

PEDIGREE LIVESTOCK INSURANCE LIMITED

**Annual FSA Insurance Returns for the year ended
31st December 2001**



AC1044

Returns under the Accounts and Statements Rules

(Appendices 1 , 2 , 5 , 6)

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PEDIGREE LIVESTOCK INSURANCE LIMITED

Year ended 31st December 2001

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Statement of solvencyName of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Company
registration
number

GL/UK/CM

Period ended

day

month

year

Units

R9	746184	GL	31	12	2001	£000
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	As at the end of this financial year 1	As at the end of the previous year 2	Source		
			Form	Line	Column

GENERAL INSURANCE BUSINESS**Available assets**

Other than long term insurance business assets allocated towards general insurance business required minimum margin	11	342	304	See instructions 1 and 2	
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Required minimum margin

Required minimum margin for general insurance business	12	189	161	12	49
Excess (deficiency) of available assets over the required minimum margin (11-12)	13	153	143		

LONG TERM INSURANCE BUSINESS**Available assets**

Long term insurance business admissible assets	21			10	11
Other than long term insurance business assets allocated towards long term insurance business required minimum margin	22			See instructions 1 and 3	
Total mathematical reserves (after distribution of surplus)	23			See instruction 4	
Other insurance and non-insurance liabilities	24			See instruction 5	
Available assets for long term insurance business required minimum margin (21+22-23-24)	25				

Implicit Items admitted under Rule 2.10(5) as modified

Future profits	31				
Zillmerising	32				
Hidden reserves	33				

Total of available assets and implicit items (25+31+32+33)	34				
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Required minimum margin

Required minimum margin for long term insurance business	41			60	69
Explicit required minimum margin (1/6 x 41, or minimum guarantee fund if greater)	42				
Excess (deficiency) of available assets over explicit required minimum margin (25-42)	43				
Excess (deficiency) of available assets and implicit items over the required minimum margin (34-41)	44				

CONTINGENT LIABILITIES

Quantifiable contingent liabilities in respect of other than long term insurance business as shown in a supplementary note to Form 15	51			See instruction 6	
Quantifiable contingent liabilities in respect of long term insurance business as shown in a supplementary note to Form 14	52			See instruction 6	

Covering sheet to Form 9

Name of company **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global Business

Financial year ended **31 December 2001**

.....
K W Wardell
Director

.....
K P Horn
Director

Statement of net assets

Name of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Company
registration
number

GL/UK/CM

Period ended

day

month

year

Units

R10	746184	GL	31	12	2001	£000
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		As at the end of this financial year 1	As at the end of the previous year 2	Source		
				Form	Line	Column
Long term insurance business - admissible assets	11			13	89	1
Long term insurance business - liabilities and margins	12			14	59	1

Other than Long term insurance business - admissible assets	21	751	657	13	89	1
Other than Long term insurance business - liabilities	22	409	353	15	69	1
Net admissible assets (21-22)	23	342	304			
Other assets allowed to be taken into account in covering the required minimum margin	Unpaid amounts (including share premium) on partly paid shares	24				
	Supplementary contributions for a mutual carrying on general insurance business	25				
Liabilities allowed to be left out of account in covering the required minimum margin	Subordinated loan capital	26				
	Cumulative preference share capital	27				
Available assets (23 to 27)	29	342	304			

Represented by:

Paid up share capital (other than cumulative preference share capital)	51	1	1	
Amounts included in lines 24 to 27 above	52			
Amounts representing the balance of net assets	56	341	303	
Total (51 to 56) and equal to line 29 above	59	342	304	

Movement of balance of net assets for solvency purposes - as per line 56

Balance brought forward at the beginning of the financial year	61	304	271	10	56	2
Retained profit/(loss) for the financial year	62	38	33	16	59	1
Movement in asset valuation differences	63			See instruction 2		
Decrease/(increase) in the provision for adverse changes	64			See instruction 3		
Other movements (particulars to be specified by way of supplementary note)	65					
Balance carried forward at the end of the financial year (61 to 65)	69	342	304			

General insurance business : Calculation of required margin of solvency - first methodName of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**

