

**UK Underwriting Services Limited**  
(Registered Number: 3860913)

**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2001**



# **UK Underwriting Services Limited**

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# **UK Underwriting Services Limited**

## **Directors and advisors**

### **Directors**

J A S Jewitt  
M Stokes (resigned 1 August 2002)  
D O Lyon  
J S Scott (resigned 21 May 2002)

### **Secretary**

C E R Thomas

### **Auditors**

PricewaterhouseCoopers  
1 Embankment Place  
London WC2N 6RH

### **Bankers**

National Westminster Bank Plc

### **Registered Office**

The Colonnades  
Beaconsfield Close  
Hatfield  
Herts  
AL10 8YD

# UK Underwriting Services Limited

## Directors' Report for the Year Ended 31 December 2001

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

### Principal activities

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

### Review of business and dividends

The profit for the period after taxation amounted to £nil (2000: £2,116 profit). The directors do not propose the payment of a dividend (2000: £2,116).

The company's assets, liabilities and trade were sold to British Nursing Co-operations Limited on 31 December 2001 for £1. The company ceased trading on 31 December 2001 and the directors expect no activity will occur in the foreseeable future.

### Directors and directors' interests

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

J A S Jewitt

M Stokes (Resigned 1 August 2002)

D O Lyon

J S Scott (Resigned 21 May 2002)

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 2001	31 December 2000	31 December 2001	31 December 2000	31 December 2001	31 December 2000	31 December 2001	31 December 2000
M Stokes	22,574	21,997	2,441	4,552	7,058	7,058	47,663	40,544
J S Scott	-	-	-	744	1,422	11,656	18,321	13,252

# UK Underwriting Services Limited

## Directors' Report for the Year Ended 31 December 2001 (Continued)

Details of share options held by the directors during the year were:

	Scheme (see below)	At 1st January 2001	Number of Options Granted/ (Exercised)	At 31st December 2001	Exercise Price	Date from which exercisable	Expiry date
M Stokes	1	7,058	-	7,058	425p	May '03	May '10
	2	23,082	-	23,082	236.5p	Apr '01	Apr '05
	2	6,873	-	6,873	407.5p	Apr '02	Apr '06
	2	10,589	-	10,589	425p	May '03	May '07
	2	-	7,119	7,119	542p	Mar '04	Mar '08
	3	2,977	(2,977)	-	131p	Feb '01	Aug '01
	3	635	-	635	305p	Feb '02	Aug '02
	3	940	-	940	412p	Dec '02	Jun '03
	3	-	866	866	447.2p	Jun '04	Dec '04
J S Scott	1	10,234	(10,234)	-	236.5p	Apr '01	Apr '08
	1	1,422	-	1,422	407.5p	Apr '02	Apr '09
	2	2,347	-	2,347	407.5p	Apr '02	Apr '06
	2	10,905	-	10,905	425p	May '03	May '07
	3	744	(744)	-	131p	Feb '01	Aug '01

### Schemes:

1. Employee Share Option Scheme 1996 Options
2. Company Share Option Plan 1996 Options
3. SAYE Scheme Options

M Stokes exercised 2,977 of her share options under the Employee Save As You Earn Scheme which became exercisable in February 2001. These had an original exercise price of 131 pence and a market price on exercise of 512.5 pence per share, on 5 February 2001.

J Scott exercised 744 of her share options under the Save As You Earn Scheme which became exercisable in February 2001. These had an original exercise price of 131 pence and a market price on exercise of 557.5 pence per share, on 12 March 2001.

J Scott also exercised 10,234 of her share options under the Company Share Options Plan 1996 which became exercisable in April 2001. These had an original exercise price of 236.5 pence and a market price on exercise of 561 pence per share, on 18 April 2001.

# **UK Underwriting Services Limited**

## **Directors' Report for the Year Ended 31 December 2001 (Continued)**

### **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 the 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 8 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 2001 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**

18th October 2002

## **Independent Auditors' Report to the Members of UK Underwriting Services Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 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.

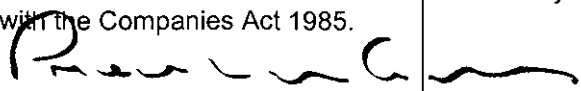
### **Basis of audit opinion**

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 affairs of the company as at 31 December 2001 and of its loss for the year and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
Chartered Accountants and Registered Auditors  
1 Embankment Place  
London WC2N 6RH

18 October 2002

# UK Underwriting Services Limited

## Profit and Loss Account for the Year Ended 31 December 2001

	Note	2001 £	2000 £
Turnover - (continuing operations)		810,050	1,283,912
Cost of sales		(546,137)	(935,565)
Gross profit		263,913	348,347
Administrative Expenses		(276,301)	(342,395)
Operating profit		(12,388)	5,952
Interest receivable	4	4,269	9,320
(Loss)/Profit on ordinary activities before taxation	5	(8,119)	15,272
Tax on profit on ordinary activities	6	8,119	(13,156)
(Loss)/Profit on ordinary activities after taxation		-	2,116
Equity dividends	7	-	(2,116)
Retained loss for the financial period		-	-

All turnover and operating profits are derived from discontinued activities.

The company has no recognised gains and losses other than the above and therefore no separate statement of total recognised gains and losses has been presented.

