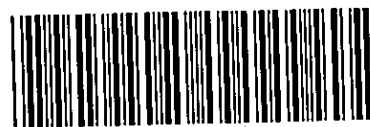


Company Registration No. 03479579 (England and Wales)

KINGSBOROUGH INSURANCE SERVICES LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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KINGSBOROUGH INSURANCE SERVICES LIMITED

COMPANY INFORMATION

Directors	P J Cummings	(Appointed 28 June 2011)
	L E Middleburgh	(Appointed 28 June 2011)
	J M Runciman	(Appointed 8 February 2012)
Secretary	Peveler Secretarial Limited	
Company number	03479579	
Registered office	Queensway House 11 Queensway New Milton Hampshire United Kingdom BH25 5NR	
Registered auditors	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL	
Bankers	Bank of Scotland 2nd Floor Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ	

KINGSBOROUGH INSURANCE SERVICES LIMITED

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KINGSBOROUGH INSURANCE SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

Principal activities and review of the business

The principal activity of the group and the company continued to be that of providing insurance services

The Peverel group of companies including Kingsborough Insurance Services Limited have experienced a period of uncertainty whilst the previous UK parent company, Aztec Opco Developments Limited was in administration

The directors believe that the future outlook of the company is positive following its sale to Peverel Services Limited on 5 July 2012, as detailed in note 20

Overview

Kingsborough Insurance Services Limited provides insurance services to group and third party management companies, landlords and residents

Financial Review

The following key performance indicators are used to measure the results of the group/company

Turnover has decreased by 45.3%

Operating profit has decreased by 213.2% due to an intercompany bad debt provision

Operating profit excluding exceptional items of £6,331,481 has decreased by 60.4%

Results and dividends

The consolidated profit and loss account for the year is set out on page 6

It is proposed that the retained loss of £4,672,711 is transferred to the group's reserves

Post balance sheet events

Note 21 provides information on post balance sheet events affecting the company

Future developments

The Peverel group still faces the legacy issues associated with the period of administration. While Peverel has made some positive early steps towards addressing the challenges facing the group, there is still a significant amount of work ahead.

Following the change in ownership of the group, steps have been taken to establish an on-going commitment to openness and transparency with its customers and stakeholders. Performance will be measured and reported so that progress towards improving customer service can be seen.

Looking ahead, the Board of Peverel believes that Peverel Group is a fundamentally strong business and remains confident about its prospects over the medium to long term.

KINGSBOROUGH INSURANCE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

Directors

The following directors have held office since 1 January 2011

P J Cummings	(Appointed 28 June 2011)
C A Wadlow	(Appointed 28 June 2011 and resigned 08 February 2012)
K A Edgar	(Appointed 28 June 2011 and resigned 08 February 2012)
A Davey	(Appointed 28 June 2011 and resigned 08 February 2012)
L E Middleburgh	(Appointed 28 June 2011)
N G Bannister	(Resigned 31 March 2011)
D C Edwards	(Resigned 14 July 2011)
C C McGill	(Resigned 1 August 2011)
J M Runciman	(Appointed 08 February 2012)

Directors' insurance

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company

Auditors

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditors of the company will be put at a General Meeting

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

KINGSBOROUGH INSURANCE SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

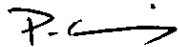
FOR THE YEAR ENDED 31 DECEMBER 2011

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



P J Cummings

Director 24/9/12

KINGSBOROUGH INSURANCE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KINGSBOROUGH INSURANCE SERVICES LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Kingsborough Insurance Services Limited for the year ended 31 December 2011 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2011 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

KINGSBOROUGH INSURANCE SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF KINGSBOROUGH INSURANCE SERVICES LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

Kim H Hayward (Senior Statutory Auditor)
for and on behalf of BDO LLP
Statutory Auditor

24/9/2012

Arcadia House
Maritime Walk
Ocean Village
Southampton
SO14 3TL

BDO LLP is a limited liability partnership registered in England and Wales (registered number OC305127)

KINGSBOROUGH INSURANCE SERVICES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	2,622,647	4,796,770
Administrative expenses	(982,892)	(651,625)	
Exceptional Items	(6,331,481)	-	
		(7,314,373)	(651,625)
Operating (loss)/profit	3	(4,691,726)	4,145,145
Other interest receivable and similar income		16,118	17,237
Interest payable and similar charges	4	(3,492)	(2,861)
(Loss)/profit on ordinary activities before taxation		(4,679,100)	4,159,521
Tax on (loss)/profit on ordinary activities	5	6,389	(8,122)
(Loss)/profit on ordinary activities after taxation		(4,672,711)	4,151,399

