

Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

Directors' report and financial statements

For the year ended 31 December 2001

Registered number 2457440



Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

Directors' report and financial statements

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Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

Directors and Officers

Directors

T Marris
C Taylor
A Crew
K O Romney

Secretary

K O Romney (appointed 28 June 2001)
CE Melling (resigned 28 June 2001)

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 2001.

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 £814,959 (2000:£1,459,631).

The directors do not recommend the payment of a dividend for the year ended 31 December 2001 (2000:nil).

Fixed assets

The changes in fixed assets during the year are set out in note 7 to the financial statements.

Directors and directors' interests

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

T Marris
C Taylor
A Crew
K O Romney (appointed 2nd January 2001)

No director has an interest in the share capital of the Company. Mr T Marris and Mr A Crew are also directors of Countrywide Assured Group PLC. The interests of the directors in the share capital of Countrywide Assured Group PLC are disclosed in the accounts of Countrywide Assured plc.

Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

Directors' report (continued)

Creditor payment period

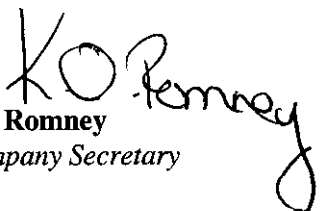
It is the company's policy to pay all of its suppliers on the due date of the invoice, provided that the company is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not follow any code or standard on payment practice nor 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 2001.

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


KO Romney
Company Secretary

Harbour House
Portway
Preston
PR2 2PR

8 March 2002

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 13.

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 2001 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

8 March 2002

Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

Profit and loss account for the year ended 31 December 2001

	Note	2001 £	2000 £
Turnover		1,209,705	339,541
Administrative expenses		(2,209,071)	(2,281,258)
Operating loss	2	(999,366)	(1,941,717)
Interest receivable and similar income	3	16,786	23,601
Interest payable	4	(178,213)	(164,824)
Loss on ordinary activities before taxation		(1,160,793)	(2,082,940)
Tax on loss on ordinary activities	6	345,834	623,309
Loss for the year		(814,959)	(1,459,631)

A statement of movement on reserves is included in note 13.

The loss for the financial year shown above recognises all gains and losses of the Company during the year.

The notes on pages 8 to 13 form part of these financial statements.

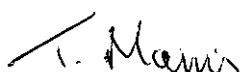
Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

Balance sheet at 31 December 2001

	Note	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	7		51,373		43,755
Current assets					
Debtors and prepayments	8	522,687		1,014,888	
Cash at bank and in hand		1,495,000		294,000	
		<u>2,017,687</u>		<u>1,308,888</u>	
Current liabilities					
Creditors: amounts falling due within one year	9	(2,775,229)		(1,543,853)	
		<u></u>		<u></u>	
Net current (liabilities)/assets			(757,542)		(234,965)
Creditors: amounts falling due after more than one year	10		(2,900,000)		(2,600,000)
			<u></u>		<u></u>
Net liabilities			(3,606,169)		(2,791,210)
			<u></u>		<u></u>
Capital and Reserves					
Called up share capital	12		100		100
Profit and loss account	13		(3,606,269)		(2,791,310)
			<u>(3,606,169)</u>		<u>(2,791,210)</u>

These financial statements were approved by the Board of Directors on 8 March 2002 and were signed on its behalf by:



T Marris
Director

The notes on pages 8 to 13 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.

Turnover

Turnover comprises fees 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.

Related Party Transactions

Under Financial Reporting Standard 8, the company is exempt from the requirement to prepare a related party transaction statement on the grounds that it is a wholly-owned subsidiary undertaking of Countrywide Assured Group PLC, whose consolidated financial statements deal with the related party transactions of the group.

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.

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%

Pension note

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.

Key Retirement Solutions Limited

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Notes (continued)

2 Operating loss

This is stated after charging:

	2001 £	2000 £
Depreciation	18,836	18,195
Operating lease charges	82,610	62,091
Fees to Auditor relating to non-audit work	7,000	-
	<u> </u>	<u> </u>

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.

