

UK Underwriting Services Limited  
Annual report  
for the period ended 31 December 2000

Registered Number 3860913



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for the period ended 31 December 2000  
Contents

Directors and Advisors for the period ended 31 December 2000.....	1
Directors' report for the period ended 31 December 2000.....	2
Auditors' report to the members of UK Underwriting Services Limited.....	4
Profit and loss account for the period ended 31 December 2000 .....	5
Balance sheet as at 31 December 2000.....	6
Accounting policies.....	7
Notes to the financial statements for the period ended 31 December 2000.....	8

# **UK Underwriting Services Limited**

## **Directors and Advisors for the period ended 31 December 2000**

### **Directors**

J A S Jewitt

M Stokes

D O Lyon

J S Scott

### **Secretary**

C E R Thomas

### **Auditors**

PricewaterhouseCoopers

8 Princes Parade

St Nicholas Place

Liverpool

L3 1QJ

### **Bankers**

National Westminster Bank Plc

### **Registered Office**

The Colonnades

Beaconsfield Close

Hatfield

Herts

AL10 8YD

### **Registered Number**

3860913

# UK Underwriting Services Limited

## Directors' report for the period ended 31 December 2000

The directors present their report and the audited financial statements of the company for the period from incorporation to 31 December 2000.

### Principal activities

The principal activity of the company was screening services for insurance companies.

### Review of business and dividends

The company was incorporated on 18 October 1999, and changed its name from Mailgraph Limited to UK Underwriting Services Limited on 30 November 1999. On 8 November 1999 the trade and assets of the UK underwriting services business was transferred to this company from a fellow subsidiary company, British Nursing Co-operation Limited.

The profit for the period after taxation amounted to £2,116. The directors consider that the company will continue to trade satisfactorily. The directors recommend payment of a dividend of £2,116.

### Directors and their interests

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

Instant Companies Limited	(appointed 18 October 1999, resigned 8 November 1999)
J A S Jewitt	(appointed 8 November 1999)
M Stokes	(appointed 16 November 1999)
D O Lyon	(appointed 8 November 1999)
J S Scott	(appointed 11 November 2000)

The directors had no interest in the share capital of the company.

The interests of J A S Jewitt and D O Lyon in the share capital of Nestor Healthcare Group plc are disclosed in the Report and Accounts of that company.

The interests of M Stokes and J S Scott in the share capital of Nestor Healthcare Group plc are as follows:

	Ordinary shares		SAYE scheme		Company share option Plan 1996		Employee share option Scheme 1996	
	31 December 2000	18 October 1999	31 December 2000	18 October 1999	31 December 2000	18 October 1999	31 December 2000	18 October 1999
M Stokes	21,997	-*	4,552	4,552*	7,058	-*	40,544	29,955*
J S Scott	-	-*	744	744*	11,656	11,656*	13,252	13,252*

\* at date of appointment

M Stokes exercised 26,000 and 700 of her share options under the Company Option Plan 1996 and the Employee Share Option Scheme 1996 respectively which became exercisable in November 1999. These had an original exercise price of 115 pence and a market price on exercise of 659 pence per share, on 5 January 2000.

# UK Underwriting Services Limited

## Employees

It is the company's policy that disabled persons should be considered for employment, training, career development and promotion on the basis of their abilities and aptitudes in common with all employees.

The company attaches considerable importance to ensuring that all its employees are provided with information concerning them as employees, particularly the economic and financial factors affecting the company's performance. Consultation between management and their staff is an ongoing process.

## Creditor payment

It is the company's policy to have appropriate terms and conditions for transactions with suppliers, ranging from standard terms and conditions to those which have been specifically negotiated and, in the absence of disputes, payments will be made in accordance with the "Better Payment Practice Code" which is co-ordinated by the "Better Payment Practice Group".

## 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 confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2000 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

The auditors, PricewaterhouseCoopers, who were appointed during the period have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



C E R Thomas  
Secretary

9 August 2001

# UK Underwriting Services Limited

## Auditors' report to the members of UK Underwriting Services Limited

We have audited the financial statements on pages 5 to 13.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and 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 United Kingdom Companies Act. 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.

