

3479579

Kingsborough Insurance Services Limited

Report and Accounts

31 December 2001



Kingsborough Insurance Services Limited

Registered No. 3479579

DIRECTORS

N G Bannister
M L Dalby
K C Rutherford

SECRETARY

R D F Bagley

AUDITORS

Ernst & Young LLP
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
84 Theobald's Road
London
WC1X 8RW

REGISTERED OFFICE

Queensway House
11 Queensway
New Milton
Hampshire
BH25 5NR

Kingsborough Insurance Services Limited

DIRECTORS' REPORT

The directors present their report and accounts for the period ended 31 December 2001.

RESULTS AND DIVIDENDS

The profit for the period after taxation amounted to £1,303,204 (7 months ended 31 December 2000: £669,462). The directors recommend payment of a final ordinary dividend amounting to £1,298,000 (7 month period to 31 December 2000: £669,462).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the period was that of insurance services. The company has traded satisfactorily during the period and the directors look forward to the year ahead with confidence.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were as follows:

N G Bannister
M L Dalby
K C Rutherford

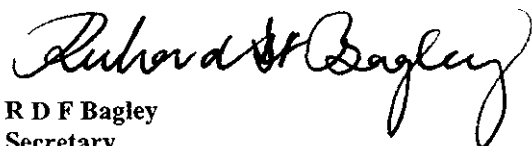
No director had an interest in the ordinary share capital of the company or the ultimate parent undertaking, Holiday Retirement Corporation. The interest of N G Bannister in the share capital of Holiday Retirement UK Limited is disclosed in that company's accounts.

The directors are not liable to retire by rotation.

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



R D F Bagley
Secretary
22 March 2002

Kingsborough Insurance Services Limited

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;
- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KINGSBOROUGH INSURANCE SERVICES LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet, and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Southampton

22 March 2002

Kingsborough Insurance Services Limited

PROFIT AND LOSS ACCOUNT

for the period ended 31 December 2001

| | | Year ended 31 December 2001 £ | 7 months ended 31 December 2000 £ |
|--|-------|--|--|
| | Notes | | |
| TURNOVER | 2 | 1,981,969 | 1,015,268 |
| Administrative expenses | | (120,662) | (58,893) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 3 | 1,861,307 | 956,375 |
| Tax on profit on ordinary activities | 6 | (558,103) | (286,913) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 1,303,204 | 669,462 |
| Dividends | 7 | (1,298,000) | (669,462) |
| RETAINED PROFIT FOR THE YEAR / PERIOD | 13 | 5,204 | - |

There are no recognised gains or losses other than the profit attributable to shareholders for the year ended 31 December 2001 of £1,303,204 (7 months ended 31 December 2000: £669,462). There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial periods stated above, and their historical cost equivalents.


Kingsborough Insurance Services Limited

BALANCE SHEET

at 31 December 2001

| | <i>Notes</i> | <i>2001</i> £ | <i>2000</i> £ |
|---|--------------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 2,467 | 1,456 |
| CURRENT ASSETS | | | |
| Debtors | 9 | 5,067,756 | 2,973,203 |
| Cash at bank and in hand | | 207,099 | 68,554 |
| | | 5,274,855 | 3,041,757 |
| CREDITORS: amounts falling due within one year | 10 | (5,272,024) | (3,043,160) |
| NET CURRENT ASSETS/(LIABILITIES) | | 2,831 | (1,403) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 5,298 | 53 |
| PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| Deferred taxation | 11 | (92) | (51) |
| | | 5,206 | 2 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | 2 | 2 |
| Profit and loss account | 13 | 5,204 | - |
| SHAREHOLDERS' FUNDS - equity interests | 13 | 5,206 | 2 |

These accounts were approved by the board of directors on 22 March 2002 and signed on its behalf by:



N G Bannister
Chief Executive

Kingsborough Insurance Services Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

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:

| | | |
|-------------------|---|---------------------|
| Office Equipment | - | evenly over 5 years |
| Computer Hardware | - | evenly over 5 years |

Taxation

The charge for taxation is based on the profit for the period 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 period.

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. All turnover is attributable to continuing operations generated in the UK.

Developments insured that are owned by other group companies are deemed to be related parties within the meaning of FRS8. During the year ended 31 December 2001, the company's aggregate charges to these developments were as follows: £843,741.

