

Registered Number 2638489

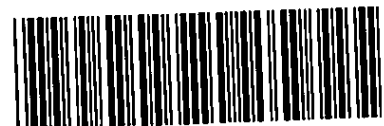
**SUN LIFE OLAC LIMITED**

**Directors' Report and Financial Statements**

**for the year ended 31 December 2006**

Registered Office 5 Old Broad Street, London EC2N 1AD

SATURDAY



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COMPANIES HOUSE

**SUN LIFE OLAC LIMITED**

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**DIRECTORS**

J P Small  
GRE Nominee Shareholdings Limited

**SECRETARY**

J P Small

**AUDITORS**

PricewaterhouseCoopers LLP

## **SUN LIFE OLAC LIMITED**

### **DIRECTORS' REPORT**

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The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2006

#### **PRINCIPAL ACTIVITIES**

The Company acted as a UK holding company for an offshore life assurance company, AXA Isle of Man Limited, which was sold on 1<sup>st</sup> January 2004

#### **BUSINESS PERFORMANCE**

	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Other interest receivable and similar income	<b>3,129</b>	<b>2,968</b>

Income varies with the interest receivable from amounts owed by group undertakings which then impacts on profit

#### **PRINCIPAL RISK AND UNCERTAINTIES**

The principal risk is the financial risk of its intergroup transactions which is discussed further in the "Financial risk management objectives & policies" section

#### **FUTURE OUTLOOK**

No change in activities of the Company is planned for the foreseeable future

#### **DIVIDENDS**

The directors do not recommend the payment of a dividend for the year ended 31 December 2006 (2005 nil)

#### **DIRECTORS**

The directors of the Company at the date of this report are shown on page 1

Mr R E Lee resigned as a director on 6 June 2006 GRE Nominee Shareholdings Limited was appointed as a director on 22 June 2006

## **SUN LIFE OLAC LIMITED**

### **DIRECTORS' REPORT**

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#### **DIRECTORS' INTERESTS**

Following the change in legislation from 6 April 2007 (SI 2006/3428, 'The Companies Act 2006 (Commencement No 1, Transitional Provisions and Savings) Order 2006'), no information on directors' interests in shares and share options has been disclosed

#### **INDEMNIFICATION OF DIRECTORS**

The Company is party to a group-wide indemnity policy which benefits all of its current Directors and is a Qualifying Third Party Indemnity Provision for the purpose of the Companies Act 1985

#### **FINANCIAL INSTRUMENTS**

##### **Financial risk management objectives and policies**

The Company is exposed to financial risk through its business operations affecting the financial assets and liabilities. The most important component of this risk for the Company is non-investment credit risk in respect of balances due

The Company is part of the AXA UK Group which has established a group wide financial risk management framework and associated set of policies. These are designed primarily to ensure that financial risks are adequately controlled and monitored for the insurance group through Risk Committees advising the Group Chief Executive and individual business unit Chief Executives

##### **Hedge Accounting**

There are no current or forecasted transactions for which hedge accounting is used

##### **Credit risk**

Non-investment credit risk arises from the exposure of the Company to intra-group debts with other companies in the AXA UK Group. The risk in respect of intra-group debts is controlled through on-going monitoring of amounts due

#### **PAYMENT OF CREDITORS**

All trade purchases are dealt with through AXA Sun Life Services plc

**SUN LIFE OLAC LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**

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**DISCLOSURE OF INFORMATION TO THE AUDITORS**

Each director in office at the date of approval of this report confirms that

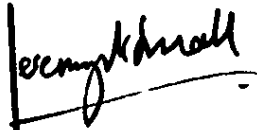
- (a) so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

**AUDITORS**

Under Section 379A of the Companies Act 1985, the Company has elected to dispense with the following obligations

- to lay accounts and reports before general meetings,
- to hold annual general meetings, and
- to appoint auditors annually

By Order of the Board



**J. P. Small**

Secretary

29th August 2007

## **SUN LIFE OLAC LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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#### **DIRECTORS' RESPONSIBILITIES**

The following statement is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements

