

Registered number 2457440



Countrywide Assured Retirement Services Ltd

Directors' report and financial statements

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Countrywide Assured Retirement Services Ltd

Directors and Officers

Directors

T Marris
K Arscott (resigned 31st July 2000)
C Taylor
A Crew
K O Romney (appointed 2nd January 2001)

Secretary

CE Melling

Auditor

KPMG Audit Plc

Bankers

National Westminster plc

Registered Office

Harbour House
Portway
Preston
PR2 2PR

Countrywide Assured Retirement Services Ltd

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities and business review

The principal activity of the Company is to develop, market and sell products of equity release providing benefits relating to the provision of long term health care.

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 £1,459,631 (1999:£1,155,663).

The directors do not recommend the payment of a dividend for the year ended 31 December 2000 (1999: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
K Arscott (resigned 31st July 2000)
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.

Countrywide Assured Retirement Services Ltd

Directors' report (continued)

Creditor payment period

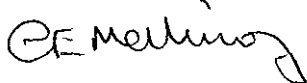
It is the company's policy to pay all of its suppliers on the due date of the invoice, provided that the company is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not follow any code or standard on payment practice nor 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 17 days at 31 December 2000.

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



CE Melling
Company Secretary

Harbour House
Portway
Preston
PR2 2PR

7 March 2001

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.

Countrywide Assured Retirement Services Ltd

Auditor's Report to the Members of Countrywide Assured Retirement Services Limited

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of directors and auditor

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. 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 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 2000 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 2001

Countrywide Assured Retirement Services Ltd

Profit and loss account

for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover		339,541	122,642
Administrative expenses		(2,281,258)	(1,714,837)
Operating loss	2	(1,941,717)	(1,592,195)
Interest receivable and similar income	3	23,601	23,012
Interest payable	4	(164,824)	(82,493)
Loss on ordinary activities before taxation		(2,082,940)	(1,651,676)
Tax on loss on ordinary activities	6	623,309	496,013
Loss for the year		(1,459,631)	(1,155,663)

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.

Countrywide Assured Retirement Services Ltd

Balance sheet at 31 December 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	7		43,755		69,370
Current assets					
Debtors and prepayments	8	1,014,888		591,914	
Cash at bank and in hand		294,000		480,000	
			<u>1,308,888</u>	<u>1,071,914</u>	
Current liabilities					
Creditors: amounts falling due within one year	9	(1,543,853)		(672,863)	
			<u>(234,965)</u>		<u>399,051</u>
Net current (liabilities)/assets					
Creditors: amounts falling due after more than one year	10		(2,600,000)		(1,800,000)
			<u>(2,791,210)</u>		<u>(1,331,579)</u>
Net liabilities					
Capital and Reserves					
Called up share capital	12		100		100
Profit and loss account	13		(2,791,310)		(1,331,679)
			<u>(2,791,210)</u>		<u>(1,331,579)</u>

These financial statements were approved by the Board of Directors on 7 March 2001 and were signed on its behalf by:



T Marris
Director

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

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 survey fee arrangements receivable on an earned basis by Countrywide Assured Retirement Services Ltd.

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 :

Motor vehicles	25%
Furniture and equipment	20%
Computer (hardware & software)	20%

Countrywide Assured Retirement Services Ltd

Notes (continued)

2 Operating loss

This is stated after charging:

	2000 £	1999 £
Depreciation	18,195	17,144
Operating lease charges	62,091	54,261
	<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

	2000 £	1999 £
Interest receivable	23,601	23,012
	<u> </u>	<u> </u>

4 Interest payable

	2000 £	1999 £
Intercompany loan interest payable	164,824	82,493
	<u> </u>	<u> </u>

5 Staff costs

	2000 £	1999 £
Wages and salaries	700,362	636,988
Pension costs	28,819	26,294
	<u> </u>	<u> </u>
	729,181	663,282
	<u> </u>	<u> </u>

Countrywide Assured Retirement Services Ltd

Notes (continued)