The profit and loss account has been prepared on the basis that all operations are continuing operations as amounts relating to the acquisition in the year are immaterial

There are no recognised gains and losses other than those passing through the profit and loss account

The results of the acquisition of Sonata Insurance Services Limited are not material to the group and have therefore not been disclosed separately

KINGSBOROUGH INSURANCE SERVICES LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2011

	Notes	Group 2011 £	2010 £	Company 2011 £	2010 £
Fixed assets					
Tangible assets	9	9,168	43,245	9,168	43,245
		<u>9,168</u>	<u>43,245</u>	<u>9,168</u>	<u>43,245</u>
Current assets					
Debtors	11	1,267,245	6,325,582	1,266,002	6,325,582
Cash at bank and in hand		950,158	274,024	947,622	274,024
		<u>2,217,403</u>	<u>6,599,606</u>	<u>2,213,624</u>	<u>6,599,606</u>
Creditors: amounts falling due within one year	12	(328,062)	(71,631)	(387,998)	(71,631)
Net current assets		<u>1,889,341</u>	<u>6,527,975</u>	<u>1,825,626</u>	<u>6,527,975</u>
Total assets less current liabilities		<u>1,898,509</u>	<u>6,571,220</u>	<u>1,834,794</u>	<u>6,571,220</u>
		<u>1,898,509</u>	<u>6,571,220</u>	<u>1,834,794</u>	<u>6,571,220</u>
Capital and reserves					
Called up share capital	14	100,000	100,000	100,000	100,000
Profit and loss account	15	1,798,509	6,471,220	1,734,794	6,471,220
Shareholders' funds	16	<u>1,898,509</u>	<u>6,571,220</u>	<u>1,834,794</u>	<u>6,571,220</u>

Approved by the Board and authorised for issue on

24/7/12



P J Cummings
Director

Company Registration No 03479579

KINGSBOROUGH INSURANCE SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
£	£	£
Net cash inflow from operating activities	718,986	13,235,646
Returns on investments and servicing of finance		
Interest received	16,118	17,237
Interest paid	(3,492)	(2,861)
Net cash inflow for returns on investments and servicing of finance	12,626	14,376
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	(55,478)	-
Net cash outflow for acquisitions and disposals	(55,478)	-
Equity dividends paid	-	(13,000,000)
Net cash inflow before management of liquid resources and financing	676,134	250,022
Decrease in cash in the year	676,134	250,022

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities			2011	2010
				£	£
	Operating (loss)/profit			(4,691,726)	4,145,145
	Depreciation of tangible assets			34,077	34,430
	Amortisation of intangible assets			(3,674)	-
	Decrease in debtors			5,124,434	8,988,616
	Increase in creditors within one year			255,875	67,455
	Net cash inflow from operating activities			718,986	13,235,646
2	Analysis of net funds	1 January 2011	Cash flow	Other non-cash changes	31 December 2011
		£	£	£	£
	Net cash				
	Cash at bank and in hand	274,024	676,134	-	950,158
	Net funds	274,024	676,134	-	950,158
3	Reconciliation of net cash flow to movement in net funds			2011	2010
				£	£
	Increase in cash in the year			676,134	250,022
	Movement in net funds in the year			676,134	250,022
	Opening net funds			274,024	24,002
	Closing net funds			950,158	274,024

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Going concern

These financial statements have been prepared on the going concern basis

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.4 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2011. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.5 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Developments insured where the freehold interests are owned by other group companies are deemed to be related parties within the meaning of FRS 8. During the year ended 31 December 2011, the group's aggregate charges to these developments was £1,552,040 (2010: £2,047,378).

1.6 Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	evenly over five years
Computer equipment	evenly over three/five years

1.8 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.9 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.10 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies (Continued)

1 11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating (loss)/profit	2011 £	2010 £
Operating (loss)/profit is stated after charging		
Amortisation of intangible assets	(3,674)	-
Depreciation of tangible assets	34,077	34,430
Operating lease rentals	-	4,416
Fees payable to the group's auditor for the audit of the group's annual accounts (company £6,000, 2010 £nil)	6,000	3,595
Taxation services	1,000	1,000
Exceptional items	<u>6,331,481</u>	<u>-</u>

The exceptional item relates to an intercompany bad debt provision of £6,331,481 (2010 £nil).

Fees payable to the company's auditor in the current year represents an apportionment of the amount payable by the company and its fellow trading subsidiaries. Fees payable to the company's auditor in the prior year represents an allocation of the remaining balance of the amount payable by the company and its fellow trading subsidiaries, as other on-account fees for the year were paid by fellow subsidiary undertakings which are now in administration.