Kingsborough Insurance Services Limited

NOTES TO THE ACCOUNTS at 31 December 2001

3. OPERATING PROFIT

This is stated after charging:

| | <i>Year ended 31 December 2001 £</i> | <i>7 months ended 31 December 2000 £</i> |
|--|--|--|
| Depreciation of owned fixed assets | 581 | 50 |
| Operating Lease Rentals -- Plant and Equipment | 715 | - |
| | <u>1,296</u> | <u>50</u> |

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

4. DIRECTORS' REMUNERATION

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

5. STAFF COSTS

| | <i>Year ended 31 December 2001 £</i> | <i>7 months ended 31 December 2000 £</i> |
|-----------------------|--|--|
| Wages and salaries | 74,390 | 36,085 |
| Social security costs | 6,295 | 3,419 |
| Other pension costs | 2,813 | 2,146 |
| | <u>83,498</u> | <u>41,650</u> |

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

| | <i>No.</i> | <i>No.</i> |
|-----------------------|------------|------------|
| Office and management | <u>4</u> | <u>4</u> |

Kingsborough Insurance Services Limited

NOTES TO THE ACCOUNTS at 31 December 2001

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | <i>Year ended 31 December 2001 £</i> | <i>7 months ended 31 December 2000 £</i> |
|--|--|--|
| Based on the taxable profit for the period/year | | |
| UK Corporation Tax | 558,366 | 287,166 |
| UK Corporation tax underprovided in previous years | (304) | - |
| Deferred taxation | 41 | (253) |
| | <u>558,103</u> | <u>286,913</u> |

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

7. DIVIDENDS

| | <i>Year ended 31 December 2001 £</i> | <i>7 months ended 31 December 2000 £</i> |
|---------------------------|--|--|
| Ordinary - final proposed | <u>1,298,000</u> | <u>669,462</u> |

8. TANGIBLE FIXED ASSETS

| | <i>Office Equipment £</i> |
|------------------------------------|-----------------------------------|
| Cost: | |
| At 1 January 2001 | 1,506 |
| Additions | 1,592 |
| At 31 December 2001 | <u>3,098</u> |
| Depreciation: | |
| At 1 January 2001 | 50 |
| Provided during the year | 581 |
| At 31 December 2001 | <u>631</u> |
| Net book value at 31 December 2001 | <u>2,467</u> |
| Net book value at 31 December 2000 | <u>1,456</u> |

Kingsborough Insurance Services Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

9. DEBTORS

| | 2001 £ | 2000 £ |
|--------------------------------------|------------------|------------------|
| Trade debtors | 286,511 | 182,577 |
| Amounts due from parent undertakings | 4,765,694 | 2,776,225 |
| Prepayments and accrued income | 15,460 | 14,401 |
| Other debtors | 91 | - |
| | <u>5,067,756</u> | <u>2,973,203</u> |

The amount due from related parties, within trade debtors, as at 31 December 2001 was £25,148.

10. CREDITORS: amounts falling due within one year

| | 2001 £ | 2000 £ |
|---|------------------|------------------|
| Trade creditors | 2,391,508 | 1,427,399 |
| Amounts due to fellow subsidiary undertakings | 544,589 | 154,596 |
| Corporation tax | 558,366 | 544,589 |
| Other creditors | 1,078 | 73 |
| Accruals and deferred income | 324,191 | 247,041 |
| Corporation tax group relief | 154,292 | - |
| Dividend payable | 1,298,000 | 669,462 |
| | <u>5,272,024</u> | <u>3,043,160</u> |

Kingsborough Insurance Services Limited

NOTES TO THE ACCOUNTS at 31 December 2001

11. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current year and previous period are as follows:

| | 2001 £ | 2000 £ |
|---------------------------------|-----------|-----------|
| At 1 January 2001 / 1 June 2000 | 51 | 304 |
| Charge for the year / period | 41 | (253) |
| At 31 December 2001 | 92 | 51 |

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

| | <i>Provided</i> | | <i>Not provided</i> | |
|---|-----------------|-----------|---------------------|-----------|
| | 2001 £ | 2000 £ | 2001 £ | 2000 £ |
| Capital allowances in advance of depreciation | 92 | 51 | - | - |

12. SHARE CAPITAL

| | <i>Authorised</i> | | <i>Allotted, called up and fully paid</i> | |
|----------------------------|-------------------|-----------|---|-----------|
| | 2001 £ | 2000 £ | 2001 £ | 2000 £ |
| Ordinary shares of £1 each | 2 | 2 | 2 | 2 |

Kingsborough Insurance Services Limited

NOTES TO THE ACCOUNTS at 31 December 2001

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | <i>Share capital</i> £ | <i>Profit and loss account</i> £ | <i>Total share- holders' funds</i> £ |
|-----------------------|-------------------------------|---|---|
| At 1 June 2000 | 2 | - | 2 |
| Profit for the period | - | 669,462 | 669,462 |
| Dividends | - | (669,462) | (669,462) |
| At 31 December 2000 | 2 | - | 2 |
| Profit for the year | - | 1,303,204 | 1,303,204 |
| Dividends | - | (1,298,000) | (1,298,000) |
| At 31 December 2001 | 2 | 5,204 | 5,206 |

14. CONTINGENT LIABILITIES

The company has given unlimited guarantees on the bank overdrafts and loans of various UK group undertakings. At 31 December 2001 the amount outstanding under these guarantees was £24,337,650 (Year ended 31 December 2000: £18,922,498).

15. 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.