

Refuge Portfolio Managers Limited  
Report and financial statements  
for the year ended 31 December 2003

Registered Number 2225346



**Refuge Portfolio Managers Limited**  
**Report and financial statements**  
**for the year ended 31 December 2003**

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# **Refuge Portfolio Managers Limited**

## **Directors and auditors for the year ended 31 December 2003**

### **Directors**

Mike Yardley  
Murray Ross  
Stephen Shone

### **Secretary**

Bernadette Barber

### **Auditors**

PricewaterhouseCoopers LLP  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

### **Registered Office**

55 Gracechurch Street  
London  
EC3V 0RL

### **Registered Number**

2225346

# Refuge Portfolio Managers Limited

## Directors' report for the year ended 31 December 2003

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

### Principal activity

The principal activity of the company is to act as a holding company for group subsidiaries.

### Results and dividends

The profit for the year after tax was £7,336 (2002: profit of £40,911). The directors do not propose the payment of a dividend, (2002: £nil) and accordingly, an amount of £7,336 was transferred to reserves (2002: £40,911 was transferred to reserves).

### Directors and their interests

The directors who held office during the year are given below:

M Yardley  
M Ross  
S Shone

None of the directors in office at 31 December 2003 has or has had an interest in any group undertaking.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

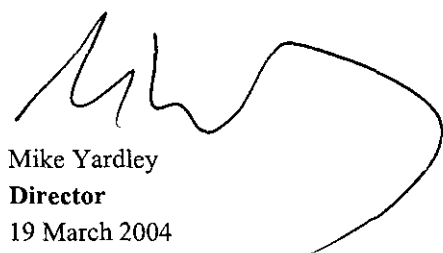
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the change in accounting policy with regards to the valuation of subsidiary undertakings as explained in Note 1, Accounting policies. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

### Auditors

PricewaterhouseCoopers LLP are the incumbent auditors. An election is in force under section 386 of the Companies Act dispensing with the obligation to re-appoint auditors annually.

### By order of the Board



Mike Yardley  
Director  
19 March 2004

# Refuge Portfolio Managers Limited

## Independent auditors' report to the members of Refuge Portfolio Managers Limited

We have audited the financial statements which comprise the profit and loss account and the balance sheet and the related notes which have been prepared in accordance with the accounting policies set out in note 1.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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. The other information comprises only the directors' report.

### 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 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Manchester

19 March 2004

# Refuge Portfolio Managers Limited

## Profit and loss account for the year ended 31 December 2003

	2003 £	2002 £
Amounts written back on investments in group undertakings	7,336	40,911
<b>Profit for the financial year</b>	<b>7,336</b>	<b>40,911</b>
<b>Profit and loss reserve at 1 January</b>	<b>(18,947,654)</b>	<b>(18,988,565)</b>
<b>Profit and loss reserve at 31 December - deficit</b>	<b>(18,940,318)</b>	<b>(18,947,654)</b>

All of the above amounts are in respect of continuing operations.

The company has no recognised gains and losses other than the profit for the period.

## Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Shareholders' funds at 1 January - deficit	(18,947,652)	(18,988,563)
Profit for the financial year	7,336	40,911
Net addition to shareholders' funds	7,336	40,911
<b>Shareholders' funds at 31 December - deficit</b>	<b>(18,940,318)</b>	<b>(18,947,652)</b>


The accounting policies and notes on pages 6 to 8 form an integral part of these financial statements.

# Refuge Portfolio Managers Limited

## Balance sheet as at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Investments in group undertakings	3	621,749	614,413
<b>Creditors: amounts falling due after more than one year</b>			
Amounts due to group undertakings		(19,562,065)	(19,562,065)
<b>Net current liabilities</b>		(19,562,065)	(19,562,065)
<b>Total assets less current liabilities</b>		(18,940,316)	(18,947,652)
<b>Capital and reserves</b>			
Called up share capital	5	2	2
Profit and loss account – deficit		(18,940,318)	(18,947,654)
<b>Total equity shareholders' funds – deficit</b>		(18,940,316)	(18,947,652)

The financial statements and notes on pages 4 to 8 were approved by the board of directors on 19 March 2004 and signed on its behalf by:



Stephen Shone  
Director  
19 March 2004

The accounting policies and notes on pages 6 to 8 form an integral part of these financial statements.

