

ABBEY NATIONAL HEALTHCARE LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000

Registered No.: 3249879

THIS IS AN ACCOUNT

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ABBEY NATIONAL HEALTHCARE LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000

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ABBEY NATIONAL HEALTHCARE LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2000**

The Directors submit their annual report together with the accounts for the year ended 31 December 2000.

Principal activity and review of the year

The principal activity of the company is to carry on the business of selling private medical insurance ("PMI").

Results and dividends after taxation

The company made a profit after tax for the year of £213,171 (1999: profit £293,126) which was added to general reserves and arises from continuing operations. The Directors consider the results for the year and the year end position satisfactory. As detailed in note 21 to the accounts the Directors have taken the decision to suspend the activities of the company. The Directors do not recommend the payment of a dividend.

Directors and their interests

The Directors of the company who served during the year were as follows:

A. H. Pople		
M. Bevan		
S. L. Evans		
M.J. Pendle	Chairman	
W.G. Haslem		
G. Thomas		Resigned 1 January 2000
N. F. G. Bosanque	External Non-executive Director	Resigned 11 May 2000
M. D. Wood		Appointed 1 January 2000
J.T. Estall	External Non-executive Director	Appointed 11 May 2000

J.T. Estall resigned on 12 May 2001.

None of the Directors had a beneficial interest in the shares of the company at the year end.
The Directors' interests in the shares of the ultimate parent company, Abbey National plc, (other than those for A. Pople whose interests are shown in the accounts of that company's annual report) were as follows:

Ordinary Shares of 10p each

	As at 1 January 2000 or date of appointment if later	As at 31 December 2000
M.J. Pendle	50	51
W. G. Haslem	254	66
M. Bevan	205	985
S. L. Evans	66	66
M. D. Wood	116	993
J. T. Estall	-	612

ABBEY NATIONAL HEALTHCARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 December 2000 (continued)

Directors and their interests (continued)

Option Schemes - Ordinary Shares of 10p each

	As at 1 January 2000 or date of appointment if later	Options granted during the year or since appointment if later	Options cancelled During the Year	Options exercised during the year or since appointment if later	As at 31 December 2000
M.J. Pendle	49,421	21,859		-	71,280
W. G. Haslem	8,942	14,511	349		23,104
M. Bevan	3,256	685	690	1,612	1,639
S. L. Evans	150	1,371		-	1,521
M. O. Wood	883	3,289		583	3,589
J. T. Estall	-	-		-	-

Options granted to Directors under the ultimate parent company's Sharesave Scheme are exercisable at prices between 428p and 607p per share within six months of the third, fifth or seventh anniversary of the contract start date. Options granted under the Executive and Employee Share Option Schemes are exercisable at prices between 590p and 1306p per share after three or five years and before ten years from the date of grant.

Shares in respect of Executive Share Options granted in 2000 are held by the Abbey National ESOP Trust (the "Trust"). Whilst the Directors' interests in these shares (if any) are included above, each of the Directors of the Company is a potential beneficiary of the Trust and is therefore deemed to have interest in the shares held by the Trust. At 31 December 2000 the Trust held 4,323,411 ordinary shares (1999 - 1,689,352).

Shares awarded under the Abbey National Long Term Incentive Plan (the "Plan") are held by the Abbey National Employee Trust (the "Employee Trust"). Whilst the Plan is currently restricted to members of the Abbey National plc Executive Committee, each of the Directors of the Company is a potential beneficiary of the Employee Trust and is therefore deemed to have an interest in the shares held by the Trust. At 31 December 2000, the Trust held 604,362 ordinary shares (1999 - 389,320).

Directors' Responsibility in respect of the Preparation of Accounts

The Directors are required by UK company law to prepare accounts for each financial year that 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 for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 2000. The Directors also confirm that applicable accounting standards have been followed and that the statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records which 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 the Company's system of internal control and for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

ABBEY NATIONAL HEALTHCARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 December 2000 (continued)

Policy and Practice on Payment of Creditors

The Company's practice on payment of creditors has been quantified under the terms of the Companies Act 1985 (Directors' Report) (Statement of Payment Practice) Regulations 1997. The Company does not have suppliers within the meaning of the Companies Act 1985.

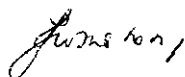
Economic Monetary Union

No material costs or issues arose during the year ended 31 December 2000 as a result of EMU.

Auditors

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. The Directors resolved to appoint Deloitte & Touche as auditors of the Company, in accordance with the resolution by Abbey National plc to appoint Deloitte & Touche as auditors of Abbey National plc and its subsidiaries.