Company registration number		GL/UK/CM	Period ended			Units
			day	month	year	
R11	746184	GL	31	12	2001	£000
		This financial year	Previous year			
		1	2			
	11	1020	896			
	12	16				
	13	1004	896			
nth	14					
erling RO x 18/100	15	181	161			
	16					
erling RO x 6/100	17					
	18					
	19	181	161			
	21	802	724			
ss accounted g year basis	22					
ss accounted ar basis	23	144	115			
ss accounted g year basis	24					
ss accounted ar basis	25	115	94			
	29	831	745			
	30					
	39	831	745			
action, x ½)	41	181	161			

General insurance business : Calculation of required margin of solvency - second method, and statement of required minimum marginName of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

			R12	746184	GL	31	12	2001	£000
				This financial year	Previous year	Source			
				1	2	Form	Line	Column	
Reference period (No. of financial years) Insert "0" if there is no reference period otherwise insert "3" or "7"				3	11			See Instruction 1	
Claims paid in reference period				21	2121		1787		
Claims outstanding carried forward at the end of the reference period	For insurance business accounted for on an underwriting year basis			22					
	For insurance business accounted for on an accident year basis			23	144		115		
Claims outstanding brought forward at the beginning of the reference period	For insurance business accounted for on an underwriting year basis			24					
	For insurance business accounted for on an accident year basis			25	81		71		
Sub-total E (21+22+23-(24+25))				29	2184		1831		
Sub-total F - Conversion of Sub-total E to annual figure (Multiply by 12 and divide by number of months in reference period)				31	728		610		
Division of Sub-total F	Other than health insurance	Up to and including sterling equivalent of 7M EURO x 26/100		32	189		159		
		Excess (if any) over 7M EURO x 23/100		33					
	Health insurance	Up to and including sterling equivalent of 7M EURO x 26/300		34					
		Excess (if any) over 7M EURO x 23/300		35					
Sub-total G (32 to 35)				39	189		159		
Second result Sub-total G x Sub-total D (or, if ½ is a greater fraction, x ½)				41	189		159		

First result	42	181	161	11	41
Required margin of solvency (the higher of lines 41 and 42)	43	189	161		

Minimum guarantee fund	44				
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Required minimum margin (the higher of lines 43 and 44)	49	189	161		
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Analysis of admissible assets

Name of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Category of assets **Total other than long term business assets**

			Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
			R13	746184	GL	31	12	2001	£000	1
Investments						As at the end of this financial year 1		As at the end of the previous year 2		
Land and buildings						11				
Investments in group undertakings and participating interests	UK insurance business dependants	Shares			21					
		Debt securities issued by, and loans to, dependants			22					
	Other insurance dependants	Shares			23					
		Debt securities issued by, and loans to, dependants			24					
	Non-insurance dependants	Shares			25					
		Debt securities issued by, and loans to, dependants			26					
	Other group undertakings and participating interests	Shares			27					
		Debt securities issued by, and loans to, group undertakings			28					
		Participating interests			29					
		Debt securities issued by, and loans to, undertakings in which the insurer has a participating interest			30					
Total sheet 1 (11 to 30)						39				

Analysis of admissible assetsName of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	746184	GL	31	12	2001	£000	1
Investments (continued) Deposits with ceding undertakings Assets held to cover linked liabilities					As at the end of this financial year 1			As at the end of the previous year 2	
Other financial investments	Equity shares			41					
	Other shares and other variable yield securities			42					
	Holdings in collective investment schemes			43					
	Rights under derivative contracts			44					
	Debt securities and other fixed income securities	Fixed interest	Approved securities	45					
			Other	46					
		Variable interest	Approved securities	47					
			Other	48					
	Participation in investment pools			49					
	Loans secured by mortgages			50					
	Other loans	Loans to public or local authorities and nationalised industries or undertakings		51					
		Loans secured by policies of insurance issued by the company		52					
		Other		53					
	Deposits with approved credit institutions and approved financial institutions	Withdrawal subject to a time restriction of one month or less		54					
		Withdrawal subject to a time restriction of more than one month		55					
	Other			56					
Deposits with ceding undertakings			57						
Assets held to match linked liabilities	Index linked		58						
	Property linked		59						
Reinsurers' share of technical provisions	Provision for unearned premiums		60						
	Claims outstanding		61						
	Provision for unexpired risks		62						
	Other		63						
Total sheet 2 (41 to 63)			69						

