

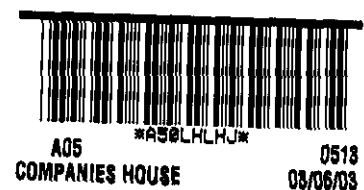
# **Key Retirement Solutions Limited**

(Formerly Countrywide Assured Retirement Services Ltd)

## **Directors' report and financial statements**

**For the year ended 31 December 2002**

Registered number 2457440



# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## **Directors' report and financial statements**

| <i>Contents</i>                          | <i>Page</i> |
|--|-------------|
| Directors and officers                   | 1           |
| Directors' report                        | 2-3         |
| Statement of directors' responsibilities | 4           |
| Auditors' report                         | 5           |
| Profit and loss account                  | 6           |
| Balance sheet                            | 7           |
| Notes                                    | 8-16        |

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## **Directors and Officers**

### **Directors**

T Marris  
C Taylor  
A B Crew (resigned 28 February 2003)  
K O Romney  
D R Mirfin (appointed 7 August 2002)  
R J Overson (appointed 7 August 2002)  
P E H Wilson (appointed 7 August 2002)

### **Secretary**

K O Romney

### **Auditor**

KPMG Audit Plc

### **Bankers**

National Westminster plc

### **Registered Office**

Harbour House  
Portway  
Preston  
PR2 2PR

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### Principal activities and business review

The principal activity of the Company is to carry on business of brokers and agents of every description which includes insurance, mortgage, estate and general property.

The results for the year are set out on page 6 to the financial statements.

### Results for the year

The loss on ordinary activities after taxation for the year was £103,387 (2001:£813,519 - restated).

The directors do not recommend the payment of a dividend for the year ended 31 December 2002 (2001:nil).

### Fixed assets

The changes in fixed assets during the year are set out in Note 9 to the financial statements.

### Directors and directors' interests

The directors who held office during the year were as follows:

T Marris  
 C Taylor  
 A B Crew (resigned 28 February 2003)  
 K O Romney  
 D R Mirfin (appointed 7 August 2002)  
 R J Overson (appointed 7 August 2002)  
 P E H Wilson (appointed 7 August 2002)

No director has an interest in the share capital of the Company. Mr T Marris and Mr A B Crew are also directors of Countrywide Assured Group plc, the ultimate parent company. Their interests are reported in that company's financial statements.

The interests of the other Directors in the share capital of Countrywide Assured Group plc and rights under that company's share option are as follows:

| Director   | Number of options at 1 January 2002 | Number of 5p Ordinary Shares<br>Countrywide Assured Group Plc |           |        |                     |                | Market Price at exercise | Exercisable from to |            | Scheme           |
|------------|-------------------------------------|---|-----------|--------|---------------------|----------------|--------------------------|---------------------|------------|------------------|
|            |                                     | Granted   | Exercised | Lapsed | At 31 December 2002 | Exercise Price |                          |                     |            |                  |
| K O Romney | 4,404                               |   |           |        | 4,404               | 75.2p          |                          | Nov 2003            | May 2004   | SAYE (1996)      |
|            | 4,627                               |   |           |        | 4,627               | 74.4p          |                          | Nov 2005            | May 2006   | SAYE (1996)      |
|            | 40,000                              |   |           |        | 40,000              | 106.5p         |                          | Apr 2004            | April 2011 | Executive (1996) |

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Directors' report (continued)

| Director     | Number of options at 1 January 2002 | Number of 5p Ordinary Shares<br>Countrywide Assured Group Plc |           |        |                     |                | Market Price at exercise | Exercisable from to |          | Scheme      |
|--------------|-------------------------------------|---|-----------|--------|---------------------|----------------|--------------------------|---------------------|----------|-------------|
|              |                                     | Granted   | Exercised | Lapsed | At 31 December 2002 | Exercise Price |                          |                     |          |             |
| K O Romney   |                                     | 6,441   |           |        | 6,441               | 122.4p         |                          | Nov 2007            | May 2008 | SAYE (1996) |
| C Taylor     | 4,808                               |   |           |        | 4,808               | 74.4p          |                          | Nov 2005            | May 2006 | SAYE (1996) |
| D R Mirfin   | 3,901                               |   |           |        | 3,901               | 74.4p          |                          | Nov 2005            | May 2006 | SAYE (1996) |
|              |                                     | 8,856   |           |        | 8,856               | 122.4p         |                          | Nov 2007            | May 2008 | SAYE (1996) |
| R J Overson  | 1,284                               |   |           |        | 1,284               | 75.2p          |                          | Nov 2003            | May 2004 | SAYE (1996) |
| P E H Wilson | 2,449                               |   |           |        | 2,449               | 74.4p          |                          | Nov 2005            | May 2006 | SAYE (1996) |

### Creditor payment period

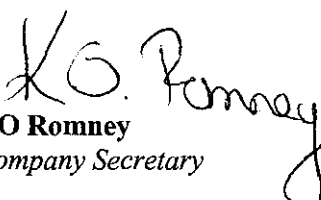
It is the company's policy to pay all of its suppliers on the due date of the invoice, provided that the company is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not follow any code or standard on payment practice nor is it the company's policy to agree terms of payment in advance with suppliers.

