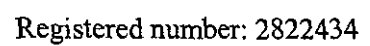


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SLC POOLED PENSIONS LIMITED

DIRECTORS

I. R. FISHWICK (Chairman & Managing Director)

M. B. WALSH

J. R. WHITE

OFFICERS

I. R. CAMPBELL (Secretary)

S. T. HILL (Appointed Actuary)

J. L. McKEVITT (Financial Controller)

SLC Pooled Pensions Limited
75 King William Street, London EC4N 7EH

Registered in England with number 2822434
Registered Office
75 King William Street, London EC4N 7EH

A member of the Sun Life Financial Services of Canada Group of Companies

SLC POOLED PENSIONS LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31st December 2000.

ACTIVITIES

The principal activity of the Company is the marketing of corporate pensions business in the UK. It has also continued to accept 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 AND FUTURE DEVELOPMENTS

The company produced a pre-tax profit of £0.3m against a profit of £0.4m in 1999. Funds under management at the end of the year were £2.8 billion, representing a decline of just under 7% from the figure of £3.0 billion at the end of 1999. Fund performance has improved and we are optimistic that the improvement will continue into 2000 when we expect to continue to acquire new clients.

The Company entered into a reinsurance agreement with a fellow group company, Sun Life of Canada (UK) Limited, on 22nd March 2000 under which the company reassured all of Sun life of Canada (UK) Limited's unit linked pension business, comprising assets under management of £1.9 billion. The reinsurance arrangement was in force until 31st May 2000 when the reinsurance agreement was terminated by mutual consent of both companies.

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.

DIRECTORS

The membership of the Board, is shown on page 1. Mr. I. R. Fishwick held office throughout the year.

Mr. M. B. Walsh was appointed a director on 16th August 2000. Mr. J. R. White was appointed a director on 7th March 2001.

Mr. P. Sharman was removed from the Board on 13th February 2001.

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

SHARE CAPITAL

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

DIVIDENDS

The Directors recommend that no dividend shall be paid in respect of the year (1999 - nil).

SLC POOLED PENSIONS LIMITED

REPORT OF THE DIRECTORS (continued)

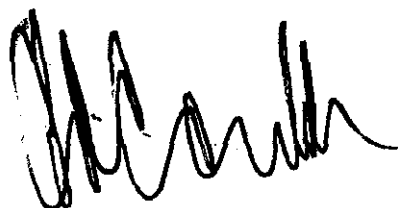
PAYMENTS TO CREDITORS

It is the group's 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. Management and administrative services are supplied by other companies in the Sun Life of Canada group. There are no external suppliers.

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 'I. R. Campbell', is written over a horizontal line.

I. R. CAMPBELL
Secretary

28th June 2001

SLC POOLED PENSIONS LIMITED

STATEMENTS OF DIRECTORS' RESPONSIBILITIES

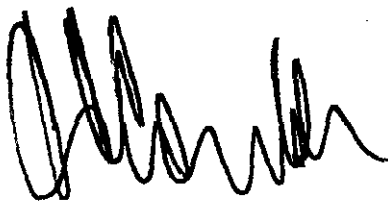
United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 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.

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



I. R. CAMPBELL
Secretary

28th June 2001

SLC POOLED PENSIONS LIMITED

REPORT OF THE AUDITORS 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, 11 and 12.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 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 accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

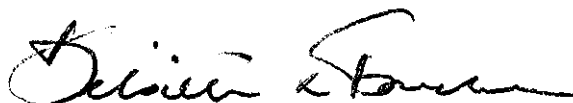
BASIS OF OPINION

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 Company's affairs as at 31st December 2000, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
London

28th June 2001

SLC POOLED PENSIONS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 2000

	Notes	2000 £000	* 1999 £000
TECHNICAL ACCOUNT LONG TERM BUSINESS			
EARNED PREMIUMS			
Gross premiums written	2	195,606	107,908
Reinsurance premiums - Confederation Life Insurance Company (UK) Ltd	3	25,279	50,863
Written and earned premiums	2 & 3	220,885	158,771
Investment income	4	250,087	211,905
Unrealised (losses) / gains on investments	4	(337,263)	169,680
TOTAL TECHNICAL INCOME		133,709	540,356
CLAIMS INCURRED			
Claims paid: direct	5	275,807	213,746
reinsurance	5	81,817	83,630
Claims paid including reinsurance	5	357,624	297,376
CHANGE IN OTHER TECHNICAL PROVISIONS			
Long term business provision		(1,975)	(1,100)
Technical provision for linked business		(243,355)	222,364
		(245,330)	221,264
OTHER CHARGES			
Net operating expenses	6	5,425	4,425
Investment expenses and charges	4	15,891	17,104
Tax attributable to the long term business	8	10	232
		21,326	21,761
TOTAL TECHNICAL CHARGES		133,620	540,401
BALANCE ON THE TECHNICAL ACCOUNT - LONG TERM BUSINESS		89	(45)

