

PRINCIPALITY (LIFE AND PENSIONS) LIMITED

Registered No : 2568390

DIRECTORS' REPORT

The Directors hereby submit the Accounts of the Company for the year to 31 December 2001

RESULTS AND REVIEW OF THE BUSINESS

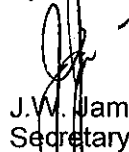
The Company did not trade during the year and it is not intended that the Company will trade in the foreseeable future. There has been no income or expenditure and therefore the Company made neither a profit nor a loss.

DIRECTORS

The Directors during the year and their interests in the shares of the Company were:

| | |
|--|---------------------|
| J.D. Mitchell [resigned 22 March 2002] | No. of Shares - Nil |
| P.W.F. Laing [resigned 31 August 2001] | No. of Shares - Nil |
| P.L. Griffiths [appointed 22 March 2002] | No. of Shares - Nil |

By Order of the Board


J.W. Jamieson
Secretary

26 July 2002

BALANCE SHEET AT 31ST DECEMBER 2001

| <u>CURRENT ASSET</u> | <u>2001</u> | <u>2000</u> |
|--|-------------|-------------|
| Debtor - amount owed by parent undertaking | <u>£2</u> | <u>£2</u> |

CAPITAL AND RESERVES

Authorised Share Capital - 100 ordinary shares of £1 each

| | | |
|---|-----------|-----------|
| Issued Share Capital - 2 ordinary shares of £1 each fully paid | <u>£2</u> | <u>£2</u> |
|---|-----------|-----------|

The ultimate parent undertaking is the Principality Building Society.

The Directors confirm that the Company was dormant within the meaning of Section 250 of the Companies Act 1985 throughout the year ended 31st December 2001.

Approved by the Board on 26 July 2002

Signed


P.L. Griffiths

Director