The average number of days billing from suppliers outstanding at the end of the financial year based on amounts owed to trade creditors at the end of the year, divided by the aggregate amounts which the company was invoiced by suppliers during the year, was within 10 days at 31 December 2002.

### Auditor

In accordance with section 385 of the Companies Act 1985, a resolution to re-appoint KPMG Audit Plc as auditor will be proposed at the forthcoming Annual General Meeting.

By order of the board

  
**K O Romney**  
 Company Secretary

Harbour House  
 Portway  
 Preston  
 PR2 2PR

7 March 2003

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which show 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. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the provisions of 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.

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Independent Auditor's Report to the Members of Key Retirement Solutions Limited

We have audited the financial statements on pages 6 to 16.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company is not disclosed.

### **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 as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor  
Manchester

7 March 2003

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Profit and loss account

for the year ended 31 December 2002

|  | Note | 2002<br>£        | Restated<br>2001<br>£ |
|--|------|------------------|-----------------------|
| <b>Turnover</b>                                    |      | <b>3,479,566</b> | 1,209,705             |
| Administrative expenses                            |      | (3,452,425)      | (2,209,071)           |
| <b>Operating profit / (loss)</b>                   | 3    | <b>27,141</b>    | (999,366)             |
| Interest receivable and similar income             | 4    | 17,011           | 16,786                |
| Interest payable                                   | 5    | (189,583)        | (178,213)             |
| <b>Loss on ordinary activities before taxation</b> |      | <b>(145,431)</b> | (1,160,793)           |
| Tax on loss on ordinary activities                 | 8    | 42,044           | 347,274               |
| <b>Loss for the year</b>                           |      | <b>(103,387)</b> | (813,519)             |

A statement of movement on reserves is included in Note 15.

The Notes on pages 8 to 16 form part of these financial statements.

## Statement of Total Recognised Gains and Losses

|   | 2002<br>£        | Restated<br>2001<br>£ |
|---|------------------|-----------------------|
| Loss for the financial year                                       | (103,387)        | (813,519)             |
| Prior year adjustments  |                  |                       |
| Deferred Taxation   | 1,406            | (34)                  |
| <b>Total recognised gains and losses since last annual report</b> | <b>(101,981)</b> | <b>(813,553)</b>      |



# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Balance sheet at 31 December 2002

|  | Note | £       | 2002<br>£                 | £                  | Restated<br>2001<br>£     |
|--|------|---------|---------------------------|--------------------|---------------------------|
| <b>Fixed assets</b>  |      |         |                           |                    |                           |
| Tangible assets  | 9    |         | 78,952                    |                    | 51,373                    |
| <b>Current assets</b>  |      |         |                           |                    |                           |
| Debtors and prepayments  | 10   | 647,576 |                           | 522,687            |                           |
| Cash at bank and in hand                                       |      | 393,000 |                           | 1,495,000          |                           |
|  |      |         | <u>1,040,576</u>          | <u>2,017,687</u>   |                           |
| <b>Current liabilities</b>                                     |      |         |                           |                    |                           |
| <b>Creditors:</b> amounts falling due within one year          | 11   |         | <u>(629,958)</u>          | <u>(2,775,229)</u> |                           |
| <b>Net current assets/(liabilities)</b>                        |      |         | <b>410,618</b>            |                    | <b>(757,542)</b>          |
| <b>Creditors:</b> amounts falling due after more than one year | 12   |         | <b>(4,200,000)</b>        |                    | <b>(2,900,000)</b>        |
| <b>Deferred tax asset</b>                                      | 8    |         | <b>2,280</b>              |                    | <b>1,406</b>              |
| <b>Net liabilities</b>   |      |         | <u><b>(3,708,150)</b></u> |                    | <u><b>(3,604,763)</b></u> |
| <b>Capital and Reserves</b>                                    |      |         |                           |                    |                           |
| Called up share capital  | 14   |         | <b>100</b>                |                    | <b>100</b>                |
| Profit and loss account  | 15   |         | <b>(3,708,250)</b>        |                    | <b>(3,604,863)</b>        |
|  |      |         | <u><b>(3,708,150)</b></u> |                    | <u><b>(3,604,763)</b></u> |

These financial statements were approved by the Board of Directors on 7 March 2003 and were signed on its behalf by:



**C Taylor**  
Director

The notes on pages 8 to 16 form part of these financial statements.