5 Staff costs (continued)

The average number of employees during the year was:

Management, office & sales staff	23	21
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6 Taxation on ordinary activities

	2000 £	1999 £
Corporation tax at 30% (30.25% in 1999)	(623,097)	(499,568)
Corporation tax (under) / over provided in prior years	(212)	3,555
	<u>(623,309)</u>	<u>(496,013)</u>

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

7 Tangible fixed assets

	Computers £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
Cost				
1 January 2000	70,914	6,132	13,939	90,985
Additions	2,472	-	-	2,472
Disposals	-	-	(13,939)	(13,939)
31 December 2000	<u>73,386</u>	<u>6,132</u>	<u>-</u>	<u>79,518</u>
Depreciation				
1 January 2000	18,196	1,620	1,799	21,615
Provided during year	14,721	1,226	2,248	18,195
Disposals	-	-	(4,047)	(4,047)
31 December 2000	<u>32,917</u>	<u>2,846</u>	<u>-</u>	<u>35,763</u>
Net book value				
31 December 1999	<u>52,718</u>	<u>4,512</u>	<u>12,140</u>	<u>69,370</u>
31 December 2000	<u>40,469</u>	<u>3,286</u>	<u>-</u>	<u>43,755</u>

Countrywide Assured Retirement Services Ltd

Notes (continued)

8 Debtors

	2000 £	1999 £
Amounts owed by fellow subsidiary	553,264	163,570
Taxation	461,097	335,167
Other debtors	527	93,177
	<u>1,014,888</u>	<u>591,914</u>

9 Creditors: Amounts falling due within one year:

	2000 £	1999 £
Amounts owed to Group undertakings	1,280,869	568,519
Accruals	130,153	98,908
Bank overdraft	15,911	2,457
Other creditors	116,920	2,979
	<u>1,543,853</u>	<u>672,863</u>

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

	2000 £	1999 £
Amounts owed to Group undertakings	2,600,000	1,800,000
	<u>2,600,000</u>	<u>1,800,000</u>

11 Operating lease commitments

	2000 £	1999 £
Motor vehicles expiring in 2 to 5 years	62,091	54,261
	<u>62,091</u>	<u>54,261</u>

Countrywide Assured Retirement Services Ltd

Notes (continued)

12 Called up share capital

	2000 £	1999 £
<i>Authorised, Allotted, called up and fully paid</i>		
Ordinary shares at £1 each	100	100
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>

13 Movements on reserves and shareholders' funds

	Share capital £	Profit & loss account	Total £
Balance brought forward	100	(1,331,679)	(1,331,579)
Loss for the year	-	(1,459,631)	(1,459,631)
	<hr/>	<hr/>	<hr/>
Balance carried forward	100	(2,791,310)	(2,791,210)
	<hr/>	<hr/>	<hr/>

14 Pension arrangements

Current employees may be members of the Countrywide Assured Group Pension Scheme. The Scheme has two sections of membership, defined benefit and defined contribution.

The pension costs of the defined benefit scheme were £nil (1999: nil). The pension cost relating to this section is assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial assessment of this section was at 5 April 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and rate of increase in salaries and pensions. It was assumed that the investment return would be 7% per annum before retirement and 5% after retirement, that salary increases would average 5% per annum (3.5% for 3 years following the valuation) and that pensions would increase at the rate of 4.0% per annum on average for pension earned before December 1999 and 3% per annum on pension earned after December 1999.

At the date of the latest actuarial valuation, the market value of the assets of the scheme was £26.2 million and the actuarial value of the assets was sufficient to cover 86% of the benefits that had accrued to members, after allowing for expected future increases in earnings. Following the 5 April 2000 valuation, the Company has increased the contribution rate for the defined benefit section with effect from 1 February 2001. This increase to contributions is expected to eliminate the actuarial deficit of £4.3 million over 10 years.

The pension cost charge for the Group's defined contribution pension arrangements represents contributions payable by the Group and amounted to £28,819 (1999 £36,294)

Countrywide Assured Retirement Services Ltd

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