Analysis of admissible assetsName of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Category of assets **Total other than long term business assets**

		Company registration number	GL/UK/CM	Period ended			Units	Category of assets	
		R13	746184	GL	31	12	2001	£000	1
					As at the end of this financial year 1		As at the end of the previous year 2		
Debtors									
Other assets									
Debtors arising out of direct insurance operations	Policyholders			71					
	Intermediaries			72					
Salvage and subrogation recoveries				73					
Debtors arising out of reinsurance operations	Due from ceding insurers and intermediaries under reinsurance business accepted			74					
	Due from reinsurers and intermediaries under reinsurance contracts ceded			75					
Other debtors	Due from dependants	Due in 12 months or less after the end of the financial year		76					
		Due more than 12 months after the end of the financial year		77					
	Other	Due in 12 months or less after the end of the financial year		78		2		7	
		Due more than 12 months after the end of the financial year		79					
Tangible assets				80				3	
Cash at bank and in hand	Deposits not subject to time restriction on withdrawal, with approved credit institutions and approved financial institutions and local authorities			81		746		643	
	Cash in hand			82					
Other assets (particulars to be specified by way of supplementary note)				83					
Prepayments and accrued income	Accrued interest and rent			84		3		4	
	Deferred acquisition costs			85					
	Other prepayments and accrued income			86					
Deductions (under rules 4.14(2)(b) and 4.14(3)) from the aggregate value of assets				87					
Total sheet 3 (71 to 86 less 87)				88		751		657	
Grand total of admissible assets (39+69+88)				89		751		657	
Reconciliation to asset values determined in accordance with the insurance accounts rules									
Total admissible assets (as per line 89 above)				91		751		657	
Total assets in excess of the admissibility limits of Appendix 4.2 (as valued in accordance with those Rules before applying admissibility limits)				92					
Solvency margin deduction for subsidiary undertakings which are insurance undertakings				93					
Other differences in the valuation of assets (other than for assets not valued above)				94					
Assets of a type not valued above, (as valued in accordance with the insurance accounts rules)				95					
Total assets determined in accordance with the insurance accounts rules (91 to 95)				99		751		657	
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance				100					

Liabilities (other than long term insurance business)Name of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

R15	746184	GL	31	12	2001	£000
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				As at the end of this financial year 1	As at the end of the previous year 2
Technical provisions (gross amount)	Provision for unearned premiums		11	203	197
	Claims outstanding		12	144	115
	Provision for unexpired risks		13		
	Equalisation provisions	Credit business	14		
		Other than credit business	15		
	Other		16		
	Total (11 to 16)		19	347	312
Provisions for other risks and charges	Taxation		21		10
	Other		22		
Deposits received from reinsurers			31		
Creditors	Arising out of insurance operations	Direct insurance business	41	13	
		Reinsurance accepted	42		
		Reinsurance ceded	43		
	Debenture loans	Secured	44		
		Unsecured	45		
	Amounts owed to credit institutions		46		
	Other creditors	Taxation	47	12	11
		Recommended dividend	48		
		Other	49		
Accruals and deferred income			51	37	20
Total (19 to 51)			59	409	353
Provision for adverse changes (calculated in accordance with rule 5.3) [Regulation 61 of the Insurance Companies Regulations 1994]			61		
Cumulative preference share capital			62		
Subordinated loan capital			63		
Total (59 to 63)			69	409	353
Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance			71		

Profit and loss account (non-technical account)Name of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Company
registration
number

GL/UK/CM

Period ended
day month year

Units

R16	746184	GL	31	12	2001	£000
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			This financial year	Previous year	Source		
			1	2	Form	Line	Column
Transfer (to)/from the general insurance business technical account	From Form 20	11	15	4	20 . 59		
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13			40 . 26		
Investment income	Income	14	35	38			
	Value re-adjustments on investments	15					
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17					
	Value re-adjustments on investments	18					
	Loss on the realisation of investments	19					
Allocated investment return transferred to the general insurance business technical account		20			20 . 51		
Other income and charges (particulars to be specified by way of supplementary note)		21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29	50	42			
Tax on profit or loss on ordinary activities		31	12	9			
Profit or loss on ordinary activities after tax (29-31)		39	38	33			
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41					
Tax on extraordinary profit or loss		42					
Other taxes not shown under the preceding items		43					
Profit or loss for the financial year (39+41-(42+43))		49	38	33			
Dividends (paid and proposed)		51					
Profit or loss retained for the financial year (49-51)		59	38	33			

