

Kingsborough Insurance Services Limited

Report and Accounts

31 May 2000

3479579



Kingsborough Insurance Services Limited

Registered No. 3479579

DIRECTORS

N G Bannister
M L Dalby
K C Rutherford

SECRETARY

M L Dalby

AUDITORS

Ernst & Young
Wessex House
19 Threefield Lane
Southampton
SO14 3QB

BANKERS

Barclays Bank PLC
PO Box 378
71 Grey Street
Newcastle-Upon-Tyne
Tyne & Wear
NE99 1JP

SOLICITORS

Nabarro Nathanson
50 Stratton Street
London
W1X 6NX

REGISTERED OFFICE

Queensway House
11 Queensway
New Milton
Hampshire
BH25 5NR

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 May 2000.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £960,669 (1999: £671,981).

The directors recommend payment of a final ordinary dividend amounting to £982,650 (1999: £650,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was that of insurance services.

FUTURE DEVELOPMENTS

The directors look forward to the year ahead with confidence.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

N G Bannister
M L Dalby
K C Rutherford (appointed 16 December 1999)

No director had an interest in the ordinary share capital of the company or the ultimate parent undertaking, Holiday Retirement Corporation. The interest of N G Bannister in the share capital of Holiday Retirement UK Limited is disclosed in that company's accounts.

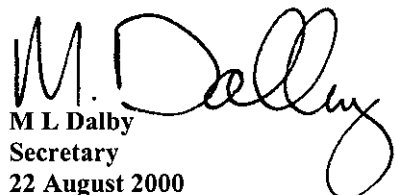
YEAR 2000 COMPLIANCE

The complexity of the Year 2000 problem is such that no single business can definitively state that it has achieved complete compliance and any such assurance should be reviewed carefully. The company did, however, develop a plan to analyse the risks of non-compliance and took appropriate action to remove or mitigate them. To date, there have been no indications of any material exposure relating to the Year 2000 problem within the company's internal operating systems.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board


M L Dalby
Secretary
22 August 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts comply with 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.

REPORT OF THE AUDITORS
to the members of Kingsborough Insurance Services Limited

We have audited the accounts on pages 5 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

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

Basis of opinion

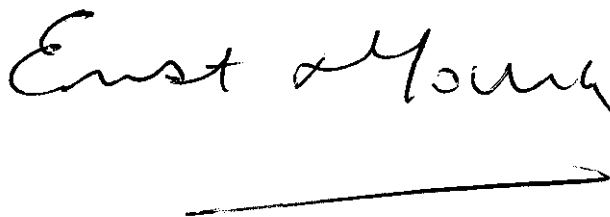
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Registered Auditor
Southampton
22 August 2000



A handwritten signature in cursive script, appearing to read 'Ernst & Young', is written over a horizontal line. The signature is in dark ink and is positioned to the right of the printed name and date.

Kingsborough Insurance Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2000

	Notes	2000 £	1999 £
TURNOVER	2	1,476,399	1,143,461
Administrative expenses		(101,726)	(166,654)
OPERATING PROFIT	3	1,374,673	976,807
Interest payable and similar charges	6	(2,289)	(5,274)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,372,384	971,533
Tax on profit on ordinary activities	7	(411,715)	(299,552)
PROFIT FOR THE FINANCIAL YEAR		960,669	671,981
Dividends	8	(982,650)	(650,000)
(LOSS) / PROFIT RETAINED FOR THE FINANCIAL YEAR	14	(21,981)	21,981

There are no recognised gains or losses other than the profit attributable to shareholders for the year ended 31 May 2000 of £960,669 (1999: £671,981).

Kingsborough Insurance Services Limited

BALANCE SHEET

at 31 May 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	9	-	9,000
CURRENT ASSETS			
Debtors	10	1,940,693	1,701,653
Cash at bank and in hand		1,122,827	114,295
		3,063,520	1,815,948
CREDITORS: amounts falling due within one year	11	(3,063,214)	(1,802,661)
NET CURRENT ASSETS		306	13,287
TOTAL ASSETS LESS CURRENT LIABILITIES		306	22,287
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	12	(304)	(304)
NET ASSETS		2	21,983
CAPITAL AND RESERVES			
Called up share capital	13	2	2
Profit and loss account	14	-	21,981
SHAREHOLDERS' FUNDS - equity interests	14	2	21,983

These accounts were approved by the board of directors on 22 August 2000 and signed on its behalf by:



N G Barnister
Chief Executive

22 AUG 2000

NOTES TO THE ACCOUNTS

at 31 May 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards and with the requirements of the Companies Act 1985.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996) which the company has adopted in these accounts, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated accounts.