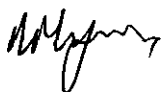
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

# UK Underwriting Services Limited

## Balance Sheet as at 31 December 2001

	Note	2001 £	2000 £
<b>Fixed assets</b>			
Intangible assets	8	-	499,342
Tangible assets	9	-	23,957
		-	523,299
<b>Current assets</b>			
Debtors	10	1	103,505
Cash at bank and in hand		-	140,204
		1	243,709
<b>Creditors - amounts falling due within one year</b>	11	-	(767,007)
<b>Net current liabilities</b>		1	(523,298)
<b>Total assets less current liabilities - net assets</b>		1	1
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account	13	-	-
<b>Equity shareholders' funds</b>	15	1	1

The financial statements on pages 6 to 14 were approved by the board of directors on 18th October 2002 and were signed on its behalf by:



Director

# UK Underwriting Services Limited

## Notes to the Accounts - 31 December 2001

### 1 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.

#### (1) Basis of accounting

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

#### (2) 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.

#### (3) 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%

#### (4) 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.

#### (5) 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.

#### (6) 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.

#### (7) 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.

# UK Underwriting Services Limited

## Notes to the Accounts - 31 December 2001

### 1 Accounting policies (Continued)

#### (8) Operating leases

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

### 2 Employee information

The average monthly number of persons (including executive directors) employed by the company was:

	2001 Number	2000 Number
Full time	7	9
Part time	1	-
	8	9

	2001 £	2000 £
<b>Staff costs (for the above persons)</b>		
Wages and salaries	128,895	153,940
Social security costs	10,251	13,619
Other pension costs (see Note 13)	8,950	8,073
	148,096	175,632

### 3 Directors' emoluments

Employee costs include the following emoluments in respect of the directors:

	2001 £	2000 £
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

## Notes to the Accounts - 31 December 2001

### 4 Interest receivable

	2001 £	2000 £
<i>Bank interest and other investment income receivable</i>	<b>4,269</b>	9,320

### 5 Profit on ordinary activities before taxation

	2001 £	2000 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation charge for the year:		
Tangible owned fixed assets	<b>7,915</b>	9,736
Profit on disposal of net liabilities to group company	<b>(10,556)</b>	-
Amortisation of intangible assets	<b>26,868</b>	29,798
Auditors' remuneration - audit	<b>3,000</b>	2,938
- other services	<b>2,000</b>	6,062
Rent of premises	<b>6,481</b>	15,558

### 6 Taxation

	2001 £	2000 £
Current Tax:		
United Kingdom corporation tax at 30%	<b>3,412</b>	13,156
Adjustment in respect of prior years	<b>(11,5)</b>	-
	<b>(8,119)</b>	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.

### 7 Equity dividends

	2001 £	2000 £
Ordinary proposed (per share)	-	2,116

# UK Underwriting Services Limited

## Notes to the Accounts - 31 December 2001

### 8 Intangible assets

	Purchased goodwill £
<b>Cost</b>	
As at 1 <sup>st</sup> January 2001	537,408
Transfer to group company	(537,408)
<b>At 31 December 2001</b>	-
<b>Amounts written off</b>	
As at 1 <sup>st</sup> January 2001	(38,066)
Charge for the period	(26,868)
Transfer to group company	(64,934)
<b>At 31 December 2001</b>	-
<b>Net book value</b>	
<b>At 31 December 2001</b>	-
<b>At 31 December 2000</b>	499,342

### 9 Tangible assets

	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>			
As at 1 <sup>st</sup> January 2001	29,615	6,997	36,612
Transfers to group undertakings	(29,615)	(6,997)	(36,812)
<b>At 31 December 2001</b>	-	-	-
<b>Accumulated depreciation</b>			
As at 1 <sup>st</sup> January 2001	7,404	5,251	12,655
Charge for the period	6,169	1,746	7,915
Transfers to group undertakings	(13,573)	(6,997)	(20,570)
<b>At 31 December 2001</b>	-	-	-
<b>Net book value</b>			
<b>At 31 December 2001</b>	-	-	-
<b>At 31 December 2000</b>	22,211	1,746	23,957

# UK Underwriting Services Limited

## Notes to the Accounts - 31 December 2001

### 10 Debtors

	2001 £	2000 £
Amounts falling due within one year		
Trade debtors	-	103,115
Amounts owed by Group Companies	1	-
Prepayments and accrued income	-	390
	1	103,505

### 11 Creditors - amounts falling due within one year

	2001 £	2000 £
Bank Overdraft	-	-
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

### 12 Pension and similar obligations

Employees who are eligible for membership may join the Nestor Healthcare Group plc Retirement Benefits Scheme ("the scheme"), which provides benefits based on final pensionable salary. The scheme is administered by Trustees separately from the affairs of the group and is contracted out of the additional component of the State Pension Scheme.

Contributions are paid in accordance with the advice of the actuary to the Scheme and those borne by the company amount to £8,950 (2000: £8,073).

Actuarial information concerning the Scheme is disclosed in the financial statements of the holding company, Nestor Healthcare Group plc.

# UK Underwriting Services Limited

## Notes to the Accounts - 31 December 2001

### 13 Reserves

	Profit and Loss Account £
At 1 January 2001	-
Retained loss for the financial year	-
At 31 December 2001	-

### 14 Called up share capital

	2001 £	2000 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted, issued and fully paid</b>		
1 ordinary share of £1 each	1	1

### 15 Reconciliation of shareholders' funds

	2001 £	2000 £
(Loss)/Profit on ordinary activities after taxation	-	2,116
Dividends	-	(2,116)
	-	-
Proceeds from share issue	-	1
Opening Shareholders funds	1	-
Closing shareholders funds	1	1

### 16 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 2001 was £nil.

# UK Underwriting Services Limited

## Notes to the Accounts - 31 December 2001

### 17 Financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001	2000
	£	£
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.