4 Interest payable	2011 £	2010 £
Other interest	<u>3,492</u>	<u>2,861</u>

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

5	Taxation	2011 £	2010 £
	Total current tax	-	-
	Deferred tax		
	Origination and reversal of timing differences	(7,795)	(9,641)
	Effects of changes in tax rates and laws	1,406	-
	Deferred tax adjustments arising in previous periods	-	17,763
		<u>(6,389)</u>	<u>8,122</u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	<u>(4,679,100)</u>	<u>4,159,521</u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26% (2010 - 28%)	<u>(1,216,566)</u>	<u>1,164,666</u>
	Effects of		
	Non deductible expenses	13,029	592
	Fixed asset timing differences	7,795	9,641
	Transfer pricing adjustments	14,950	138,404
	Provision against inter company loan	1,655,136	-
	Rate change on deferred tax movement	1,064	-
	Group relief	<u>(475,408)</u>	<u>(1,313,303)</u>
		<u>1,215,502</u>	<u>(1,164,666)</u>
	Current tax charge for the year	<u>-</u>	<u>-</u>

6 (Loss)/profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The (loss)/profit for the financial year is made up as follows

	2011 £	2010 £
Holding company's (loss)/profit for the financial year	<u>(4,736,426)</u>	<u>4,151,399</u>

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

7	Dividends	2011 £	2010 £
	Ordinary final paid	-	13,000,000
8	Intangible fixed assets Group	Total £	
	Cost		
	At 1 January 2011 & at 31 December 2011		-
	Net book value		
	At 31 December 2011		-
	At 31 December 2010		-

On 25 October 2011 the company acquired all the share capital of Sonata Insurance Services Limited for a cash consideration of £60,000. The fair value of the net assets acquired amounted to £63,674 giving negative goodwill arising on the acquisition of £3,674. In accordance with FRS 10 - Goodwill and intangible assets, this amount has been written off to the profit and loss account.

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

9 Tangible fixed assets

Group

Plant and machinery

£

Cost

At 1 January 2011 & at
31 December 2011

348,425

Depreciation

At 1 January 2011
Charge for the year

305,180

34,077

At 31 December 2011

339,257

Net book value

At 31 December 2011

9,168

At 31 December 2010

43,245

Tangible fixed assets

Company

Plant and machinery

£

Cost

At 1 January 2011 & at
31 December 2011

348,425

Depreciation

At 1 January 2011
Charge for the year

305,180

34,077

At 31 December 2011

339,257

Net book value

At 31 December 2011

9,168

At 31 December 2010

43,245

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

10 Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 January 2011	-
Additions	60,000
At 31 December 2011	60,000
Provisions for diminution in value	
At 1 January 2011	-
Charge for the year	60,000
At 31 December 2011	60,000
Net book value	
At 31 December 2011	-

In the opinion of the the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Sonata Insurance Services Limited	England and Wales No 06704179	Ordinary shares	100 00

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Sonata Insurance Services Limited	Insurance services

The share capital in Sonata Insurance Services Limited is directly held by the company

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

11 Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	17,423	33,331	17,423	33,331
Amounts owed by group undertakings	951,413	5,322,559	951,413	5,322,559
Other debtors	1,713	-	1,000	-
Prepayments and accrued income	261,546	940,930	261,015	940,930
Deferred tax asset (see note 13)	35,151	28,762	35,151	28,762
	<u>1,267,245</u>	<u>6,325,582</u>	<u>1,266,002</u>	<u>6,325,582</u>

Group

Included within other debtors is an amount of £1,500 (2010 £nil) due from related parties

Company

Included within other debtors is an amount of £1,000 (2010 £nil) due from related parties

12 Creditors amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	163,871	2,443	163,871	2,443
Amounts owed to group undertakings	-	-	60,000	-
Other creditors	8,083	-	8,083	-
Accruals and deferred income	156,108	69,188	156,044	69,188
	<u>328,062</u>	<u>71,631</u>	<u>387,998</u>	<u>71,631</u>

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

13 Provisions for liabilities

The deferred tax asset (included in debtors, note 11) is made up as follows

	Group 2011 £	Company 2011 £
Balance at 1 January 2011& at 31 December 2011	(28,762)	(28,762)
Profit and loss account	(6,389)	(6,389)
Balance at 31 December 2011	<u>(35,151)</u>	<u>(35,151)</u>