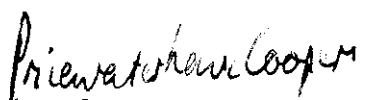
### Basis of audit opinion

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 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Liverpool  
9 August 2001

# UK Underwriting Services Limited

## Profit and loss account for the period ended 31 December 2000

	Note	2000 £
Turnover – (continuing operations)		1,283,912
Cost of sales		(935,565)
Gross profit		348,347
Net operating expenses		(342,395)
<b>Operating profit</b>		<b>5,952</b>
Interest receivable	3	9,320
<b>Profit on ordinary activities before taxation</b>	<b>4</b>	<b>15,272</b>
Tax on profit on ordinary activities	5	(13,156)
<b>Profit on ordinary activities after taxation</b>		<b>2,116</b>
Equity dividends	6	(2,116)
<b>Retained profit for the financial period</b>		<b>-</b>

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement has been presented.

There are no movements in equity shareholders' funds other than the profit for the period and the dividends declared, and therefore no separate statement has been presented.

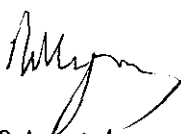
All operations are classed as continuing in 2000.

# UK Underwriting Services Limited

## Balance sheet as at 31 December 2000

	Note	2000 £
<b>Fixed assets</b>		
Intangible assets	7	499,342
Tangible assets	8	23,957
		<b>523,299</b>
<b>Current assets</b>		
Debtors	9	103,505
Cash at bank and in hand		140,204
		<b>243,709</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(767,007)</b>
<b>Net current liabilities</b>		<b>(523,298)</b>
<b>Total assets less current liabilities – Net assets</b>		<b>1</b>
<b>Capital and reserves</b>		
Called up share capital	13	1
Profit and loss account		-
<b>Equity shareholders' funds</b>	14	<b>1</b>

The financial statements on pages 5 to 13 were approved by the board of directors on 9 August 2001 and were signed on its behalf by:

  
D O L YON  
Director



# UK Underwriting Services Limited

## Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies which have been applied consistently, is set out below.

### **Basis of accounting**

The financial statements have been prepared on the historic cost basis of accounting.

### **Goodwill**

Goodwill arising on the acquisition of screening services businesses is amortised over a period of 20 years, subject to annual review. The amortisation period is based on attrition rates exhibited in the past for the company and the group of which it is a part.

### **Tangible fixed assets**

Depreciation is calculated so that fixed assets are written off by equal instalments over their estimated useful lives as follows:

Motor vehicles	25%
Fixtures and fittings	15% - 33%

### **Turnover**

Turnover represents the amounts invoiced, excluding value added tax, in respect of the supply of services to customers during the year, all of which arose in the United Kingdom.

### **Deferred taxation**

Deferred taxation is provided on the liability method in respect of all timing differences where it is considered probable that a liability will crystallise in the foreseeable future.

### **Cash flow statement**

A cash flow statement has not been included in these financial statements because the company is a wholly owned subsidiary undertaking of Nestor Healthcare Group plc, which has produced a consolidated cash flow statement, which incorporates the cash flow of the company.

### **Pension costs**

Contributions to the group pension scheme operated by Nestor Healthcare Group plc are charged to the profit and loss account in such a way as to provide for the liabilities evenly over the remaining working lives of the employees.

The company provides no other post retirement benefits to its employees.

### **Operating leases**

Operating lease payments are charged to the profit and loss account in the year to which they relate.

# UK Underwriting Services Limited

## Notes to the financial statements for the period ended 31 December 2000

### 1 Employee information

The average number of persons (including directors) employed during the period was:

	2000 Number
Full time	9
Part time	-
	9

	2000 £
Staff costs (for the above persons)	
Wages and salaries	153,940
Social security costs	13,619
Other pension costs (see Note 13)	8,073
	175,632

### 2 Directors' emoluments

	2000 £
Employee costs include the following emoluments in respect of the directors:	
Salaries and other emoluments	-

Bonus payments are based on individual objectives linked to the company's performance and set by the Remuneration Committee of Nestor Healthcare Group plc, which also sets basic salaries and benefits.

J A S Jewitt, D O Lyon, M Stokes and J S Scott do not receive any remuneration for their services to this company.

