cronin'.

M.C. Cronin  
Secretary

7th March, 1997

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**DIRECTORS' RESPONSIBILITY STATEMENT**

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 accounts, 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 accounts; and
- prepare the accounts 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 the above requirements in preparing the financial statements.

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 accounts 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.

Approved by the Board of Directors and signed on behalf of the Board.



M.C. Cronin  
Secretary

7th March, 1997

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**AUDITORS' REPORT TO THE MEMBERS**  
**of**  
**SLC POOLED PENSIONS LIMITED**

We have audited the accounts on pages 6 to 18 which have been prepared on the basis of the accounting policies set out on pages 10 and 11.

**Respective Responsibilities of Directors and Auditors**

As described on page 4 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.

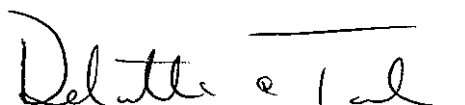
**Basis of Opinion**

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 Company's affairs as at 31st December, 1996 and of its profit for the year ended 31st December, 1996 and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and  
Registered Auditor  
Columbia Centre, Market Street  
Bracknell, Berkshire  
RG12 1PA

7th March, 1997

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December, 1996

	Notes	1996 £000	1995 £000
<b>TECHNICAL ACCOUNT LONG TERM BUSINESS</b>			
<b>EARNED PREMIUMS - CONTINUING OPERATIONS</b>			
Premiums written		102,662	131,095
Reinsurance premiums from Confederation Life Insurance Company (UK) Ltd		50,688	56,427
Earned premiums including reinsurance	3.	<u>153,350</u>	<u>187,522</u>
Investment Income	4	495,721	330,210
Unrealised (losses)/gains on investments	4	(217,614)	204,548
Other Technical Income		-	3,659
<b>TOTAL TECHNICAL INCOME</b>		<u>431,457</u>	<u>725,939</u>
<b>CLAIMS INCURRED</b>			
Claims paid : direct		1,336,576	456,040
reinsurance		92,412	50,597
claims including reinsurance	5	<u>1,428,988</u>	<u>506,637</u>
<b>CHANGE IN OTHER TECHNICAL PROVISIONS</b>			
Long term business provision		808	48
Technical provision for linked business		(1,018,296)	199,223
		<u>(1,017,488)</u>	<u>199,271</u>
<b>OTHER CHARGES</b>			
Net operating expenses: acquisition costs		1	5
administration expenses	6	5,358	5,627
Investment expenses and charges		12,769	11,268
Tax attributable to the long term business	9	558	935
		<u>18,686</u>	<u>17,835</u>
<b>TOTAL TECHNICAL CHARGES</b>		<u>430,186</u>	<u>723,743</u>
<b>BALANCE ON THE TECHNICAL ACCOUNT - LONG TERM BUSINESS</b>		<u>1,271</u>	<u>2,196</u>

All amounts are derived from continuing activities

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December, 1996

	Notes	1996 £000	1995 £000
<b>NON TECHNICAL ACCOUNT</b>			
<b>BALANCE ON THE LONG TERM TECHNICAL ACCOUNT</b>		1,271	2,196
Tax attributable to the balance on the long term business technical account		626	1,082
<b>SHAREHOLDERS' PROFIT FROM LONG TERM BUSINESS</b>		<u>1,897</u>	<u>3,278</u>
Investment Income	4	136	107
Administration expenses	6	(94)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>1,939</u>	<u>3,385</u>
Tax on profit on ordinary activities	9	562	1,114
<b>PROFIT FOR FINANCIAL YEAR</b>		<u>1,377</u>	<u>2,271</u>
Dividends	10	1,000	3,200
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><u>377</u></u>	<u><u>(929)</u></u>

There were no recognised gains or losses during 1996 and 1995 other than the above.

As there is no departure from the historical cost basis of accounting a separate note of historical cost profits and losses is unnecessary.

All amounts are derived from continuing activities.