General insurance business : Technical account (excluding equalisation provisions)Name of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Accounting class **Miscellaneous and pecuniary loss**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class/ summary	
		R20	746184	GL	31 day	12 month	2001 year	£000	8
Items to be shown net of reinsurance				This financial year	Previous year		Source		
				1	2		Form	Line	Column
This year's underwriting (accident year accounting)	Earned premium	11	990	853	21 . 19 . 5				
	Claims incurred	12	831	717	22 . 17 . 4				
	Claims management costs	13	25	24	22 . 18 . 4				
	Adjustment for discounting	14			22 . 52 . 4				
	Increase in provision for unexpired risks	15			22 . 19 . 4				
	Other technical income or charges (particulars to be specified by way of supplementary note)	16							
	Net operating expenses	17	114	104	22 . 42 . 4				
	Balance of year's underwriting (11-12-13+14-15+16-17)	19	20	8					
Adjustment for prior years' underwriting (accident year accounting)	Earned premium	21			21 . 11 . 5				
	Claims incurred	22			22 . 13 . 4				
	Claims management costs	23	5	4	22 . 14 . 4				
	Adjustment for discounting	24			22 . 51 . 4				
	Other technical income or charges (particulars to be specified by way of supplementary note)	25							
	Net operating expenses	26			22 . 41 . 4				
	Balance (21-22-23+24+25-26)	29	(5)	(4)					
Balance from underwriting year accounting	Per Form 24	31			24 . 69. 99-99				
	Other technical income and charges (particulars to be specified by way of supplementary note)	32							
	Total	39							
Balance of all years' underwriting (19+29+39)		49	15	4					
Allocated investment return		51							
Transfer to non-technical account (49+51)		59	15	4					

Returns under the Accounts and Statements Rules

General insurance business (accident year accounting) : Analysis of premiums

Name of insurer

PEDIGREE LIVESTOCK INSURANCE LIMITED

Global business

Financial year ended **31st December 2001**Accounting class **Miscellaneous and pecuniary loss**

Accounting class	Miscellaneous and pecuniary losses	Company registration number	GL/UK/CM	Period ended			Units	Accounting class		
				day	month	year				
		R21	746184	GL	31	12	2001	£000	8	
Premiums receivable during the financial year		Gross premiums written		Reinsurers' share				Net of reinsurance		
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5				
In respect of risks incepted in previous financial years		11								
In respect of risks incepted in previous financial years			Earned in this financial year 1	Unearned at end of this financial year 2	Earned in this financial year 3	Unearned at end of this financial year 4	Earned in this financial year 5	Unearned at end of this financial year 6		
In respect of risks incepted in this financial year										
In respect of risks incepted in this financial year	For periods of less than 12 months	13								
	For periods of 12 months	14	817	203	24		793	203		
	For periods of more than 12 months	15								
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16	197				197			
Total (12 to 16)		19	1014	203	24		990	203		

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisionsName of insurer **PEDIGREE LIVESTOCK INSURANCE LIMITED**

Global business

Financial year ended **31st December 2001**Accounting class **Miscellaneous and pecuniary loss**

		Company registration number	GL/UK/CM	Period ended			Units	Accounting class	
		R22	746184	GL	31	12	2001	£000	8
			Amount brought forward from previous financial year	Amount payable/receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year			
			1	2	3	4			
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11	115	115					
	Reinsurers' share	12							
	Net (11-12)	13	115	115					
	Claims management costs	14		5		5			
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15		687	144	831			
	Reinsurers' share	16							
	Net (15-16)	17		687	144	831			
	Claims management costs	18		25		25			
Provision for unexpired risks		19							
Net operating expenses	Commissions	21		13		13			
	Other acquisition expenses	22							
	Administrative expenses	23		101		101			
	Reinsurance commissions and profit participations	24							
	Total (21+22+23-24)	29		114		114			
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31							
	Reinsurers' share	32							
	Claims management costs	33							
	Total (31-32+33)	39							
Split of line 29	Prior financial years	41							
	This financial year	42		114		114			
Split of line 39	Incidents occurring prior to this financial year	51							
	Incidents occurring in this financial year	52							