All amounts are derived from continuing activities

* Restated in accordance with Financial Reporting Standards (FRS) 16 "Current Taxation".

SLC POOLED PENSIONS LIMITED

PROFIT AND LOSS ACCOUNT (continued) For the year ended 31st December 2000

	Notes	2000 £000	1999 £000
NON TECHNICAL ACCOUNT			
BALANCE ON THE TECHNICAL ACCOUNT - LONG TERM BUSINESS		89	(45)
Tax credit attributable to the balance on the long term business technical account		10	232
PROFIT FROM LONG TERM BUSINESS OPERATIONS BEFORE TAX		99	187
Investment income	4	183	182
Administrative expenses		(3)	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		279	366
Tax on profit on ordinary activities	8	195	(286)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		474	80
Equity dividends	9	-	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		474	80

There were no recognised gains or losses during 2000 and 1999 other than the above.

All amounts are derived from continuing activities.

SLC POOLED PENSIONS LIMITED

BALANCE SHEET

As at 31st December 2000

	Notes	2000 £000	1999 £000
ASSETS			
INVESTMENTS			
Other financial investments	10	-	1,675
ASSETS HELD TO COVER LINKED LIABILITIES	11	2,795,890	3,039,245
DEBTORS			
Debtors arising out of direct insurance operations - policyholders	12	2,769	281
OTHER ASSETS			
Cash at bank and in hand		8,325	11,217
PREPAYMENTS AND ACCRUED INCOME			
Accrued interest and rent		107	48
TOTAL ASSETS		<u>2,807,091</u>	<u>3,052,466</u>

Of the total assets of £2,807 million (1999 - £3,052 million), £2,803 million (1999 - £3,049 million) is attributable to the long term business fund.

SLC POOLED PENSIONS LIMITED

BALANCE SHEET (continued) As at 31st December 2000

	Notes	2000 £000	1999 £000
LIABILITIES			
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Non-distributable reserves	14	705	616
Profit and loss account	14	3,331	2,946
Total shareholders' funds attributable to equity shareholders		5,036	4,562
TECHNICAL PROVISIONS			
Long term business provisions	15	-	1,975
TECHNICAL PROVISIONS FOR LINKED LIABILITIES	11	2,795,890	3,039,245
CREDITORS: amounts falling due within one year			
Creditors arising out of direct insurance operations	16	5,188	5,918
Other creditors including taxation and social security	16	978	766
		6,166	6,684
TOTAL LIABILITIES		2,807,091	3,052,466

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



I. R. FISHWICK
Director

28th June 2001

SLC POOLED PENSIONS LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31st December 2000

1. 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 United Kingdom accounting standards and the Company has followed the Statement of Recommended Practice (Accounting for Insurance Business) issued by the Association of British Insurers.

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.

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. Exchange differences are dealt with through the profit and loss account.

INVESTMENTS

All investments are shown at market value. Land and buildings held for investment purposes are independently valued at open market value by Insignia Richard Ellis and NAI Gooch Webster, all Chartered Surveyors. The last such valuations were conducted in December 2000.

Although the Companies Act would normally require the systematic annual depreciation of land and buildings held as investment properties, the Directors consider that 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. Realised gains and losses reflect the difference between net sales proceeds and cost and an adjustment is made to unrealised gains and losses for the difference between cost and market value at the start of the year for those investments sold in the year.

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.

SLC POOLED PENSIONS LIMITED

NOTES TO THE ACCOUNTS (continued)

1. ACCOUNTING POLICIES (continued)

INVESTMENT INCOME (continued)

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.

Policyholder fund investment income, expenses and unrealised gains/losses are dealt with through the technical account. Shareholder fund investment income, expenses and unrealised gains/losses are dealt with through the non-technical account.