By order of the Board



For and on behalf of
Abbey National Secretariat Services Limited, Secretary

26 June 2001

Registered Office: Abbey House, 215-229 Baker Street, London, NW1 6XL.

ABBEY NATIONAL HEALTHCARE LIMITED

REPORT OF THE AUDITORS

TO THE MEMBERS OF ABBEY NATIONAL HEALTHCARE LIMITED

We have audited the financial statements on pages 6 to 14 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.


Going Concern

In forming our opinion, we have considered the adequacy of disclosures made in note 21 to the accounts concerning the events after the balance sheet date. These disclosures quantify and explain the director's decision to suspend the operations of the company and highlight the shortened period that the directors have considered for the going concern assumption.

In view of the significance of this matter, we consider it should be drawn to your attention, but our opinion is not qualified in this respect.

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


Deloitte & Touche

Chartered Accountants and Registered Auditors

10-12 East Parade

Leeds

LS1 2AJ

27 June 2001

ABBEY NATIONAL HEALTHCARE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 December 2000

TECHNICAL ACCOUNT - General Business

	Note	2000 £	1999 £
EARNED PREMIUMS, NET OF REINSURANCE			
Gross premiums written	1	4,020,531	2,822,256
Outward reinsurance premiums		(488,643)	(345,200)
NET PREMIUMS WRITTEN		3,531,888	2,477,056
Change in provision for unearned premiums			
Gross amount		(501,554)	(310,920)
Reinsurers' share		42,198	25,812
CHANGE IN NET PROVISION FOR UNEARNED PREMIUMS		(459,357)	(285,108)
TOTAL TECHNICAL INCOME		3,072,531	2,191,948
CLAIMS INCURRED, NET OF REINSURANCE			
Claims Paid			
Gross amount	1	(1,490,527)	(619,316)
Reinsurers' share		372,632	154,829
NET CLAIMS PAID		(1,117,895)	(464,487)
CHANGE IN THE PROVISION FOR CLAIMS			
Gross amount	1	(55,000)	(190,000)
Reinsurers' share		12,500	45,000
CHANGE IN THE NET PROVISION FOR CLAIMS		(42,500)	(145,000)
CLAIMS INCURRED, NET OF REINSURANCE		(1,160,395)	(609,487)
NET OPERATING EXPENSES	3	(1,789,704)	(2,364,642)
TOTAL TECHNICAL CHARGES		(2,950,099)	(2,974,129)
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS		122,432	(782,181)

ABBEY NATIONAL HEALTHCARE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 December 2000**

NON-TECHNICAL ACCOUNT

	Note	2000 £	1999 £
BALANCE ON THE TECHNICAL ACCOUNT FOR GENERAL BUSINESS		122,432	(782,181)
Investment Income	4	1,209,552	1,250,070
Realised gain on Investments	4	38,850	-
Unrealised gain on Investments	4	11,500	26,950
Investment Expenses and charges	4	(27,072)	(53,480)
Exceptional Items	5	(1,032,853)	-
PROFIT ON ORDINARY ACTIVITY BEFORE TAX		322,409	441,359
Tax (payable) on profit on ordinary activities	7	(109,238)	(148,233)
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	213,171	293,126

All Items dealt with in arriving at the profit on ordinary activities before taxation for 2000 and 1999 relate to continuing operations.

The company has no recognised gains and losses other than those included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.


