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## THE COMPANIES ACT 1985

### ANNUAL ACCOUNTS

for filing pursuant to sections 241 and 242  
of the Companies Act 1985

To the Registrar of Companies

Company number

844703

Name of company

SWISS LIFE (UK) SERVICES

Limited\*

A copy of the annual accounts ~~(and group accounts)~~\* of the company for the period

from 1 January 1997 to 31 December 1997

is attached:

Number of sheets attached 13

They comprise:

Directors' Report\*

Profit and Loss Account\* ~~[modified for "Medium-sized" company]\*~~

Balance Sheet(s) ~~[modified for "Small" company]\*~~

Notes and schedules

Auditors' report

\*Delete if inappropriate

Presentor's name, address and reference.

Mr Barry K Morris  
Company Secretariat  
Swiss Life House  
24-26 South Park  
Sevenoaks  
Kent TN13 1BG



# **SWISS LIFE (UK) SERVICES LIMITED**

## **REPORT AND ACCOUNTS**

**31st December 1997**



**REGISTERED NO. 844703**

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The Directors present their Report and the Financial Statements for the year ended 31st December 1997.

## RESULTS AND DIVIDENDS

The Company is the Management Services Company for the Swiss Life Group. The loss for the year after taxation was £25,501 (1996 Loss - £124,657). No dividend will be paid (1996 - £Nil).

The Directors do not expect the activities of the Company or its level of business to change in the foreseeable future.

## DIRECTORS AND THEIR INTERESTS

The Directors during the year were:

S. R. Burnett
J. C. Hills (Resigned 8th December 1997)
C. G. Ide (Resigned 8th December 1997)
D. Q. Kneeshaw (Appointed 1st January 1998)
T. McIntosh

None of the Directors had a beneficial interest in any shares of the Company or any other Group Company at 1st January 1997 or at 31st December 1997.

## FIXED ASSETS

Information relating to changes in tangible fixed assets is set out in note 8 to the accounts.

## SUPPLIER PAYMENT POLICY

The Swiss Life policy of paying supplier accounts is in accordance with the normal terms of trade.

## EMPLOYEES

It is the Company's policy and practice that selection for employment and promotion is based on objective assessment of ability and experience free from discrimination on any grounds.

The Company encourages the involvement of United Kingdom employees in its performance by way of profit related pay, regular communication and equal opportunities combined with appropriate training.

## CHARITABLE CONTRIBUTIONS

No contributions for political purposes were made during 1997 (1996 - £Nil). Charitable contributions amounted to £12,453 (1996 - £6,318)

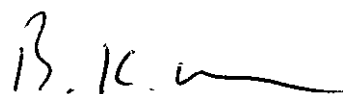
## AUDITORS

A resolution to re-appoint the Auditors, Coopers & Lybrand, will be proposed at the Annual General Meeting.

Swiss Life House  
24-26 South Park  
Sevenoaks  
Kent  
TN13 1BG

27th March 1998

By Order of the Board



B.K. Morris, Secretary

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 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.

We have audited the financial statements on pages 4 to 11.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 state of the company's affairs at 31st December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand*

Coopers & Lybrand  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London  
WC2N 6NN

27th March 1998

Swiss Life (UK) Services Limited  
Profit and Loss Account for the year ended 31st December 1997

	Notes	1997 £000	1996 £000
<b>TURNOVER</b>	2	21,638	22,294
Operating Expenses	3	21,631	22,288
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		7	6
Other Interest Receivable and Similar Income	4	68	65
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	75	71
Taxation	7	101	195
		<hr/>	<hr/>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(26)	(124)
		<hr/>	<hr/>
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION</b>	13	(26)	(124)
		<hr/>	<hr/>

The above Profit and Loss Account relates to continuing operations.


The Company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 6 to 11 form an integral part of these accounts.