3 Interest receivable and similar income

	2001 £	2000 £
Interest receivable	16,786	23,601
	<u> </u>	<u> </u>

4 Interest payable

	2001 £	2000 £
Intercompany loan interest payable	178,213	164,824
	<u> </u>	<u> </u>

5 Staff costs

	2001 £	2000 £
Wages and salaries	1,030,257	700,362
Pension costs	44,314	28,819
	<u> </u>	<u> </u>
	1,074,571	729,181
	<u> </u>	<u> </u>

Key Retirement Solutions Limited

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Notes (continued)

5 Staff costs (continued)

The average number of employees during the year was:

Management, office & sales staff	34	23
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6 Taxation on ordinary activities

	2001 £	2000 £
Corporation tax at 30%	(345,834)	(623,097)
Corporation tax (under) / over provided in prior years	-	(212)
	<u>(345,834)</u>	<u>(623,309)</u>

Corporation tax recoverable arises from the surrender of losses to other group companies.

7 Tangible fixed assets

	Computers £	Fixtures, Fittings & Equipment £	Total £
Cost			
1 January 2001	73,386	6,132	79,518
Additions	26,330	-	26,330
Disposals	-	-	-
	<u>99,716</u>	<u>6,132</u>	<u>105,848</u>
31 December 2001			
Depreciation			
1 January 2001	32,917	2,846	35,763
Provided during year	17,607	1,229	18,836
Disposals	-	-	-
Asset write-off adjustment	(127)	3	(124)
	<u>50,397</u>	<u>4,078</u>	<u>54,475</u>
31 December 2001			
Net book value			
31 December 2000	<u>40,469</u>	<u>3,286</u>	<u>43,755</u>
31 December 2001	<u>49,319</u>	<u>2,054</u>	<u>51,373</u>

Key Retirement Solutions Limited

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Notes (continued)

8 Debtors

	2001 £	2000 £
Amounts owed by fellow subsidiary	9,256	553,264
Taxation	241,158	461,097
Other debtors	272,273	527
	<u>522,687</u>	<u>1,014,888</u>

9 Creditors: Amounts falling due within one year:

	2001 £	2000 £
Amounts owed to Group undertakings	2,504,548	1,280,869
Accruals	140,221	130,153
Bank overdraft	44,518	15,911
Other creditors	85,942	116,920
	<u>2,775,229</u>	<u>1,543,853</u>

10 Creditors: Amounts falling due after more than one year:

	2001 £	2000 £
Amounts owed to Group undertakings	2,900,000	2,600,000
	<u>2,900,000</u>	<u>2,600,000</u>

11 Operating lease commitments

	2001 £	2000 £
Motor vehicles expiring in 2 to 5 years	82,610	62,091
	<u>82,610</u>	<u>62,091</u>

Key Retirement Solutions Limited

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Notes (continued)

12 Called up share capital

	2001 £	2000 £
<i>Authorised, Allotted, called up and fully paid</i>		
Ordinary shares at £1 each	100	100
	<hr/>	<hr/>

13 Movements on reserves and shareholders' funds

	Share capital £	Profit & loss account	Total £
Balance brought forward	100	(2,791,310)	(2,791,210)
Loss for the year	-	(814,959)	(814,959)
	<hr/>	<hr/>	<hr/>
Balance carried forward	100	(3,606,269)	(3,606,169)
	<hr/>	<hr/>	<hr/>

14 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 5 April 2000 and was updated for FRS 17 purposes to 31 December 2001 by a qualified independent actuary. The valuation indicates a deficit of £7,179,000 at 31 December 2001. 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 £44,314 (2000:£28,819).

Key Retirement Solutions Limited

(Formerly Countrywide Assured Retirement Services Ltd)

Notes (continued)

15 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, 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