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

These financial statements have been prepared under the historical cost convention and 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 Preparation*

The company has adopted FRS 19: Deferred Taxation, which requires full rather than partial provision for deferred tax liabilities in the financial statements. Additional disclosure is provided in Note 8.

#### *Going Concern*

Countrywide Assured plc has agreed to provide financial and other support to Key Retirement Solutions Limited for the foreseeable future to allow it to continue to trade.

#### *Turnover*

Turnover comprises of fees and commission earned by Key Retirement Solutions Ltd for the introduction and administration of business as brokers and agents of every description which includes insurance, mortgage, estate and general property.

#### *Taxation*

The credit for tax is based on the profit and loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain capital and expense items for taxation and accounting purposes. Deferred tax assets and liabilities are recognised in accordance with FRS 19: Deferred Taxation. The company has chosen not to discount the deferred tax asset or liability, to reflect the time value of money, as permitted by FRS 19. Except where permitted by FRS 19, deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are only recognised to the extent that they will be relieved in the foreseeable future.

#### *Related party transactions*

Under Financial Reporting Standard 8, the Company is exempt from the requirement to disclose related party transactions with the holding company and fellow subsidiaries on the grounds that it is a wholly-owned subsidiary undertaking of Countrywide Assured Group plc.

#### *Cashflow statement*

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cashflow statement on the grounds that it is a wholly owned subsidiary undertaking of Countrywide Assured Group plc, whose consolidated financial statements include a cashflow statement dealing with the cashflows of the group.

#### *Accounting convention*

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

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Notes (continued)

### *Leases*

The rental costs relating to operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

### *Fixed assets*

Fixed assets are stated at cost less accumulated depreciation. Tangible assets are depreciated on a straight line basis at the following rates:

|                                |     |
|--------------------------------|-----|
| Furniture and equipment        | 20% |
| Computer (hardware & software) | 20% |

### *Pensions*

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

## 2 Prior year adjustment

### *Deferred taxation*

The company has adopted FRS 19: Deferred taxation from the beginning of this financial year. This standard requires full provision to be made for deferred tax on most types of timing difference. The previous accounting standard required provision only to the extent that it was probable that the liability would crystallise in the future. Adoption of FRS 19 has been accounted for by way of a prior year adjustment which has increased opening reserves at 1 January 2002 by £1,406. As a result the tax credit for the year ended 31 December 2001 has increased by £1,440.

## 3 Operating profit / (loss)

This is stated after charging:

|  | 2002<br>£ | 2001<br>£ |
|--|-----------|-----------|
| Depreciation                               | 29,599    | 18,836    |
| Operating lease charges                    | 97,382    | 82,610    |
| Fees to Auditor relating to non-audit work | -         | 7,000     |
|  | <hr/>     | <hr/>     |

None of the directors of the Company received any remuneration from the Company or other group companies in respect of services provided to this Company.

All auditor's remuneration has been charged through Countrywide Assured plc, a fellow subsidiary company of Countrywide Assured Group plc.

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Notes (continued)

### 4 Interest receivable and similar income

|                     | 2002<br>£ | 2001<br>£ |
|---------------------|-----------|-----------|
| Interest receivable | 17,011    | 16,786    |

### 5 Interest payable

|                                    | 2002<br>£ | 2001<br>£ |
|------------------------------------|-----------|-----------|
| Intercompany loan interest payable | 189,583   | 178,213   |

### 6 Directors emoluments

The aggregate amount of emoluments paid to or receivable by directors during the year was as follows:

|   | 2002<br>£ | 2001<br>£ |
|---|-----------|-----------|
| Directors emoluments                            | 147,020   | 84,735    |
| Company contributions to money purchase schemes | 6,417     | 5,194     |

The emoluments of the highest paid director were £84,129 (2001: £88,735), and company pension contributions of £5,050 (2002: £5,194) were made to a money purchase scheme on his behalf.

|  | Number of directors |      |
|--|---------------------|------|
|  | 2002                | 2001 |
| Retirement benefits are accruing to the following number of directors under: |                     |      |
| Money purchase schemes   | 3                   | 1    |