ABBEY NATIONAL HEALTHCARE LIMITED

BALANCE SHEET AS AT 31 December 2000

	Note	2000 £	1999 £
ASSETS			
INVESTMENTS	8	9,000,250	21,885,250
REINSURERS' SHARE OF TECHNICAL PROVISIONS	9		
Provision for unearned premium		180,857	138,660
Claims outstanding		75,000	62,500
		<u>255,857</u>	<u>201,160</u>
DEBTORS			
Debtors arising out of direct insurance operations - policy holders		1,655,065	1,590,114
Other debtors	10	222,104	156,550
		<u>1,877,169</u>	<u>1,746,664</u>
OTHER ASSETS			
Tangible assets	11	11,181	15,426
Cash at bank and in hand		348,785	584,029
		<u>359,966</u>	<u>599,455</u>
PREPAYMENTS & ACCRUED INCOME	12		
Deferred Acquisition Costs		-	322,830
Accrued Interest		55,042	168,512
Other prepayments		82,263	75,967
		<u>137,305</u>	<u>567,309</u>
TOTAL ASSETS		<u>11,630,547</u>	<u>24,999,838</u>
CAPITAL AND RESERVES			
Called up share capital	13	10,500,000	24,000,000
Profit and loss account	14	(2,460,372)	(2,673,543)
SHAREHOLDERS' FUNDS	15	8,039,628	21,326,457
TECHNICAL PROVISIONS			
Provision for unearned premiums		1,771,872	1,270,318
Lapse Provision		-	426,000
Claims outstanding		320,000	265,000
		<u>2,091,872</u>	<u>1,961,318</u>
CREDITORS			
Creditors arising out of reinsurance operations		503,390	348,548
Other Creditors including tax and social security	16	995,657	1,229,089
		<u>1,499,047</u>	<u>1,577,638</u>
PROVISION FOR LIABILITIES AND CHARGES	17	-	134,426
TOTAL LIABILITIES		<u>11,630,547</u>	<u>24,999,838</u>

The financial statements on pages 6 to 14 were approved by the Board of Directors on 26 June 2001 and signed on its behalf by:


W. G. Haslem
Director


M. D. Wood
Director

ABBEY NATIONAL HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2000**

1. Principal Accounting Policies

The financial statements have been prepared in accordance with the provisions of Section 255 of, and Schedule 9A to, the Companies Act 1985, and with the material recommendations of the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers ("the ABI SORP") dated December 1998.

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

Going Concern

In the preparation of the statutory accounts the directors have adhered to the going concern assumption. However, the post balance sheet events detailed in note 22 should also be taken into account when considering this issue.

Cashflow Statements

The Company is a wholly owned subsidiary of Abbey National plc and the cashflows of the company are included in the consolidated group of Abbey National plc. Consequently, the Company is exempt under the terms of Financial Reporting Standard No. 1 from publishing a cashflow statement.

Basis of Accountancy

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of certain assets as required by the Companies Act 1985 (Insurance Company Accounts) Regulations 1993.

All gross premiums written are in respect of private medical insurance and are written in the United Kingdom.

Technical Account

The technical result is determined on an annual basis as follows:

Premiums written relate to business incepted during the year, and are stated exclusive of taxes and duties levied on premiums. Unearned premiums and reinsurers' share of premiums written represent the proportion of premiums accounted for in periods up to the accounting date which is attributable to subsequent periods calculated on a time apportionment basis.

Outwards reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct business.

No unexpired risk provision was considered necessary in the year up to the balance sheet date.

Claims paid comprise claims and related expenses paid in the year. Outstanding claims represent claims and related expenses arising from incidents prior to the balance sheet date, but not settled at that date and include provision for claims incurred, but not reported by that date. Provisions for claims outstanding are based on information available to the directors and the eventual outcome may vary from the original assessment.

Outwards reinsurance recoveries are accounted for in the same accounting period as the claims for the related direct business being reinsured.

1. Principal Accounting Policies (cont.)

Investment Income and Investments

Investments are stated at market value. Investment income consists of interest on deposits (and fixed interest securities) and is accounted for on an accruals basis. Realised gains and losses on investments are calculated as the difference between net sales proceeds and their original cost. Both realised and unrealised gains and losses are taken to the non-technical account. Listed investments are included in the balance sheet at mid-market value.

Unrealised gains or losses represent the difference between the valuation of investments at the balance sheet date and their purchase price. The movement in unrealised investment gains and losses therefore comprises the increase or decrease in the year in the value of investments held at the balance sheet date together with the reversal of previously unrealised gains and losses on investments disposed of in the current year.

Interest income and charges

Interest income is recognised on an accruals basis and comprises interest receivable from the balances at bank and treasury deposit, and interest payable from balances held with Abbey National plc group companies.

Deferred taxation

Deferred taxation is provided using the liability method in respect of all material timing differences to the extent that, in the opinion of the directors, it is probable that liabilities will crystallise in the foreseeable future.

Depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value in equal annual instalments over the estimated useful economic lives of the tangible assets. The rates of depreciation are as follows:

Fixtures and Fittings	12.5% per annum
Computer Equipment	20.0% per annum

Software costs are fully written off as incurred.

Pension Costs

Where pensions are provided by means of a funded defined benefit scheme, annual contributions are based on actuarial advice. The expected cost of providing pensions is recognised on a systematic basis over the expected average remaining service lives of members of the scheme.

2 Segmental Information

The Company has only one business segment, that of accident and health general insurance. The business and net assets of the Company are located in the United Kingdom.