	Notes	1997 £000	1996 £000
<b>FIXED ASSETS</b>			
Tangible Assets	8	5,801	5,189
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors (one year)	9	1,070	880
Cash at Bank and in Hand		677	156
		<hr/>	<hr/>
		1,747	1,036
		<hr/>	<hr/>
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	7,162	6,213
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		(5,415)	(5,177)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		386	12
		<hr/>	<hr/>
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	11	400	-
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
<b>CALLED UP SHARE CAPITAL</b>	12	100	100
<b>PROFIT AND LOSS ACCOUNT</b>	13	(114)	(88)
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>	14	(14)	12
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		386	12
		<hr/>	<hr/>

The Financial Statements on pages 4 to 11 were approved by the Board of Directors on 27th March 1998 and signed on its behalf by:

 S. R. Burnett

 T. McIntosh

27th March 1998

The notes on pages 6 to 11 form an integral part of these accounts.



## 1. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom.

### a) Turnover

Turnover represents the value of services provided to the Swiss Life Group.

### b) Tangible Fixed Assets and Depreciation

Depreciation is calculated to write down the cost or valuation of tangible fixed assets to their estimated residual value by equal instalments over the period of their estimated useful economic lives, which is considered to be:

Furniture, Office Equipment	5 years
Computer Equipment & Motor Vehicles	4 years

### c) Taxation

Corporation Tax is provided on taxable profits at the appropriate rate for the period.

Deferred taxation is computed whereby taxation is determined by applying the rate of tax at which the accumulated timing differences are expected to reverse.

## 2. TURNOVER

All turnover is derived from activities in the United Kingdom for management services rendered.

## 3. OPERATING EXPENSES

The operating expenses were incurred for the Swiss Life Group and charged to group members appropriately.

## 4. OTHER INCOME

	1997 £000	1996 £000
Bank Interest Receivable	38	54
Sundry	30	11
	<hr/>	<hr/>
	68	65
	<hr/>	<hr/>

## 5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging

	1997 £000	1996 £000
Depreciation	1,979	2,053
Auditors' Remuneration	4	4
Staff Costs	11,708	11,180

## 6. STAFF COSTS

a) Particulars of employees (including executive directors) are as shown below

Employee costs during the year amounted to:-

	1997 £000	1996 £000
Salaries	9,659	9,586
Social Security Costs	812	789
Pension Costs	1,237	805
	<hr/>	<hr/>
	11,708	11,180
	<hr/>	<hr/>

The average number of persons employed by the company during the year was 387 (1996 - 411).

b) Directors' Emoluments

	1997 £000	1996 £000
Directors		
Aggregate Emoluments	496	490
Compensation for Loss of Office	517	-

The aggregate emoluments were paid to the 4 (1996 - 4) directors who served during the year.

Retirement benefits are accruing to all of the directors under the company's defined benefit scheme.

A Director also received £nil (1996 - £24,253) in respect of participation shares in a group company.

The Compensation for loss of office includes the equivalent to one year's salary, benefits in kind and enhanced pension arrangements.

Highest Paid Director

Aggregate Emoluments	143	183
Defined Benefit Pension Scheme		
Accrued pension at end of year	58	54

**7. TAXATION**

The tax charge in the Profit and Loss Account is made up as follows:-

	1997 £000	1996 £000
Corporation Tax at 31.5% (1996 - 33%)	101	217
Corporation Tax adjustment in respect of prior year	-	(22)
	<u>101</u>	<u>195</u>

**8. TANGIBLE FIXED ASSETS**

	Furniture Office Equipment & Motor Vehicles £000	Computer Equipment £000	Total £000
Cost at 1st January 1997	2,995	6,017	9,012
Additions	825	1,867	2,692
Disposals	(341)	-	(341)
Fully Depreciated Items Written Out	(156)	(777)	(933)
At 31st December 1997	<u>3,323</u>	<u>7,107</u>	<u>10,430</u>
Depreciation at 1st January 1997	1,186	2,637	3,823
Charge for year	599	1,380	1,979
Disposals	(240)	-	(240)
Fully Depreciated Items Written Out	(156)	(777)	(933)
At 31st December 1997	<u>1,389</u>	<u>3,240</u>	<u>4,629</u>
Net Book Value at 31st December 1997	<u>1,934</u>	<u>3,867</u>	<u>5,801</u>
At 31st December 1996	<u>1,809</u>	<u>3,380</u>	<u>5,189</u>

