

SKANDIA (UK) HOLDINGS LIMITED
[Company Number 3087634]

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2000



SKANDIA (UK) HOLDINGS LIMITED

Board of Directors

U Spång (Chairman) (appointed 3rd October 2000)

C E Oscarson

J O R Carendi

J-M A Bexhed

J E Back (appointed 3rd October 2000)

J E H Wangard (resigned 3rd October 2000)

Company Secretary

D W Sharkey

Principal Bankers

Lloyds TSB Plc

Auditors

Ernst & Young

Solicitors

Ashurst Morris Crisp

Registered Office

Skandia House

23 College Hill

London EC4R 2SE

Registered Number

3087634

SKANDIA (UK) HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present the report and the audited accounts of the company for the year ended 31 December 2000.

DIRECTORS AND DIRECTORS' INTERESTS

The directors listed on page 2 served throughout the year unless otherwise specified; no other person held the office of director at any time during the year.

No director has any beneficial interest in the shares of the company or any other group company required by the Companies Act 1985 to be disclosed. No contract or arrangement entered into by the company, in which any director was interested, has subsisted during the year.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Company is an investment holding company. The principal activity of the company's subsidiaries during the year was the transaction of life and general insurance business.

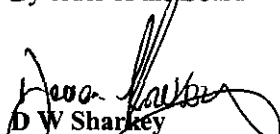
The company completed the sale of NIG Corporation Plc on 31 March 2000. This was the only remaining general insurance company in the group and the group will thereafter focus on the sale of life assurance and related long term savings products.

AUDITORS

A resolution in accordance with Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually was passed on 26th August 1999 and accordingly Ernst & Young shall be deemed reappointed as auditors.

Ernst & Young has stated that, subject to the approval of its partners, it is intending to transfer its business to a limited liability partnership during the year. If this happens, it is the current intention of the directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the Board


D W Sharkey
Secretary

SKANDIA (UK) HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts 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 accounts; and
- prepare the accounts 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 accounts 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.

SKANDIA (UK) HOLDINGS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF SKANDIA (UK) HOLDINGS LIMITED

We have audited the accounts on pages 6 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with United Kingdom law and applicable accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

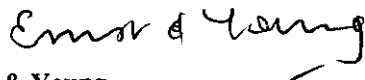
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Southampton

18 June 2001

SKANDIA (UK) HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
Year Ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Administrative expenses		(68,377)	(10,059)
Income from shares in group undertakings		22,000	32,600
Income from other fixed asset investments		168	277
Interest receivable from group undertakings		3,977	149
Other interest receivable		734	79
Interest payable to group undertakings		(639)	(3,315)
Other interest payable		(387)	-
Operating (Loss)/Profit	2	(42,524)	19,731
Profit/(Loss) on disposal of shares in group undertakings		15,324	(677)
Profit/(Loss) on disposal of other fixed asset investments		1,647	(197)
(Loss)/Profit on ordinary activities before taxation		(25,553)	18,857
Taxation	4	12,226	(1,068)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(13,327)	17,789

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2000

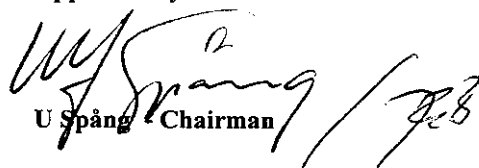
	2000 £000	1999 £000
(Loss)/Profit for the financial year	(13,327)	17,789
Unrealised (deficit) on revaluation of other fixed asset investments	(168)	(41)
Total Recognised gains and losses relating to the financial year	(13,495)	17,748

All results are in respect of continuing operations.

SKANDIA (UK) HOLDINGS LIMITED
BALANCE SHEET AT 31 DECEMBER 2000

	<i>Note</i>	2000 £000	1999 £000
FIXED ASSETS			
Shares in group undertakings	5	278,952	378,952
Other investments	5	<u>12</u>	<u>180</u>
		278,964	379,132
CURRENT ASSETS			
Debtors			
Amounts owed by group undertakings		136,361	29,585
Other debtors		<u>8,692</u>	<u>2,445</u>
		145,053	32,030
Cash at bank and in hand		<u>11,001</u>	<u>10,060</u>
		156,054	42,090
CREDITORS			
Amounts falling due within one year			
Amounts owed to group undertakings		12,277	41,866
Other creditors		<u>68,250</u>	<u>11,370</u>
		80,527	53,236
NET CURRENT ASSETS/(LIABILITIES)		75,527	(11,146)
NET ASSETS		<u>354,491</u>	<u>367,986</u>
CAPITAL AND RESERVES			
Called up share capital	6	241,870	241,870
Revaluation reserve	7	178,357	95,300
Profit and loss account	7	<u>(65,736)</u>	<u>30,816</u>
		354,491	367,986