Following the publication of Financial Reporting Standard (FRS) 16 "Current Taxation" UK equity dividends are accounted net of any tax credit (previously UK dividends were grossed up including the appropriate rate of tax). The 1999 figures have been restated to comply with FRS 16, and as a result dividends from UK investments and UK taxation have been reduced by £4,951,000.

PREMIUMS

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

CLAIMS

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

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.

The balance on the long term technical account has been grossed up to the full rate of corporation tax for the accounting period in order to arrive at the shareholders' profit from the long term business.

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

NOTES TO THE ACCOUNTS (continued)

1. ACCOUNTING POLICIES (continued)

TRANSFERS FROM NON-DISTRIBUTABLE RESERVES

If a surplus or shortfall arises on the long term business revenue account, this is covered by a transfer to or from non-distributable reserves in the balance sheet.

2. WRITTEN AND EARNED PREMIUMS

Gross premiums written

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

	Direct	Reinsur-	Total	Direct	Reinsur-	Total
	2000	ance	2000	1999	ance	1999
	£000	£000	£000	£000	£000	£000
Pension Business						
Non-participating						
Single premium	-	-	-	-	-	-
Linked						
Single premium	195,606	-	195,606	107,908	-	107,908
Periodic premium	-	25,279	25,279	-	50,863	50,863
	<u>195,606</u>	<u>25,279</u>	<u>220,885</u>	<u>107,908</u>	<u>50,863</u>	<u>158,771</u>

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 £25.3 million (1999 - £50.9 million) are all reinsurance premiums from Confederation Life Insurance Company (UK) Limited.

Gross premiums written include premiums previously invested via the Defined Contribution System (DCS) and Universal Pension (UP), which was part of Confederation Life Insurance Company (UK) Limited, but is now invested directly to SLC Pooled Pensions Limited. The value of this transfer was £78m and, hence, the significant increase in premiums for the year 2000. (See Note 5 - Claims Incurred).

SLC POOLED PENSIONS LIMITED

NOTES TO THE ACCOUNTS (continued)

3. REINSURANCE AGREEMENT

Throughout 2000 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.

During 2000, a new reinsurance agreement was in force with Sun Life of Canada (UK) Limited but was shortly terminated 2 months later. There were no premiums received within this reinsurance agreement.

4. INVESTMENT RETURN

	2000 £000	1999 £000
Technical account:		
Investment Income:		
Income from listed investments *	79,613	79,634
Income from unlisted investments	45	12
Income from land and buildings	9,310	7,459
	<u>88,968</u>	<u>87,105</u>
Gains on the realisation of investments	161,119	124,800
	<u>250,087</u>	<u>211,905</u>
Investment expenses and charges	(15,891)	(17,104)
Unrealised gains on investments	(337,263)	169,680
	<u>(103,067)</u>	<u>364,481</u>
Net investment return included in the long term business technical account		
	<u>(103,067)</u>	<u>364,481</u>
Non technical account:		
Income from short term investments	183	182
	<u>183</u>	<u>182</u>
Net investment return included in the non-technical account		
	<u>183</u>	<u>182</u>
Total investment return	<u>(102,884)</u>	<u>364,663</u>

* Restated in accordance with Financial Reporting Standard (FRS) 16 "Current Taxation".

SLC POOLED PENSIONS LIMITED

NOTES TO THE ACCOUNTS (continued)

5. CLAIMS INCURRED

	2000 £000	1999 £000
Payments to policyholders and beneficiaries:		
Surrender payments on direct business	275,807	213,746
Claims paid on reinsurance business	81,817	83,630
Total	<u>357,624</u>	<u>297,376</u>

Claims on direct business includes an amount for £78m which represents the transfer of business from the Defined Contribution System (DCS) and Universal Pension (UP), which invested into SLC Pooled Pension Ltd unit linked funds, to SLC Pooled Pension Ltd. (See Note 2 – Written And Earned Premiums).

6. NET OPERATING EXPENSES

	2000 £000	1999 £000
Acquisition costs	24	19
Write off – pricing error	628	-
Administrative expenses	4,773	4,406
	<u>5,425</u>	<u>4,425</u>

	2000 £000	1999 £000
Auditors' remuneration is included as follows:		
For auditing the financial statements	30	31
For other services	23	27

Operating expenses include the amount charged to the Company by another group company for the provision of management and administrative services. The Company did not directly employ any staff during the year.