**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**BALANCE SHEET**

As at 31 December, 1996

	Notes	1996 £000	1995 £000
<b>ASSETS</b>			
<b>INVESTMENTS</b>			
Other financial investments	11	1,937	-
<b>ASSETS HELD TO COVER LINKED LIABILITIES</b>	12	2,885,391	3,903,687
<b>DEBTORS</b>			
Debtors arising out of direct insurance operations - policyholders	13	21,782	2,496
<b>OTHER ASSETS</b>			
Cash at bank and in hand		23,875	8,884
<b>PREPAYMENTS AND ACCRUED INCOME</b>			
Accrued interest and rent	14	11	7
<b>TOTAL ASSETS</b>		<u>2,932,996</u>	<u>3,915,074</u>

Of the total assets £2,931 million (1995 - £3,914 million) is attributable to the long term business fund.

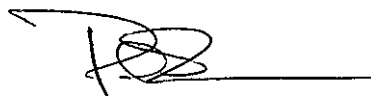
**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**BALANCE SHEET**

As at 31 December, 1996

	Notes	1996 £000	1995 £000
<b>LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	1,000	1,000
Non-distributable reserve	16	1,271	-
Profit and loss account	16	1,652	2,546
		<hr/>	<hr/>
Shareholders funds attributable to equity shareholders		3,923	3,546
<b>TECHNICAL PROVISIONS</b>			
Long term business provision	17	1,884	1,076
		<hr/>	<hr/>
<b>TECHNICAL PROVISIONS FOR LINKED LIABILITIES</b>		2,885,391	3,903,687
<b>CREDITORS : AMOUNT FALLING DUE WITHIN ONE YEAR</b>			
Creditors arising out of direct insurance operations	18	41,332	5,111
Other creditors including taxation and social security	19	466	1,654
		<hr/>	<hr/>
		41,798	6,765
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<u>2,932,996</u>	<u>3,915,074</u>

Approved by the Board of Directors on 7th March, 1997.



P. Sharman  
Chairman and Managing Director

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**ACCOUNTING POLICIES**

**Basis of presentation**

The financial statements have been prepared on the basis of the accounting policies set out below. They have been prepared in compliance with the provisions of section 255 of, and schedule 9A to, the Companies Act 1985, relating to insurance companies. In implementing these requirements the Company has adopted a modified statutory solvency basis for determining technical provisions.

The financial statements comply with applicable accounting standards and the Company has followed the recommendations of the Association of British Insurers 'Guidance on Accounting for Insurance Business (Excluding Accounting for Investments).'

**Foreign Exchange**

Assets and liabilities in foreign currencies are translated to sterling at the rates of exchange ruling at the year end. Transactions taking place during the year are translated at the rate of exchange ruling at the date of the transaction.

**Investments**

All investments are shown at market value other than short term money market investments which are shown at cost.

Land and buildings held for investment purposes are independently valued at open market value by St Quintin, Weatherall, Green & Smith and Gooch & Wagstaff, all qualified surveyors. The last such valuations were conducted in December, 1996.

Although the Companies Act would normally require the systematic annual depreciation of land and buildings held as investment properties, the Directors consider to do so would not give a true and fair view and accordingly the provisions of SSAP 19 have been adopted.

The increase or decrease in the value of investments reflects net realised and unrealised gains or losses over market values at the start of the year or subsequent cost.

**Investment Income**

Dividends and interest received from investments other than equity investments are credited to revenue on an accruals basis. On purchase or disposal of investments, adjustments are made in order that interest is taken to revenue for the period that the investment is held.

Dividends arising on equity investments are brought into account on the ex-dividend date.

Rents earned on properties held for investment are credited to revenue on an accruals basis.

**Premium Income**

Premium income is credited to revenue when it becomes due to the Company.

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**ACCOUNTING POLICIES** (continued)

**Claims**

Claims are recognised when the policy or contract to which they relate ceases to participate in the investment linked funds of the company

**Deferred Taxation**

Deferred taxation is provided at the appropriate rate on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements only where the tax liability or asset is expected to crystallise in the foreseeable future.

**Long Term Business Provision**

The long term business provision is determined by the Appointed Actuary following his annual investigation of the long term business. The provision represents the amounts credited to the pension deposit accounts of the policyholders of the Company.

**Technical Provisions for Linked Liabilities**

Technical provisions for linked liabilities represent the value of the underlying net assets which are held to meet those liabilities.

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**NOTES TO THE ACCOUNTS**

For the year ending 31st December, 1996

**1. Segmental Reporting**

In the opinion of the Directors the Company has one business segment for the purpose of statement of Standard Accounting Practice No. 25, being the transaction of pensions business which is wholly conducted within the United Kingdom.

