

ALBA LIFE TRUSTEES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

COMPANY REGISTRATION NUMBER SC31475



**ALBA LIFE TRUSTEES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2003**

REVIEW OF THE BUSINESS AND RESULTS

The principal activity of the Company is to act as Pension Scheme Trustee for pension schemes.

The audited financial statements together with relevant notes and report of the auditors are shown on pages 4 to 9.

Details of the results for the year are given in the Profit and Loss Account on page 5. The Directors do not recommend the payment of a dividend (2002 - £nil).

DIRECTORS

The following were Directors during the year:

Iain Pringle

Geoffrey Ross BSc FIA

No Director held any beneficial interest in the share capital of the Company.

Geoffrey Ross is also a Director of Alba Life Holdings Limited (a subsidiary of Britannic Group plc). His interest in shares & share options in Britannic Group plc is disclosed within those Financial Statements.

Iain Pringle held options to subscribe for Britannic Group plc ordinary shares of 5 pence each granted under the Executive Share Option Scheme and Savings Related Share Option Scheme as follows:

Iain Pringle			Savings related options at		Executive options at	
	Date from which exercisable	Exercise price in pence	1 January 2003	31 December 2003	1 January 2003	31 December 2003
	Mar 2003	748		-	1,000	1,000
	Apr 2004	958		-	4,000	4,000
	Mar 2005	697	-	-	1,250	1,250
	Jun 2005	595	2,836	2,836	-	-
	Sep 2005	364	-	-	2,600	2,600
	Mar 2006	154	-	-	-	6,100
	Sep 2006	305	-	-	-	3,200

Savings Related Options ordinarily lapse within six months and Executive Options lapse within seven years of the date they first become exercisable. No options were exercised during the year.

**ALBA LIFE TRUSTEES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2003**

AUDITORS

By a Board resolution on 14 August 2001, an election was made under s386 of the Companies Act 1985 to dispense with the obligation to appoint auditors on an annual basis.

BY ORDER OF THE BOARD

Barbara C Jordan

Barbara Jordan
Secretary

Registered office:
Britannic Court
50 Bothwell Street
GLASGOW G2 6HR.

5 March 2004

ALBA LIFE TRUSTEES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2003

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 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 the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ALBA LIFE TRUSTEES LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2003**

We have audited the financial statements on pages 5 to 9.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the Company is not disclosed.

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 as 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditors

8 Salisbury Square
Blackfriars
London
EC4Y 8BB

5 March 2004

ALBA LIFE TRUSTEES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Turnover	1	106,014	105,389
Administrative expenses	2	<u>(96,884)</u>	<u>(326,753)</u>
Profit / (loss) before taxation on ordinary activities		9,130	(221,364)
Taxation on profit / (loss) on ordinary activities	3	<u>(2,739)</u>	<u>66,409</u>
Retained profit / (loss) for year		<u>6,391</u>	<u>(154,955)</u>

The Company has no recognised gains or losses for the current or prior years other than those detailed above.

The notes on pages 7 to 9 are an integral part of these financial statements.

All figures relate to continuing operations.

ALBA LIFE TRUSTEES LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
CURRENT ASSETS			
Debtors	4	70,127	34,836
Cash at bank		230,913	136,853
Amount owed by group undertakings		123,987	123,987
		425,027	295,676
CREDITORS: Amounts falling due within one year	5	(707,936)	(584,976)
NET LIABILITIES		<u>(282,909)</u>	<u>(289,300)</u>
CAPITAL AND RESERVES			
Share capital	6	4	4
Profit and loss account	7	(282,913)	(289,304)
TOTAL SHAREHOLDER'S DEFICIT – EQUITY	8	<u>(282,909)</u>	<u>(289,300)</u>

The notes on pages 7 to 9 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 5 March 2004 and signed on its behalf by:



Iain Pringle
Director

ALBA LIFE TRUSTEES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards, and on the basis that the Company will continue as a going concern. The immediate parent undertaking has indicated its intention to financially support the Company in the future by not calling for repayment of its intercompany loan.

Turnover

Operating income represents the income accruing to the Company from its continuing operation of Trustee activity.

Cash flow statement

Under Financial Reporting Standard 1 (Revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of Britannic Group plc which includes the Company in its own published consolidated financial statements.

2. PROFIT AND LOSS ACCOUNT

None of the Directors received any emoluments in respect of their services to the Company in the current or prior periods.

The Company has no employees (2002 – nil).

Auditors' remuneration for the current year is borne by Alba Life Limited.

3. TAXATION ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

	<u>2003</u> £	<u>2002</u> £
Corporation Tax at 30% (2002: 30%)	<u>2,739</u>	<u>(66,409)</u>
<u>Factors affecting the tax charge for the year :</u>	<u>2003</u> £	<u>2002</u> £
There are no factors affecting the tax charge	2,739	(66,409)
Reported Tax charge	<u>2,739</u>	<u>(66,409)</u>

ALBA LIFE TRUSTEES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

4. DEBTORS

	<u>2003</u> £	<u>2002</u> £
Debtors	130,716	97,363
Provision for bad debts	(124,465)	(62,527)
Sundry debtors	63,876	-
	<u>70,127</u>	<u>34,836</u>

5. CREDITORS: Amounts falling due within one year

	<u>2003</u> £	<u>2002</u> £
Amount due to group undertakings	707,816	584,856
Other creditors	120	120
	<u>707,936</u>	<u>584,976</u>

6. SHARE CAPITAL

The authorised and issued share capital of the Company consists of :-

	<u>Authorised</u>	<u>Allotted, Called Up and</u> <u>Fully Paid</u>	
	<u>Number</u>	<u>2003</u> £	<u>2002</u> £
Ordinary shares of £1 each	<u>100</u>	<u>4</u>	<u>4</u>

There was no movement in the authorised and issued share capital during the year.

7. PROFIT AND LOSS ACCOUNT

	£
As at 1 January 2003	(289,304)
Profit for the year	6,391
As at 31 December 2003	<u>(282,913)</u>

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

	<u>2003</u> £	<u>2002</u> £
Shareholder's funds at 1 January	(289,300)	(134,345)
Profit / (loss) for the year	6,391	(154,955)
Shareholder's funds at 31 December	<u>(282,909)</u>	<u>(289,300)</u>

**ALBA LIFE TRUSTEES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003**

9. RELATED PARTY TRANSACTIONS

There were no contracts between the Company and Directors or persons connected with them during the year.

As the Company is a wholly owned subsidiary undertaking, related party transactions with fellow group undertakings have not been disclosed as permitted by Financial Reporting Standard 8 "Related Party Disclosures".

10. ULTIMATE PARENT UNDERTAKING

The Company is a subsidiary undertaking of Britannic Group plc incorporated in the United Kingdom. The smallest and largest group in which the results of the Company are consolidated is that headed by Britannic Group plc, incorporated in the United Kingdom.

The consolidated accounts of the group are available to the public and may be obtained from:

The Company Secretary, 1 Wythall Green Way, Wythall, Birmingham, B47 6WG