Related parties

Advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Holiday Retirement UK Limited or other group undertakings as the consolidated accounts of the Holiday Retirement UK Limited group in which the company is included are publicly available.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its useful life, as follows:

Motor vehicles - evenly over 5 years

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Pensions

The group operates a defined contribution pension scheme for its employees to which the group makes a contribution under specified circumstances. The scheme is administered on behalf of employees by an independent insurance company in funds separate from the group's finances. The amount charged against profits represents the contributions payable by the company to the scheme in respect of the year.

2. TURNOVER

Turnover represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax and within the UK. All turnover is attributable to continuing operations.

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2000 £	1999 £
Depreciation of owned fixed assets	1,500	2,250
Loss / (Profit) on disposal of fixed assets	2,000	(600)
Auditors' remuneration	-	4,058
	<hr/>	<hr/>

The auditors were remunerated by the immediate parent undertaking, Peverel Limited.

Kingsborough Insurance Services Limited

NOTES TO THE ACCOUNTS at 31 May 2000

4. DIRECTORS' REMUNERATION

The directors were paid a fellow subsidiary undertaking, Peverel Limited, of which they are also directors.

5. STAFF COSTS

	2000 £	1999 £
Wages and salaries	67,860	96,711
Social security costs	3,790	9,692
Other pension costs	518	2,278
	<u>72,168</u>	<u>108,681</u>

The monthly average number of employees during the year was as follows:

	2000 No.	1999 No.
Office and management	<u>3</u>	<u>6</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank loans and overdrafts	-	2
Finance charges	2,289	5,272
	<u>2,289</u>	<u>5,274</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
UK corporation tax	411,715	299,248
Deferred taxation (note 12)	-	304
	<u>411,715</u>	<u>299,552</u>

Payment is made for group relief at the standard rate of corporation tax.

8. DIVIDENDS

	2000 £	1999 £
Ordinary - final proposed	<u>982,650</u>	<u>650,000</u>

Kingsborough Insurance Services Limited

NOTES TO THE ACCOUNTS

at 31 May 2000

9. TANGIBLE FIXED ASSETS

	<i>Motor vehicles £</i>
Cost:	
At 1 June 1999	11,250
Additions	-
Disposals	(11,250)
At 31 May 2000	-
Depreciation:	
At 1 June 1999	2,250
Provided during the year	1,500
Disposals	(3,750)
At 31 May 2000	-
Net book value at 31 May 2000	-
Net book value at 31 May 1999	9,000

10. DEBTORS

	<i>2000 £</i>	<i>1999 £</i>
Trade debtors	260,540	33,974
Amounts due from parent undertakings	1,641,461	215,766
Amounts due from fellow subsidiary undertakings	-	1,402,647
Prepayments and accrued income	33,586	48,614
Other debtors	5,106	652
	<u>1,940,693</u>	<u>1,701,653</u>

11. CREDITORS: amounts falling due within one year

	<i>2000 £</i>	<i>1999 £</i>
Trade creditors	1,014,823	379,032
Amounts due to fellow subsidiary undertakings	-	23,219
Corporation tax	411,715	299,248
Other creditors	410	34,572
Accruals and deferred income	653,616	416,590
Dividend payable	982,650	650,000
	<u>3,063,214</u>	<u>1,802,661</u>

Kingsborough Insurance Services Limited

NOTES TO THE ACCOUNTS

at 31 May 2000

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	<i>Provided</i>		<i>Not provided</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	£	£	£	£
Capital allowances in advance of depreciation	304	304	-	-

13. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
	£	£	£	£
Ordinary shares of £1 each	2	2	2	2

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share-holders' funds</i>
	£	£	£
On incorporation	2	-	2
Profit for the year	-	671,981	671,981
Dividends	-	(650,000)	(650,000)
At 31 May 1999	2	21,981	21,983
Profit for the year	-	960,669	960,669
Dividends	-	(982,650)	(982,650)
At 31 May 2000	2	-	2

15. CONTINGENT LIABILITY

The company has given unlimited guarantees on the bank overdrafts and loans of various UK group undertakings. At 31 May 2000 the amount outstanding under these guarantees was £24,008,900. The amount outstanding under previous loan arrangements, subsequently repaid, was £55,857,497 as at 31 May 1999.

16. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking and controlling party is Holiday Retirement Corporation, a company registered in Oregon USA. Holiday Retirement UK Limited is the smallest and largest group for which group accounts are prepared and are available to the public and may be obtained from Companies House, Cardiff.