**2. Reinsurance Agreement**

Throughout 1996 a reinsurance agreement was in force under normal commercial terms with the immediate parent Company. The agreement provides for 100% of the in force unit linked liabilities of the group administered and individual pensions business of Confederation Life Insurance Company (UK) Limited to be reinsured with the Company.

**3. Premium Analysis**

(a) Premiums Written

All premiums are received from pension contracts written in the UK in respect of continuing operations.

	1996 £000	1996 £000	1996 £000	1995 £000	1995 £000	1995 £000
	Gross	Reinsurance	Total	Gross	Reinsurance	Total
<b>Pension Business</b>						
Non-participating contracts						
- single premium	1,194	-	1,194	652	-	652
Linked contracts						
- single premium	101,468	-	101,468	130,443	-	130,443
- periodic premium	-	50,688	50,688	-	56,427	56,427
	<u>102,662</u>	<u>50,688</u>	<u>153,350</u>	<u>131,095</u>	<u>56,427</u>	<u>187,522</u>

(b) Gross new annualised periodic premiums

The Group Pensions premiums of the Company are single premium contributions from client pension schemes. These contributions are received on a discretionary basis.

The linked contracts periodic premiums of £50.7 million (1995 - £56.4 million) are all reinsurance premiums from Confederation Life Insurance Company (UK) Limited.

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**NOTES TO THE ACCOUNTS**

For the year ending 31st December, 1996

**4. Investment Return**

	1996 £000	1995 £000
<b>Long Term Insurance Business</b>		
Investment Income :		
Income from land and buildings	16,814	16,488
Income from listed investments	148,299	167,337
Gains on the realisation of investments	330,608	146,385
	<u>495,721</u>	<u>330,210</u>
Investment expenses and charges	(12,769)	(11,268)
Unrealised (losses)/gains on investments	(217,614)	204,548
Net Investment Return included in the Technical Account	<u>265,338</u>	<u>523,490</u>
<b>Shareholders' Interest</b>		
Investment Income :		
Income from short term investments	136	107
Net Investment Return included in the Non-Technical Account	<u>136</u>	<u>107</u>
<b>Total Investment Return</b>	<u>278,243</u>	<u>534,865</u>

**5. Claims Incurred**

	1996 £000	1995 £000
Death Claims	-	201
Surrender Payments	1,336,576	455,839
Direct	<u>1,336,576</u>	<u>456,040</u>
Reinsurance	92,412	50,597
Total including reinsurance	<u>1,428,988</u>	<u>506,637</u>

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**NOTES TO THE ACCOUNTS**

For the year ending 31st December, 1996

**6. Administration Expenses**

The administration expenses represent the amount charged by the ultimate Holding Company for management and administrative services and includes an amount of £33,899 for auditors remuneration (1995 - £20,822).

	1996 £000	1995 £000
Audit Services	29	18
Non-Audit Services	5	3
	<u>34</u>	<u>21</u>

**7. Employees**

The Company did not directly employ any staff during the year.

**8. Directors' Remuneration**

The aggregate emoluments, including pension contributions, paid to the Directors of the Company were £6,565 (1995 - £nil).

The emoluments, excluding pension contributions, of the Chairman and the highest paid Director were as follows:-

	1996 £000	1995 £000
Chairman (1/1/96 to 21/5/96)	-	-
Chairman (21/5/96 to 31/12/96)	-	-
Highest Paid Director	7	-

The emoluments, excluding pension contributions, of the Directors of the Company fell within the following ranges :

	1996 Number	1995 Number
£0 - £5,000	6	6
£5,001 - £10,000	1	-

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**NOTES TO THE ACCOUNTS**

For the year ending 31st December, 1996

**9. Taxation**

	1996 £000	1995 £000
<b>Long Term Business Technical Account</b>		
UK Corporation Tax @ 33%	601	935
Prior year adjustments	<u>(43)</u>	<u>-</u>
	<u>558</u>	<u>935</u>
<b>Non-Technical Account</b>		
UK Corporation Tax @ 33%	14	32
Prior year adjustments	(78)	-
Tax Attributable to the balance on Long Term Business		
Technical Account	<u>626</u>	<u>1,082</u>
	<u>562</u>	<u>1,114</u>
<b>Total Taxation</b>	<u>1,120</u>	<u>2,049</u>

**10. Dividends**

An interim dividend of £1.0m (1995- £3.2m) was paid on 28th June, 1996 to the immediate Parent Company.