# UK Underwriting Services Limited

## 3 Interest receivable

	2000
	£
Bank interest and other investment income receivable	9,320

## 4 Profit on ordinary activities before taxation

	2000
	£
Profit on ordinary activities before taxation is stated after charging:	
Depreciation charge for the year:	
Tangible owned fixed assets	9,736
Amortisation of intangible assets	29,798
Auditors' remuneration - audit	2,938
- other services	6,062
Rent of premises	15,558

## 5 Taxation

	2000
	£
United Kingdom corporation tax at 30%	
Current	13,156

The company partakes in a group arrangement for tax purposes. Losses may be surrendered to or by other companies within the group as necessary.

## 6 Equity dividends

	2000
	£
Ordinary proposed of £2,116.00 per share	2,116

# UK Underwriting Services Limited

## 7 Intangible assets

	Purchased goodwill £
<b>Cost</b>	
Transfers from fellow subsidiary undertaking	537,408
<b>At 31 December 2000</b>	<b>537,408</b>
<b>Amounts written off</b>	
Transfers from fellow subsidiary undertaking	8,268
Charge for the period	29,798
<b>At 31 December 2000</b>	<b>38,066</b>
<b>Net book value</b>	
<b>At 31 December 2000</b>	<b>499,342</b>

## 8 Tangible assets

	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
<b>Cost or valuation</b>			
Transfers from group undertakings	-	6,997	6,997
Additions	29,615	-	29,615
<b>At 31 December 2000</b>	<b>29,615</b>	<b>6,997</b>	<b>36,612</b>
<b>Accumulated depreciation</b>			
Transfers from group undertakings	-	2,919	2,919
Charge for the period	7,404	2,332	9,736
<b>At 31 December 2000</b>	<b>7,404</b>	<b>5,251</b>	<b>12,655</b>
<b>Net book amount</b>			
<b>At 31 December 2000</b>	<b>22,211</b>	<b>1,746</b>	<b>23,957</b>

# UK Underwriting Services Limited

## 9 Debtors

	2000 £
Amounts falling due within one year	
Trade debtors	103,115
Prepayments and accrued income	390
	103,505

## 10 Creditors: amounts falling due within one year

	2000 £
Trade creditors	63,797
Amounts owed to group undertakings	651,395
Corporation tax	13,156
Other creditors	9
Accruals and deferred income	36,534
Dividends payable	2,116
	767,007

## 11 Provisions for liabilities and charges

### Deferred taxation

Deferred taxation provided in the financial statements, and the full potential liability, are as follows:

	Full potential liability 2000 £	Amount provided 2000 £
Tax effect of timing differences because of:		
Accelerated capital allowances	(507)	-

# UK Underwriting Services Limited

## 12 Pension and similar obligations

The company participates in a group pension scheme operated by Nestor Healthcare Group plc. The pension scheme is of the defined benefit type and its assets are held in a separate trustee administered fund. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being recommended by the actuary. The latest actuarial assessment of the scheme was at 5 April 1997. Particulars of the results of that valuation are contained in the accounts of Nestor Healthcare Group plc.

The total pension cost for the company charged in the period was £8,073.

## 13 Called-up share capital

	2000 £
<b>Authorised</b>	
1,000 ordinary shares of £1 each	1,000
<b>Allotted, called up and fully paid</b>	
1 ordinary shares of £1 each	1

The company issued 1 share at par on incorporation.

## 14 Reconciliation of shareholders' funds

	2000 £
Profit on ordinary activities after taxation	2,116
Dividends	(2,116)
	-
Proceeds from share issue	1
Shareholders' funds carried forward	1

## 15 Balances transferred

On 8 November 1999, the UK underwriting services business of British Nursing Co-operations Limited, a fellow subsidiary company, was transferred to this company at fair value. A summary of the balances transferred was as follows:

	£
Intangible assets (net book amount)	529,140

# UK Underwriting Services Limited

## 16 Capital commitments

	2000 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-

## 17 Contingent liabilities

The company has entered into cross guarantees in respect of loan facilities undertaken by Group undertakings. The amount outstanding in respect of these facilities at 31 December 2000 was £nil.

## 18 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings £
Expiring within one year	14,208

## 19 Ultimate parent company, controlling party and related party transactions

The company's ultimate parent company and controlling party is Nestor Healthcare Group plc, a company registered in England and Wales. Copies of the parent's consolidated financial statements may be obtained from The Secretary, Nestor Healthcare Group plc, The Colonnades, Beaconsfield Close, Hatfield, Herts, AL10 8YD.

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 8, not to disclose transactions with other group companies on the grounds that these will be eliminated on consolidation of Nestor Healthcare Group plc.