General insurance business (accident year accounting) : Analysis of net claims and premiums

Name of insurer
PEDIGREE LIVESTOCK INSURANCE LIMITED

Global business

Financial year ended 31st December 2001

Accounting class

14

Returns under the Accounts and Statement Rules

Notes to the Return

PEDIGREE LIVESTOCK INSURANCE LIMITED

Financial year ended 31st December 2001

1001 Reconciliation of net assets to the accounts as at 31.12.01-

	£000
Assets - Form 13 line 99	751
Liabilities - Form 15 line 69	409

Shareholder's funds per accounts	342
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1200 Section 68 Order

Under an Order dated 7 December 1978 made under section 57 of the Insurance Companies Act 1974 and varied by an Order dated 7 January 1983, the company has been directed that it does not need to maintain the minimum guarantee fund as required by Regulation 9(2) of the Insurance Companies Regulations 1981.

1305 Maximum counterparty limit

The investment guidelines operated by the company limit exposure to any one counterparty to £1,000,000. The company was not aware of any breaches of its investment guidelines during the year.

1306 Large counterparty exposures

The company had the following large counterparty exposure at the year end -

	13.54.1	13.55.1	13.81.1	Total
	£000	£000	£000	£000
Barclays Bank plc	-	-	746	746
	====	====	====	=====

1501 Provision for adverse changes

No provision for adverse changes has been made, as the company has no derivative contracts or assets having the effect of derivative contracts.

1502 Liabilities

- (a) No charge has been made on the assets of the company;
- (b) There is no potential liability to capital gains tax if the company disposed of its investments at the values prevailing at the balance sheet date;
- (c) There are no guarantees, indemnities or other contractual commitments effected other than in the ordinary course of insurance business and in respect of related companies; and
- (d) The company is not aware of any fundamental uncertainty affecting its business.

1700 Non completion of Form 17

The company had no derivative contracts or assets having the effect of derivative contracts at any time during the year and therefore a Form 17 has not been produced.

Returns under the Accounts and Statement Rules

Notes to the Return

PEDIGREE LIVESTOCK INSURANCE LIMITED

Financial year ended 31st December 2001

2102 Provision for unearned premiums

The 365th's method has been used to calculate the amount of unearned premiums on annual contracts, which is a recognised industry method.

2202 Claims management expenses

Claims management expenses are costs directly attributable to the claims handling function together with an apportionment of indirect costs.

2204 Acquisition expenses (excl. commission)

Acquisition expenses are costs directly attributable to the underwriting and marketing functions together with an apportionment of indirect costs.

2207 Administration expenses

All indirect expenses not apportioned to the claims or acquisition functions are treated as administration and written off in the period.

9999 Section 68 Order

Under an Order dated 3 January 1979 made under section 57 of the Insurance Companies Act 1974 and subsequently amended by an Order dated 31 October 1984 made under section 68 of the Insurance Companies Act 1982, the company has been granted exemption from completion of all prescribed forms except Forms 9,10,11,12,13 and 15 of the Regulations.

Returns under the Accounts and Statement Rules

Directors' certificate required by rule 9.34(a)