SLC POOLED PENSIONS LIMITED

NOTES TO THE ACCOUNTS (continued)

7. DIRECTORS' REMUNERATION

The aggregate amount of emoluments paid to the Directors of the Company was £39,989 (1999 - £29,243). There are 2 directors (1999 - 2) to whom retirement benefits are accruing under the group defined benefit scheme in respect of qualifying services.

8. TAXATION

	2000 £000	* 1999 £000
Technical account:		
U.K. corporation tax at 30% (1999 - 30.25%)	10	232
	<u>10</u>	<u>232</u>
Non-technical account:		
Tax attributable to the long term business	10	232
Corporation tax at 30% (1999 - 30.25%)	54	54
Prior year adjustment	(259)	-
	<u>(195)</u>	<u>286</u>

* Restated in accordance with Financial Reporting Standard (FRS) 16 "Current Taxation".

9. EQUITY DIVIDENDS

No dividends were paid to the immediate parent company (1999 - £NIL).

10. OTHER FINANCIAL INVESTMENTS

	2000 £000	1999 £000
Fixed interest securities - listed, at cost	-	1,723
	<u>-</u>	<u>1,723</u>
Fixed interest securities - listed, at market value	-	1,675
	<u>-</u>	<u>1,675</u>

SLC POOLED PENSIONS LIMITED

NOTES TO THE ACCOUNTS (continued)

11. ASSETS HELD TO COVER LINKED LIABILITIES

	2000 £000	1999 £000
Investments at cost	2,173,972	2,008,710
Investments at market value	2,702,714	2,953,627
Net assets held to cover linked liabilities	2,795,890	3,039,245

Of the total net assets held to cover linked liabilities £1,535 million (1999 - £1,841 million) represented managed funds; these are group pension funds which the Company administers in its own name but on behalf of others.

12. DEBTORS

Arising out of direct insurance operations:

	2000 £000	1999 £000
Amounts owed by linked funds	1,345	-
Amounts owed by group companies	1,424	281
	2,769	281

13. SHARE CAPITAL

	Authorised 2000 £000	Allotted, called up and fully paid 2000 £000	Authorised 1999 £000	Allotted, called up and fully paid 1999 £000
Ordinary shares of £1 each	10,000	1,000	10,000	1,000

SLC POOLED PENSIONS LIMITED

NOTES TO THE ACCOUNTS (continued)

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £000	Profit and Loss Account £000	Non- Distributable Reserve £000	2000 Total £000	1999 Total £000
Balance as at 1st January	1,000	2,946	616	4,562	4,482
Retained profit for the year	-	474	-	474	80
Capital Contribution	-	-	-	-	-
Transfer to / (from) non- distributable reserve	-	(89)	89	-	-
Balance as at 31st December	<u>1,000</u>	<u>3,331</u>	<u>705</u>	<u>5,036</u>	<u>4,562</u>

15. LONG TERM BUSINESS PROVISION

	2000 £000	1999 £000
Pension deposit account	-	1,975

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

16. CREDITORS: amounts falling due within one year

	2000 £000	1999 £000
Arising out of direct insurance operations:		
Amounts owed to group companies	323	726
Policy claims outstanding	4,865	5,192
	<u>5,188</u>	<u>5,918</u>
Other:		
Taxes payable/(receivable)	258	613
Other creditors	720	153
	<u>978</u>	<u>766</u>
	<u>6,166</u>	<u>6,684</u>

SLC POOLED PENSIONS LIMITED

NOTES TO THE ACCOUNTS (continued)

17. 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 17 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 31st December 2000, the long term business funds held units valued at £528.4 million (1999 - £603.1 million).

18. PARENT COMPANIES

The Company's immediate parent company is Sun Life of Canada UK Holdings plc, registered in England and Wales, which is the parent undertaking of the smallest group of undertakings for which group accounts are prepared in the UK. Group financial statements can be obtained from the Secretary and Legal Adviser, Sun Life of Canada UK Holdings plc., Basing View, Basingstoke, Hampshire, RG21 4DZ.

The ultimate parent, and controlling, company is Sun Life Financial of Canada which is incorporated as a public limited company in Canada and is also the parent undertaking of the largest group of undertakings for which group accounts are prepared. Sun Life Financial of Canada was incorporated on 22 March 2000 as a result of demutualisation of Sun Life Assurance Company of Canada. The Group's annual report can be obtained from the Corporate Secretary, Sun Life Financial of Canada, Sun Life Centre, 150 King Street West, Toronto, Ontario, Canada, M5H 1J9.