ABBAY NATIONAL HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2000 (continued)

3 Net Operating Expenses

	2000 £	1999 £
Acquisition Costs	325,936	788,374
Change in Deferred Acquisition Costs	201,031	(178,922)
	<u>526,967</u>	<u>609,452</u>
Administration Expenses	1,262,737	1,755,190
	<u>1,789,704</u>	<u>2,364,642</u>
Commissions payable on direct insurance business by the Company during the period	<u>355,006</u>	<u>291,780</u>

Administration expenses include:

Depreciation - owned assets	<u>4,245</u>	<u>4,697</u>
Auditors' remuneration	<u>55,001</u>	<u>49,400</u>

4 Investment Return

	2000 £	1999 £
Investment Income:		
Income from Short term deposits	155,548	105,255
Income from listed investments	1,054,004	1,144,815
	<u>1,209,552</u>	<u>1,250,070</u>
Realised gain on investments	38,850	-
Unrealised gain on investments	11,500	26,950
	<u>1,259,902</u>	<u>1,277,020</u>
Investment Expenses and charges	(27,072)	(53,480)
	<u>1,232,830</u>	<u>1,223,540</u>

5 Exceptional Items

	2000 £	1999 £
Operating profit is arrived at after charging the following exceptional items:		
Disengagement Fee from Current Third Party Administration Agreement (note 22)	1,000,000	-
Exceptional Loss on disposal of fixed assets	32,853	-
	<u>1,032,853</u>	<u>-</u>

6 Directors' emoluments and interests

	2000 £	1999 £
Emoluments	<u>143,508</u>	<u>181,550</u>
Aggregate value of defined benefit pension scheme contributions	<u>20,941</u>	<u>26,254</u>
Total Fees	<u>3,199</u>	<u>10,000</u>

Directors' emoluments are borne by the parent company, Abbey National plc and other group undertakings and are recharged to the company. No apportionment was made for the emoluments of the non-executive directors paid by the parent company.

	2000 No.	1999 No.
Number of directors who:		
Are members of a defined benefit pension scheme	2	4
Exercised share options	<u>3</u>	<u>2</u>

ABBAY NATIONAL HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2000 (continued)

6 Directors' emoluments and interests continued

	2000 £	1999 £
Highest paid director's remuneration:		
Aggregate of emoluments	<u>77,305</u>	<u>71,707</u>

The accrued pension entitlement of the highest paid director at 31 December 2000 was £3,593 (1999: £2,262).

Pensions

The Company is a member of the Abbey National Amalgamated Pension Fund which is the principal pension scheme within the Abbey National Group and is a funded defined benefits scheme. Contributions are based on pension costs across the group as a whole. The latest formal actuarial valuation carried out by an independent professionally qualified actuary, details of which are contained in the Abbey National plc financial statements, was made at 31 March 1999.

7 Taxation on profit on ordinary activities

	2000 £	1999 £
UK corporation tax at 30% (1999: 30.25%)		
Current year	-	(133,764)
Deferred taxation	662	89
Prior Year Adjustment	-	(14,558)
Group relief payable at 30% (1999: 30.25%)	<u>(109,900)</u>	<u>-</u>
	<u>(109,238)</u>	<u>(148,233)</u>

8 Investments

	Carrying Value 2000 £	1999 £	Purchase Price 2000 £	1999 £
Variable yield notes	6,500,250	19,935,250	6,473,050	19,919,550
Deposits with credit institutions	<u>2,500,000</u>	<u>1,950,000</u>	<u>2,500,000</u>	<u>1,950,000</u>
	<u>9,000,250</u>	<u>21,885,250</u>	<u>8,973,050</u>	<u>21,869,550</u>

9 Reinsurers' share of technical provisions

	Unearned Premium Reserve £	Outstanding Claims £	Total £
At 1 January 2000	138,659	62,500	201,159
Movement in provision	<u>42,198</u>	<u>12,500</u>	<u>54,698</u>
At 31 December 2000	<u>180,857</u>	<u>75,000</u>	<u>255,857</u>

10 Other Debtors

	2000 £	1999 £
Amounts owed by group undertakings	-	70,214
Sundry Debtors	4,382	160
Debtors arising from reinsurance	<u>217,722</u>	<u>86,176</u>
	<u>222,104</u>	<u>156,550</u>

ABBEY NATIONAL HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2000 (continued)