**9. DEBTORS**

	1997 £000	1996 £000
Prepayments	680	512
Other Debtors	390	368
	<hr/>	<hr/>
	1,070	880
	<hr/>	<hr/>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £000	1996 £000
Amounts due to Parent and Fellow Subsidiary Undertakings	3,663	3,217
Trade Creditors	1,165	762
Social Security	-	216
Accruals	2,234	1,801
Tax Payable	100	217
	<hr/>	<hr/>
	7,162	6,213
	<hr/>	<hr/>

**11. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1997 £000	1996 £000
Loan Creditor	400	-
	<hr/>	<hr/>

An interest free loan facility of £1,000,000 was made available in April 1997 and will be repayable in 5 consecutive equal instalments commencing on 1st May 2003.

**12. SHARE CAPITAL**

	1997 £000	1996 £000
<b>AUTHORISED</b>		
100,000 Ordinary Shares of £1 each	100	100
	<hr/>	<hr/>
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
100,000 Ordinary Shares at £1 each	100	100
	<hr/>	<hr/>

**13. PROFIT AND LOSS ACCOUNT**

	1997 £000	1996 £000
Balance at 1st January	(88)	36
Retained Profit/(Loss) for the year	(26)	(124)
	<hr/>	<hr/>
Balance at 31st December	(114)	(88)
	<hr/>	<hr/>

**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	1997 £000	1996 £000
Profit/(Loss) for the year	(26)	(124)
Opening Shareholders' Funds	12	136
	<hr/>	<hr/>
Closing Shareholders' Funds	(14)	12
	<hr/>	<hr/>

**15. CAPITAL AND FINANCIAL COMMITMENTS**

	1997 £000	1996 £000
a) Capital Commitments		
At 31st December the Company had the following authorised and contracted for capital commitments	-	-
	<hr/>	<hr/>

**16. PENSION SCHEME**

The Company operates a pension plan providing benefits based on final pensionable pay. The pension plan is set up under trust and the assets of the plan are therefore held separately from those of the Company.

The pension cost charge to the profit and loss account is calculated in such a way as to spread the cost of pensions over the employees' working lives with the Company. The pension cost is based on the most recent actuarial valuation which was carried out with an effective date of 1 January 1997. The actuarial method used to calculate the pension cost is the projected unit method. The most significant assumptions affecting the pension cost are those relating to the rate of return on the investments of the plan and the rates of increase in salaries and pensions. The investment return used was 9% per annum, the rate of earnings increase used was 7.0% per annum and the rate of pension increase used was 3% per annum for pensions in respect of pensionable service before 6th April 1997 and 4.5% per annum for pensions in respect of pensionable service after this date.

The pension cost charged to the profit and loss account for the year were £736,144. The amortisation is over a period of 23 years, the average remaining service lives of the pensioned employees.

An amount of £156,600 (1996 : £58,500) is included in debtors which represents the excess payment of contributions to the fund over the accumulated pension cost.

The actuarial valuation as at 1 January 1997 showed that the market value of the plan's assets were £15.54m and that the actuarial value of those assets represented 110% of the plan's liability for benefits, under the valuation method used, for service to the valuation date and based on salaries projected to retirement or earlier exit.

**17. CASH FLOW STATEMENT**

As the Company is wholly owned within the Swiss Life Group, the cash flows of the Company are included in the consolidated group cash flow statement of Swiss Life (UK) Group plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cash flow statement.

**18. RELATED PARTY TRANSACTIONS**

Advantage has been taken of the exemption provided in FRS 8 from disclosing details of transactions with Swiss Life (UK) Group plc and its subsidiaries and associated undertakings.

**19. ULTIMATE HOLDING COMPANY**

The ultimate holding company is Swiss Life Insurance & Pension Company, a life insurance company incorporated in Switzerland. The Company is a wholly owned subsidiary of Swiss Life (UK) Group plc which is incorporated in England and Wales. Copies of Swiss Life (UK) Group plc's financial statements may be obtained from the Secretary, Swiss Life House, 24-26 South Park, Sevenoaks, Kent TN13 1BG.