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Notes (continued)

### 7 Staff costs

|                    | 2002<br>£        | 2001<br>£        |
|--------------------|------------------|------------------|
| Wages and salaries | 1,825,435        | 1,030,257        |
| Pension costs      | 63,450           | 44,314           |
|                    | <u>1,888,885</u> | <u>1,074,571</u> |

|  | 2002      | 2001      |
|--|-----------|-----------|
| The average number of employees during the year was: |           |           |
| Management, office & sales staff                     | 49        | 34        |
|  | <u>49</u> | <u>34</u> |

### 8 Taxation on ordinary activities

#### a) Taxation on loss on ordinary activities

|  | 2002<br>£       | Restated<br>2001<br>£ |
|--|-----------------|-----------------------|
| UK corporation tax at 30% (2001: 30%)          |                 |                       |
| Current tax credit for the year                | (41,283)        | (345,834)             |
| Adjustment in respect of prior years           | 113             | -                     |
|  | <u>(41,170)</u> | <u>(345,834)</u>      |
| Total current tax credit                       |                 |                       |
| Deferred tax credit                            | (874)           | (1,440)               |
|  | <u>(874)</u>    | <u>(1,440)</u>        |
| Taxation credit on loss on ordinary activities | <u>(42,044)</u> | <u>(347,274)</u>      |

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Notes (continued)

### b) Reconciliation of actual tax charge to UK corporate tax rate

|  | 2002<br>£ | Restated<br>2001<br>£ |
|--|-----------|-----------------------|
| Loss on ordinary activities before tax                           | (145,431) | (1,160,793)           |
| Tax at UK rate of 30% (2001: 30%) on loss on ordinary activities | (43,628)  | (348,237)             |
| Effects of:  |           |                       |
| Adjustment in respect of prior years                             | 113       | -                     |
| Deferred tax credit for the period                               | 874       | 1,440                 |
| Permanent differences  | 1,184     | 1,076                 |
| Other items  | 287       | (113)                 |
| Total current tax credit (see (a))                               | (41,170)  | (345,834)             |

### c) Deferred taxation

The components of the deferred tax asset are as follows. The balances have not been discounted.

|                               | 2002<br>£ | Restated<br>2001<br>£ |
|-------------------------------|-----------|-----------------------|
| Asset recognised              |           |                       |
| Capital allowances            | 1,387     | 656                   |
| Short-term timing differences | 893       | 750                   |
|                               | 2,280     | 1,406                 |

### d) Movement in deferred taxation

|  | 2002<br>£ | Restated<br>2001<br>£ |
|--|-----------|-----------------------|
| Restated deferred tax asset/liability at 1 January | 1,406     | (34)                  |
| Capital allowances                                 | 874       | 1,440                 |
| Deferred tax asset at 31 December                  | 2,280     | 1,406                 |

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Notes (continued)

### e) Factors that may affect future tax charges

The company anticipates that the effective rate of tax will not alter materially in future years.

## 9 Tangible fixed assets

|                         | Computers      | Fixtures,<br>Fittings &<br>Equipment | Total          |
|-------------------------|----------------|--------------------------------------|----------------|
|                         | £              | £                                    | £              |
| <b>Cost</b>             |                |                                      |                |
| 1 January 2002          | 99,716         | 6,132                                | 105,848        |
| Additions               | 49,817         | 8,727                                | 58,544         |
| Disposals               | (1,640)        | -                                    | (1,640)        |
|                         | <hr/>          | <hr/>                                | <hr/>          |
| <b>31 December 2002</b> | <b>147,893</b> | <b>14,859</b>                        | <b>162,752</b> |
|                         | <hr/>          | <hr/>                                | <hr/>          |
| <b>Depreciation</b>     |                |                                      |                |
| 1 January 2002          | 50,397         | 4,078                                | 54,475         |
| Provided during year    | 26,661         | 2,938                                | 29,599         |
| Disposals               | (274)          | -                                    | (274)          |
|                         | <hr/>          | <hr/>                                | <hr/>          |
| <b>31 December 2002</b> | <b>76,784</b>  | <b>7,016</b>                         | <b>83,800</b>  |
|                         | <hr/>          | <hr/>                                | <hr/>          |
| <b>Net book value</b>   |                |                                      |                |
| 31 December 2001        | 49,319         | 2,054                                | 51,373         |
|                         | <hr/>          | <hr/>                                | <hr/>          |
| <b>31 December 2002</b> | <b>71,109</b>  | <b>7,843</b>                         | <b>78,952</b>  |
|                         | <hr/>          | <hr/>                                | <hr/>          |