11 Tangible fixed assets

	Computer Equipment £	Fixtures and fittings £	Total £
Cost			
At 1 January 2000	19,959	2,026	21,985
Additions	37,853	-	37,853
Disposals	(37,853)	-	(37,853)
At 31 December 2000	19,959	2,026	21,985
Depreciation			
At 1 January 2000	6,116	443	6,559
Charge for year	3,992	253	4,245
At 31 December 2000	10,108	696	10,804
Net book value			
At 31 December 2000	9,851	1,330	11,181
At 31 December 1999	13,843	1,583	15,426

12 Prepayments and Accrued Income

	2000 £	1999 £
Accrued Income on Investments	55,042	168,512
Deferred Commission	-	121,800
Deferred Acquisition costs	-	201,030
Other	82,263	75,967
	<u>137,305</u>	<u>567,309</u>

13 Called up share capital

	2000 £	1999 £
Authorised		
24,000,000 (1999: 24,000,000) ordinary shares of £1 each	24,000,000	24,000,000
Issued and fully paid up		
10,500,000 (1999: 24,000,000) ordinary shares of £1 each	10,500,000	24,000,000

On 10 October 2000 13,500,000 of £1 ordinary shares were redeemed at par.
This action was taken in order to reduce the excess of capital held in the company.

14 Profit and Loss Account

	2000 £	1999 £
At 1 January	(2,673,543)	(2,966,669)
Profit for the financial year	213,171	293,126
At 31 December	<u>(2,460,372)</u>	<u>(2,673,543)</u>

The whole of shareholders' funds is attributable to equity interests.

**15 Reconciliation of movements in
Shareholders' funds**

	2000 £	1999 £
At 1 January	21,326,457	21,033,331
Profit sustained for the year	213,171	293,126
Share capital reduction (note 13)	(13,500,000)	-
At 31 December	<u>8,039,628</u>	<u>21,326,457</u>

ABBEY NATIONAL HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2000 (continued)

16 Other Creditors

	2000 £	1999 £
Amounts owed to group undertakings	346,545	-
Trade creditors and Insurance Premium Tax	57,147	17,872
Accruals	443,125	1,163,923
Group Relief Payable	109,900	-
Other	38,939	47,294
	<u>995,657</u>	<u>1,229,089</u>

17 Provision for Liabilities and Charges

	Corporation Tax Provision £	Deferred tax Provision £	Total £
At 1 January 2000	(133,764)	(662)	(134,426)
Charged to the profit and loss account	-	-	-
Transfer from deferred tax asset	-	662	662
Corporation Tax Payment	<u>133,764</u>	<u>-</u>	<u>133,764</u>
At 31 December 2000	<u>-</u>	<u>-</u>	<u>-</u>

The amount of deferred liability in the accounts comprises:

	2000 £	1999 £
Accelerated Capital Allowances	<u>-</u>	<u>(662)</u>

18 Capital Commitment

There are no outstanding capital commitments at 31 December 2000 (1999 - nil).

19 Contingent Liabilities

The company is required under the Policyholders Protection Act to contribute towards any levies raised by the Policyholders Protection Board on UK general insurance business. The amount of the levy may vary from nil to a maximum annual levy of 1% of UK written premium income net of reinsurance. No levy was raised by the Policyholders Protection Board during the year (1999 - £nil)

20 Ultimate Parent Company

The immediate and ultimate parent undertaking and ultimate controlling party is Abbey National plc, registered in England and Wales, which has 100% (1999:100%) interest in the company. This company produces group financial statements which consolidate the results of Abbey National Healthcare Limited. These financial statements can be obtained from the registered offices of Abbey National plc, at Abbey House, Baker Street, London, NW1 6XL.

21 Event Occurring After the Year End

In September 2000 it was decided that Abbey National plc would withdraw from the private medical insurance (PMI) sector. As a result Abbey National Healthcare Limited served notice to disengage from the joint venture with Norwich Union Healthcare and look to wind up the company.

Therefore, on 30 April 2001 the transfer of the portfolio commenced to be followed by the voluntary winding up of the company. Due to the application to the Financial Services Authority for permission to perform such a transaction no new business has been underwritten since 30 November 2000.

At present no estimate can be made of the costs to the company of the decision to withdraw from the PMI sector and to close the company due to the timescales involved in the transfer of the portfolio and the related uncertainty of when the final costs will crystallise. However, the directors believe that the costs associated with the closure of the business are unlikely to be material.

22 Related party disclosures

The company is a wholly owned subsidiary of Abbey National plc. As such, the company has taken advantage of the exemption, allowed by FRS 8, from disclosing transactions with companies within the group.