The responsibilities of the auditors are set out in the auditors' report

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 these 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 confirm they have complied with the above requirements in preparing the financial statements

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

# **SUN LIFE OLAC LIMITED**

## **AUDITORS' REPORT**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUN LIFE OLAC LTD**

We have audited the financial statements of Sun Life OLAC Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

## SUN LIFE OLAC LIMITED

### AUDITORS' REPORT

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#### Basis of audit opinion (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

*6 September 2007*



**SUN LIFE OLAC LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006	2005
		£	£
Income from other fixed asset investments	2	1,485	1,718
Other interest receivable and similar income	3	3,129,270	2,967,775
Realised loss on investments		-	(1,894)
<b>Profit on ordinary activities before tax</b>		<b>3,130,755</b>	<b>2,967,599</b>
Tax on profit on ordinary activities	6	(938,951)	(890,439)
<b>Profit on ordinary activities after tax being retained profit for the year</b>		<b>2,191,804</b>	<b>2,077,160</b>
Retained profit brought forward		38,098,652	36,021,492
<b>Retained profit carried forward</b>		<b>40,290,456</b>	<b>38,098,652</b>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2006	2005
	£	£
Retained profit for the financial year	2,191,804	2,077,531
Gross movement on revaluation reserve	(919)	1,237
<b>Total recognised gains for the year</b>	<b>2,190,885</b>	<b>2,078,768</b>

All of the above amounts are in respect of continuing operations

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

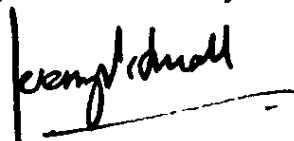
The information on pages 10 to 14 forms an integral part of these financial statements

**SUN LIFE OLAC LIMITED**

**BALANCE SHEET  
AT 31 DECEMBER 2006**

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Fixed interest securities	7	<u>24,222</u>	<u>25,141</u>
		<b>24,222</b>	<b>25,141</b>
<b>Current assets</b>			
Amount owed by group undertakings		<b>68,823,546</b>	<b>65,692,564</b>
Prepayments and accrued income		<u>497</u>	<u>724</u>
		<b>68,824,043</b>	<b>65,693,288</b>
<b>Creditors: amount falling due within one year</b>			
Other creditors	8	<u>(2,644,720)</u>	<u>(1,705,769)</u>
<b>Net current assets</b>		<b>66,179,323</b>	<b>63,987,519</b>
<b>Net assets</b>		<u><b>66,203,545</b></u>	<u><b>64,012,660</b></u>
<b>Equity capital and reserves</b>			
Called up share capital	9	<b>25,914,002</b>	<b>25,914,002</b>
Revaluation reserve	10	<b>(913)</b>	<b>6</b>
Profit and loss account	10	<u><b>40,290,546</b></u>	<u><b>38,098,652</b></u>
<b>Total shareholders' funds</b>		<u><b>66,203,545</b></u>	<u><b>64,012,660</b></u>

The financial statements were approved by the Board of Directors on 29th August 2007 and signed on its behalf by

  
J. P. Small  
Director

The information on pages 10 to 14 forms an integral part of these financial statements

## SUN LIFE OLAC LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. ACCOUNTING POLICIES

The principal accounting policies are set out below. The policies remain unchanged from the previous year.

**(a) Basis of presentation**

The financial statements are prepared under the historical cost convention, other than for the items noted in (b) below, and in accordance with applicable UK accounting standards. The accounts have been prepared in accordance with the formats set out in Schedule 4 to the Companies Act 1985.

**(b) Investments**

Investments in fixed interest securities are shown at market value. Unrealised gains and losses are taken to the revaluation reserve.

**(c) Investment income**

Investment income and interest is recognised when earned.

**(d) Cash flow statement**

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking of a parent undertaking which produces a consolidated cash flow statement. The cashflow of the Company is consolidated in the AXA group financial statements, which can be obtained from 23, avenue Matignon, 75008 Paris, France.

**(e) Taxation**

The charge for taxation is based on the profit 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 tax liabilities, using the incremental liability method, on material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax is calculated using rates substantively enacted at the balance sheet date. Deferred tax balances have not been discounted.