**11. Other financial investments**

	1996 £000	1995 £000
Short term money market investments	<u>1,937</u>	<u>-</u>

**12. Assets Held to cover Linked Liabilities**

	1996 £000	1995 £000
<b>Investments at Cost</b>	<u>2,294,577</u>	<u>3,161,796</u>
<b>Investments at Market Value</b>	<u>2,743,854</u>	<u>3,835,341</u>
<b>Net Assets Held to cover Linked Liabilities</b>	<u>2,885,391</u>	<u>3,903,687</u>

Of the total net assets held to cover linked liabilities £1.847 million (1995 - £2.932 million) represented managed funds: these are group pension funds which the Company administers in its own name but on behalf of others.



**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**NOTES TO THE ACCOUNTS**

For the year ending 31st December, 1996

**13. Debtors**

	1996 £000	1995 £000
Amounts due from Linked Funds	21,637	2,496
Amounts due from other Group Companies	145	-
	<u>21,782</u>	<u>2,496</u>

**14. Prepayments and Accrued Income**

	1996 £000	1995 £000
Accrued Interest	11	7

**15. Share Capital**

	Authorised £000	Allotted, called up and fully paid £000
Ordinary Shares of £1 each	<u>10,000</u>	<u>1,000</u>

There were no changes in the Company's share capital during the year.

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**NOTES TO THE ACCOUNTS**

For the year ending 31st December, 1996

**16. Reconciliation of movements in Equity Shareholders' Funds and reserves**

	Profit and Loss Account £000	Non- distributable Reserve £000
Balance as at 1st January, 1995	3,475	-
Retained loss for the year	(929)	-
Balance at 31st December, 1995	<u>2,546</u>	<u>-</u>
Balance as at 1st January, 1996	2,546	-
Retained profit for the year	377	-
Transfer to non-distributable reserve	<u>(1,271)</u>	<u>1,271</u>
Balance at 31st December, 1996	<u>1,652</u>	<u>1,271</u>

**17. Long Term Business Provision**

	1996	1995
	£000	£000
Pension Deposit Account	<u>1,884</u>	<u>1,076</u>

This represents the amounts credited to the pension deposit accounts of the policyholders of the Company.

**SLC POOLED PENSIONS LIMITED**  
(FORMERLY CONFEDERATION POOLED PENSIONS LIMITED)

**NOTES TO THE ACCOUNTS**

For the year ending 31st December, 1996

**18. Creditors Arising out of Direct Insurance Operations**

	1996 £000	1995 £000
Amount due to other Group Companies	6,439	1,633
Policy benefits in course of payment	34,893	3,478
	<u>41,332</u>	<u>5,111</u>

**19. Other Creditors including Taxation and Social Security**

	1996 £000	1995 £000
Taxation	351	1,563
Accruals and deferred income	115	91
	<u>466</u>	<u>1,654</u>

**20. Related Party Transactions**

The Company has taken advantage of the exemption from FRS8, which allows for group transactions not to be disclosed as related party transactions. Consolidated Financial Statements which include the Company are publicly available as indicated in Note 21 to the Accounts.

During the year the long term business funds of the Company have invested in a number of unit trusts administered by Sun Life of Canada Unit Managers Limited, a fellow subsidiary of the Company. As at 31 December, 1996 the long term business funds held units valued at £488.0 million.

**21. Parent Companies**

The Company's immediate Parent Company is Confederation Life Insurance Company (UK) Limited. The Parent undertaking of the smallest group of undertakings for which group accounts are prepared in the U.K is Confederation UK Holdings plc. Group financial statements can be obtained from the Secretary and Legal Adviser, Confederation UK Holdings plc, Basing View, Basingstoke, Hampshire, RG21 4DZ.

The Ultimate Parent Company is Sun Life Assurance Company of Canada which is incorporated in Canada and is also the Parent undertaking of the largest group of undertakings for which group accounts are prepared. The Group's annual report can be obtained from the Corporate Secretary, Sun Life Assurance Company of Canada, Sun Life Centre, 150 King Street West, Toronto, Ontario, Canada, M5H 1J9.