# **Refuge Portfolio Managers Limited**

## **Notes to the financial statements for the year ended 31 December 2003**

### **1 Accounting policies**

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments in group undertakings, and in accordance with applicable accounting standards.

As permitted by section 228 of the Companies Act 1985, consolidated financial statements have not been prepared because the company itself is a wholly owned subsidiary of The Royal London Mutual Insurance Society Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company.

Provision is made for taxation at current rates on the excess of investment income over expenses and relief for overseas taxation is taken where appropriate. Deferred taxation is provided on all unrealised gains and other timing differences, between their recognition in the financial statements and their recognition in the tax computations, except that overall assets are only recognised if there is persuasive and reliable evidence that the timing differences will reverse in the foreseeable future. The value of the resultant deferred tax assets and liabilities has been calculated on a non-discounted basis.

The company has not presented a cash flow statement, taking advantage of the exemption within Financial Reporting Standard No. 1 (Revised), "Cash Flow Statements", as the cash flows of the company are consolidated within the cash flows of the ultimate parent, The Royal London Mutual Insurance Society Limited.

#### **Change in accounting policy**

The company has changed its accounting policy for the valuation of investments in subsidiary undertakings in order to bring the policy into line with that of the ultimate parent undertaking, The Royal London Mutual Insurance Society Limited. Investments in subsidiary undertakings are now valued at current value. In prior years, they were valued at cost less provision for any impairment in value. The change in policy has no impact on the comparative figures shown in the financial statements and so no restatement of those comparatives is required.

Gains on the revaluation of investments in subsidiary undertakings are taken to a revaluation reserve except to the extent that they are the reversal of losses previously recognised in the profit and loss account. Losses on revaluation are recognised immediately in the profit and loss account except to the extent that they represent a reversal of a gain previously recognised in the revaluation reserve.

### **2 Directors', employees' and auditors remuneration**

The directors received no remuneration from the company. The company had no employees during the year. The remuneration to the auditors, PricewaterhouseCoopers LLP, for the year was £nil (2002: £nil).



# Refuge Portfolio Managers Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 3 Investments in group undertakings

	2003 £	2002 £
Investments in group undertakings at 1 January	614,413	573,502
Amounts written back on investments in group undertakings	7,336	40,911
<b>Investments in group undertakings at 31 December</b>	<b>621,749</b>	<b>614,413</b>

The company holds 96% of the issued ordinary shares of £1 in Canterbury Life Assurance Company Limited. It also holds the whole of the issued share capital of Refuge Life Assurance Consultants Limited, which in turn holds the remaining 4% of the issued share capital of Canterbury Life Assurance Company Limited. All companies are registered in England and Wales.

On 11 December 2000, the High Court gave its approval for a scheme under Part 1 of Schedule 2C of the Insurance Companies Act 1982 under which the whole of the long term business and the assets and liabilities of Canterbury Life Assurance Company Limited, would be transferred to The Royal London Mutual Insurance Society Limited. The scheme became effective on 1 January 2001 and Canterbury Life Assurance Company Limited has not traded since, the company has written down its investment accordingly.

### 4 Tax on profit on ordinary activities

(i) Tax credited to the profit and loss account	2003 £'000	2002 £'000
UK Corporation tax receivable 30% (2002: 30%) on the result for the year	-	-
	-	-

#### (ii) Reconciliation of tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2003 £000	2002 £000
Profit on ordinary activities before tax	7,336	40,911
Profit multiplied by the standard rate of UK corporation tax (30%)	2,201	12,273
Effects of :Write back of investments in group undertakings	(2,201)	(12,273)
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

# Refuge Portfolio Managers Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 5 Called up share capital

	2003 £	2002 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

### 6 Financial support

The company has net liabilities at 31 December 2003. The company's ultimate parent undertaking has indicated that it will continue to provide financial support to the company.

### 7 Parent undertaking

The Royal London Mutual Insurance Society Limited, which is registered in England and Wales, is the immediate and ultimate parent undertaking.

The company has taken advantage of the exemption within Financial Reporting Standard No. 8 not to disclose related party transactions with undertakings controlled within the group.

Copies of the financial statements of The Royal London Mutual Insurance Society Limited are available from the company's registered office.