**SUN LIFE OLAC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**2. INCOME FROM OTHER FIXED ASSET INVESTMENTS**

	2006	2005
	£	£
Interest on fixed interest security	<u>1,485</u>	<u>1,718</u>

**3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	2006	2005
	£	£
Interest on loans receivable from group companies	<u>3,129,270</u>	<u>2,967,775</u>

**4. DIRECTORS' EMOLUMENTS**

The directors are employed and paid by companies in the AXA group and their directorships are held as part of that employment. No director has received any emoluments or other benefits from the Company or from any other company in the AXA group in respect of services to the Company.

Mr R E Lee was also a director of AXA Sun Life Holdings plc during the year and his emoluments, which relate to his services to the AXA group as a whole, are disclosed in the financial statements of that company.

GRE Nominee Shareholdings Limited is a company within the AXA group.

# SUN LIFE OLAC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 5. ADMINISTRATIVE EXPENSES

The remuneration of the auditors and staff costs have been borne by AXA Sun Life Services plc, a fellow subsidiary undertaking. The audit fees have been borne by AXA Sun Life Holdings PLC, the immediate parent of the Company.

### 6. TAXATION

	2006 £	2005 £
<b>UK corporation tax:</b>		
UK corporation tax at 30% (2005: 30%)	938,951	890,651
Adjustments in respect of previous periods	-	(212)
<b>Tax on profit on ordinary activities</b>	<b>938,951</b>	<b>890,439</b>

#### Factors affecting the tax charge

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

	2006 £	2005 £
<b>Profit on ordinary activities before tax</b>	<b>3,130,755</b>	<b>2,967,599</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	939,227	890,280
Taxable unrealised gain/ (loss) recorded in revaluation reserve	(276)	371
Adjustment to tax charge in respect of previous periods	-	(212)
	<b>938,951</b>	<b>890,439</b>

### 7. FIXED INTEREST SECURITIES

	Cost		Market Value	
	2006 £	2005 £	2006 £	2005 £
Fixed interest security	<u>25,135</u>	<u>25,135</u>	<u>24,222</u>	<u>25,141</u>

The carrying value is in respect of a listed investment.

**SUN LIFE OLAC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	2006 £	2005 £
Amounts owed to group undertakings	1,705,981	815,330
Corporation tax payable	938,739	890,439
	<u>2,644,720</u>	<u>1,705,769</u>

**9. SHARE CAPITAL**

	2006 Authorised £	Paid-up £	2005 Authorised £	Paid-up £
<b>Authorised:</b> 30,000,000 ordinary shares of £1 each	<u>30,000,000</u>		<u>30,000,000</u>	
<b>Issued:</b> 25,914,002 ordinary shares of £1 each		<u>25,914,002</u>		<u>25,914,002</u>

**10. MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Share Capital £	Revaluation Reserve £	Profit and Loss Account £	Total £
At 1 January 2006	25,914,002	6	38,098,652	64,012,660
Profit for the year	-	-	2,191,804	2,191,804
Movement on revaluation reserve	-	(919)	-	(919)
<b>At 31 December 2006</b>	<u><b>25,914,002</b></u>	<u><b>(913)</b></u>	<u><b>40,290,456</b></u>	<u><b>66,203,545</b></u>

## **SUN LIFE OLAC LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **11. RELATED PARTIES**

As the Company is a wholly-owned subsidiary it has taken advantage of the exemption granted under Financial Reporting Standard 8 (Related Party Disclosures) where subsidiary undertakings do not have to disclose transactions with Group companies qualifying as related parties provided that consolidated financial statements are publicly available

#### **12. IMMEDIATE AND ULTIMATE PARENT COMPANIES**

The Company is a subsidiary of Sun Life Assurance Society plc, a company incorporated in Great Britain and registered in England and Wales

In the opinion of the directors, the Company's ultimate parent and controlling company is AXA, a company incorporated in France. The parent undertaking of the largest and smallest group which includes the Company and for which group financial statements are prepared is AXA. Copies of the AXA group financial statements can be obtained from 23, avenue Matignon, 75008 Paris, France