PEDIGREE LIVESTOCK INSURANCE LIMITED

Financial year ended 31st December 2001

We certify that in our opinion-

- (a) in relation to the part of the return comprising Forms 9 to 13, 15, 16, and 20 to 23 (including the supplementary notes) and the statements required by rules 9.25 to 9.27, 9.29, 9.30 and 9.32 that:
 - (i) the return has been prepared in accordance with the Accounts and Statements Rules;
 - (ii) proper accounting records have been maintained and adequate information has been obtained by the insurer; and
 - (iii) appropriate systems and controls have been established and maintained by the insurer over its transactions and records;
- (b) reasonable enquiries have been made by the insurer for the purpose of determining whether any person and any body corporate are connected for the purposes of rules 9.25, 9.26 and 9.27;
- (c) in respect of the insurer's business which is not excluded by rule 7.6, the assets held throughout the financial year in question enabled the insurer to comply with rules 7.1 to 7.5 (matching and localisation);
- (d) the insurer has maintained the required margin of solvency throughout the financial year in question; and
- (e) we are satisfied that:
 - (i) systems and controls established and maintained by the insurer in respect of its business complied, at the end of the financial year in question, and it is reasonable to believe that those systems and controls continued to so comply subsequently and will continue to so comply in the future, with:
 - * Guidance Note P.1 - 'Systems of control over the investments (and counterparty exposure) of insurance companies with particular reference to the use of derivatives';
 - * Guidance Note P.2 - 'Systems and controls over general business claims provisions; and
 - * Money Laundering Guidance Notes for the financial sector 2001 issued by the Joint Money Laundering Steering Group.

Returns under the Accounts and Statement Rules
Directors' certificate required by rule 9.34(a)

PEDIGREE LIVESTOCK INSURANCE LIMITED

Financial year ended 31st December 2001

(ii) the return has been prepared in accordance with the following relevant guidance:

- * Guidance Note 4.1 - 'Guidance for insurers and auditors on the Valuation of Asset Rules;
- * Guidance Note 4.2 - 'The use of derivative contracts in insurance funds'; and
- * Guidance Note 9.1 - 'Preparation of Annual Returns.

Minerva House,
Nottingham,
NG1 6EP.

16 April, 2002.

.....
K W Wardell - Director

.....
K P Horn - Director

Report of the auditors to the directors pursuant to Rule 9.35 of the Financial Services and Markets Act (Communication by Auditors) Regulations 2001**PEDIGREE LIVESTOCK INSURANCE LIMITED****Global Business****Financial year ended 31 December 2001**

We have examined the following documents prepared by the company pursuant to the Accounts and Statements Rules set out in part 1 of chapter 9 to the interim Prudential Sourcebook for Insurers ('the Rules') made by the Financial Services Authority under section 138 of the Financial Services and Markets Act 2000.

- Forms 9 to 13, 15, 16 and 20 to 23 (including the supplementary notes) ('the Forms');
- the certificate signed in accordance with rule 9.34(a) on pages 17 and 18 ('the certificate').

In the case of the certificate, our examination did not extend to:

- paragraph (e) in so far as it relates to controls with respect to Money Laundering.

Respective responsibilities of the company and its auditor

The company is responsible for the preparation of an annual return (including the Forms, statements and certificate) under the provisions of the Rules. Under rule 9.11 the Forms and statements are required to be prepared in the manner set out in the Regulations and to state fairly the information provided on the basis required by the Rules.

It is our responsibility to form an independent opinion as to whether the Forms and statements meet these requirements, and in the case of the certificate whether it was or was not unreasonable for the persons giving the certificate to have made the statements therein, and to report our opinions 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.

Bases of opinions

We conducted our work in accordance with Practice Note 20 'The audit of insurers in the United Kingdom' issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the Forms and statements. The evidence included that obtained by us relating to the audit of the financial statements of the company for the financial year. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the Forms and statements.

Blueprint Audit

Chartered Accountants and Registered Auditor

We planned and performed our work 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 Forms and statements are free from material misstatement, whether caused by fraud or other irregularity or error, and comply with rule 9.11.

In the case of the certificate, the work performed involves a review of the procedures undertaken by the signatories to enable them to make the statements therein, and does not extend to an evaluation of the effectiveness of the company's internal control systems.

Opinions

In our opinion:

- (a) the Forms and statements fairly state the information provided on the basis required by the Rules and have been properly prepared in accordance with the provisions of those Rules; and
- (b) based on the information and explanations received by us:
 - (i) the certificate has been properly prepared in accordance with the provisions of the Rules; and
 - (ii) it was not unreasonable for the persons giving the certificate to have made the statements therein.

Blueprint Audit Limited

Blueprint Audit Limited
Chartered Accountants and Registered Auditor

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22nd April 2002