Approved by the Board of Directors on 31 May, 2001


U Spång Chairman

SKANDIA (UK) HOLDINGS LIMITED

NOTES TO THE ACCOUNTS AT 31 DECEMBER 2000

1 ACCOUNTING POLICIES

Basis of Preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has availed itself of the exemption conferred by section 228 of the Companies Act 1985 from the requirement to prepare group accounts, as it is a wholly owned subsidiary of Skandia Insurance Company Ltd (publ), a company incorporated within the European Union which prepares group accounts which include the results of the company. The accounts therefore present information as an individual undertaking and not about its group.

Fixed Asset Investments

Investments in subsidiary undertakings and other fixed assets are stated at directors' valuation. In establishing a valuation, the directors have regard to external valuations of its investments, where available. Where an external valuation is not available, a valuation is established on a basis appropriate to the circumstances of the undertaking, having regard to trading results and such other factors as they consider to be relevant.

Investment Income

Investment income is the amount receivable in the year, after grossing up any related tax credits or tax deducted at source.

Group Relief

Provision is made for the receipt or payment of group relief based on the most recent projections of the taxable profits and losses of the Company and its subsidiary undertakings available for surrender as group relief. Payments for group relief are normally made at the rate of corporation tax applicable for the year in question.

Cash Flow Statement

The Company has availed itself of the exemption from the preparation of a cash flow statement conferred by FRS1 (revised), on the basis that it is a wholly owned subsidiary of Skandia Insurance Company Ltd (publ), which prepares group accounts which are publicly available.

SKANDIA (UK) HOLDINGS LIMITED
Notes to the accounts at 31 December 2000

2 Operating result

This is stated after charging auditors' remuneration of £13,310 (1999: £8,915).

3 Directors' emoluments

No director received any emoluments in respect of services rendered as a director of the Company or otherwise in connection with the management of its affairs. The Company made no loans to directors during the year.

4 Tax on (loss)/profit on ordinary activities

	2000 £000	1999 £000
Group relief in respect of the (loss) for the year	6,048	0
Group relief adjustment in respect of prior years	6,178	(1,068)
	<u>12,226</u>	<u>(1,068)</u>

5 Investments

	Shares in group undertakings £000	Other investments £000
Cost or valuation		
At 1 January 2000	378,952	180
Deficit on revaluation	-	(168)
Disposals	(100,000)	-
At 31 December 2000	<u>278,952</u>	<u>12</u>

The following are the company's principal subsidiary undertakings; all investments are in ordinary shares and incorporated in England and Wales:

Skandia Life Assurance (Holdings) Limited	100%	Life Assurance
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6 Share capital

	2000 £000	1999 £000
Authorised		
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Issued, allotted and fully paid		
Ordinary shares of £1 each	<u>241,870</u>	<u>241,870</u>

SKANDIA (UK) HOLDINGS LIMITED
Notes to the accounts at 31 December 2000

7 Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At 1 January 1999	241,870	93,012	15,356	350,238
Profit for the year	-	-	17,789	17,789
Realised revaluation surplus on sale of shares in group undertakings	-	(700)	700	-
Unrealised deficit on revaluation of other fixed asset investments	-	(41)	-	(41)
Realised revaluation deficit on sale of other fixed asset investments	-	3,029	(3,029)	-
At 31 December 1999	241,870	95,300	30,816	367,986
Profit for the year	-	-	(13,327)	(13,327)
Realised revaluation deficit on sale of shares in group undertakings	-	83,225	(83,225)	0
Realised revaluation deficit on sale of other fixed asset investments	-	0	0	-
Unrealised deficit on revaluation of other fixed asset investments	-	(168)	-	(168)
At 31 December 2000	241,870	178,357	(65,736)	354,491

8 Related parties

Details of transactions with other group companies have not been disclosed since the company is a wholly owned subsidiary and consolidated accounts in which the company is included are publically available.

9 Parent undertaking and controlling party

The company's immediate and ultimate parent undertaking and controlling party is Skandia Insurance Company Limited (publ), incorporated in Sweden. This is also the only parent undertaking of the company for which group accounts are prepared which incorporate the results of the company. The accounts of Skandia Insurance Company Limited (publ) are prepared in accordance with Swedish accounting principles which are not in all respects the same as the accounting policies adopted by the company in these accounts. Copies of the accounts of Skandia Insurance Company Limited (publ) may be obtained on application to the company secretary at Skandia House, 23 College Hill, London, EC4R 2SE.