## 10 Debtors and prepayments

|   | 2002<br>£      | 2001<br>£      |
|---|----------------|----------------|
| Amounts owed by fellow subsidiary companies | 222,755        | 9,256          |
| Taxation                                    | 33,182         | 241,158        |
| Other debtors and prepayments               | 391,639        | 272,273        |
|   | <hr/>          | <hr/>          |
|   | <b>647,576</b> | <b>522,687</b> |
|   | <hr/>          | <hr/>          |

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Notes (continued)

### 11 Creditors: Amounts falling due within one year:

|                                    | 2002<br>£      | 2001<br>£        |
|------------------------------------|----------------|------------------|
| Amounts owed to Group undertakings | 181,581        | 2,504,548        |
| Accruals                           | 322,276        | 140,221          |
| Bank overdraft                     | 37,290         | 44,518           |
| Other creditors                    | 88,811         | 85,942           |
|                                    | <u>629,958</u> | <u>2,775,229</u> |

### 12 Creditors: Amounts falling due after more than one year:

|                                    | 2002<br>£        | 2001<br>£        |
|------------------------------------|------------------|------------------|
| Amounts owed to Group undertakings | 4,200,000        | 2,900,000        |
|                                    | <u>4,200,000</u> | <u>2,900,000</u> |

The above amount represents a loan wholly repayable to Countrywide Assured plc, made under the terms of a subordinated loan agreement. The repayment of the loan is subject to the continuing ability of the borrower to meet fully its third party obligations. Interest on the loan is calculated monthly in arrears.

### 13 Operating lease commitments

|   | 2002<br>£     | 2001<br>£     |
|---|---------------|---------------|
| Motor vehicles expiring in 2 to 5 years | 97,382        | 82,610        |
|   | <u>97,382</u> | <u>82,610</u> |

### 14 Called up share capital

|   | 2002<br>£  | 2001<br>£  |
|---|------------|------------|
| <i>Authorised, Allotted, called up and fully paid</i> |            |            |
| Ordinary shares at £1 each                            | 100        | 100        |
|   | <u>100</u> | <u>100</u> |



# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Notes (continued)

### 15 Reconciliation of movement in shareholders' funds

|   | Share<br>Capital | Profit &<br>Loss<br>Account | Total<br>Shareholders'<br>Funds<br>2002 | Total<br>Shareholders'<br>Funds<br>2001 |
|---|------------------|-----------------------------|---|---|
|   | £                | £                           | £                                       | £                                       |
| At 1 January as previously reported           | 100              | (3,606,269)                 | (3,606,169)                             | (2,791,210)                             |
| Prior year adjustment – adoption of<br>FRS 19 | -                | 1,406                       | 1,406                                   | (34)                                    |
|   | <hr/>            | <hr/>                       | <hr/>                                   | <hr/>                                   |
| At 1 January as restated                      | 100              | (3,604,863)                 | (3,604,763)                             | (2,791,244)                             |
| Loss for the financial year                   | -                | (103,387)                   | (103,387)                               | (813,519)                               |
|   | <hr/>            | <hr/>                       | <hr/>                                   | <hr/>                                   |
| At 31 December                                | 100              | (3,708,250)                 | (3,708,150)                             | (3,604,763)                             |
|   | <hr/>            | <hr/>                       | <hr/>                                   | <hr/>                                   |

### 16 Pension arrangements

The company offers membership of the Countrywide Assured Group Pensions Scheme to eligible employees. The Scheme has two sections of membership, defined benefit and defined contributions.

Since the company is a member of a pension scheme providing benefits based on final pensionable pay and is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for, in these financial statements as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out at 1 April 2000 and was updated for FRS 17 purposes to 31 December 2002 by a qualified independent actuary. The valuation indicates a deficit of £12,255,000 at 31 December 2002. In order to redress the deficit, it has been agreed that a contribution rate of 33% of pensionable pay will apply in future years, two thirds of which will be paid by the employer. The contribution for the year was £nil (2000:£nil).

The pension cost charged for the company's defined contributions pension arrangements represents contributions payable by the company and amounted to £64,533 (2001:£44,314).

# Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

## Notes (continued)

**17 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The immediate parent company is Countrywide Assured Life Holdings Limited, a company registered in England and Wales. The ultimate holding company is Countrywide Assured Group plc, registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Countrywide Assured Group plc.

The consolidated accounts of this group are available to the public and may be obtained from:

**Countrywide Assured Group plc**  
Countrywide House  
Perry Way  
Witham  
Essex  
CM8 3SX