	Group 2011 £	2010 £	Company 2011 £	2010 £
Decelerated capital allowances	<u>(35,151)</u>	<u>(28,762)</u>	<u>(35,151)</u>	<u>(28,762)</u>

14 Share capital

	2011 £	2010 £
Allotted, called up and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

15 Statement of movements on profit and loss account Group

	Profit and loss account
	£
Balance at 1 January 2011	6,471,220
Loss for the year	(4,672,711)
Balance at 31 December 2011	<u>1,798,509</u>

Company

	Profit and loss account
	£
Balance at 1 January 2011	6,471,220
Loss for the year	(4,736,426)
Balance at 31 December 2011	<u>1,734,794</u>

16 Reconciliation of movements in shareholders' funds Group

	2011 £	2010 £
(Loss)/profit for the financial year	(4,672,711)	4,151,399
Dividends	-	(13,000,000)
Net depletion in shareholders' funds	(4,672,711)	(8,848,601)
Opening shareholders' funds	6,571,220	15,419,821
Closing shareholders' funds	<u>1,898,509</u>	<u>6,571,220</u>

Company

	2011 £	2010 £
(Loss)/Profit for the financial year	(4,736,426)	4,151,399
Dividends	-	(13,000,000)
Net depletion in shareholders' funds	(4,736,426)	(8,848,601)
Opening shareholders' funds	6,571,220	15,419,821
Closing shareholders' funds	<u>1,834,794</u>	<u>6,571,220</u>

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

17 Contingent liabilities

At the balance sheet date the group and the company was party to a composite debenture secured over all of its assets. The Borrower was Aztec Opco Developments Limited, the previous ultimate UK parent of Kingsborough Insurance Services Limited. The loan and deferred interest payable outstanding at the Balance Sheet date was £137,748,319 (2010 £131,375,729). See note 21 for the post balance sheet event relating to this debenture.

18 Directors' remuneration

The directors were paid by either fellow subsidiary undertakings or related parties, of which they are also directors.

19 Employees

Number of employees

The average weekly number of employees (including directors) during the year was

	2011 Number	2010 Number
Office and Management	11	14

Employment costs

	2011 £	2010 £
Wages and salaries	274,671	365,420
Social security costs	27,061	33,722
Other pension costs	7,119	8,666
	308,851	407,808

20 Control

Kingsborough Insurance Services Limited is the smallest and largest group for which group financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff.

Up until the 14 March 2011 the UK parent undertaking was Aztec Opco Developments Limited, a company registered in England and Wales. At that time, the ultimate parent undertaking was Euro Investments Overseas Inc, a company registered in the British Virgin Islands with the ultimate controlling party being the Tchenguiz Family Trust.

On the 14 March 2011, Aztec Opco Developments Limited was placed into administration and the ultimate controlling party became Simon Appell, Alistair Beveridge and Anne O'Keefe each of Zolfo Cooper LLP.

Upon successful sale of the company to Peverel Services Limited on 5 July 2012 by Zolfo Cooper LLP, the company's ultimate parent undertaking and controlling party became Knight Square Limited, a company registered in England and Wales under registration number 07925023.

KINGSBOROUGH INSURANCE SERVICES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

21 Post Balance Sheet Events

In relation to the Sale and Purchase Agreement and the Kingsborough Insurance Services Limited Sale and Purchase Agreement, Capita Trust Company Limited and Capita Asset Services (Ireland) Limited signed a Deed of Release on the 5 March 2012 with Peverel Group Limited (In Administration), Peverel Limited (In Administration), Kingsborough Insurance Services Limited, Sonata Insurance Services Limited and the Released Parties as defined in Schedule 1 of the said Deed of Release. The Composite Debenture charge which was created on the Opco group of companies on 30 November 2007 was released and satisfied under the said Deed of Release.

On 5 July 2012 Kingsborough Insurance Services Limited was acquired by Peverel Services Limited.

22 Related party relationships and transactions

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

Stonedale Property Management Limited, a company incorporated in England and Wales, is regarded as a related party, due to it having a common ultimate parent undertaking.

During the year Kingsborough Insurance Services Limited made sales to Stonedale Property Management Limited of £1,000 (2010: £nil). At 31 December 2011 Kingsborough Insurance Services Limited was owed £1,000 (2010: £nil) by Stonedale Property Management Limited.

County Estate Management Limited, a company incorporated in England and Wales, is regarded as a related party, due to it having a common ultimate parent undertaking.

At the balance sheet date £224,500 (2010: £nil) was due to Sonata Insurance Services Limited from County Estate Management Limited. A bad debt provision of £224,000 has been made against this balance.

Kingsborough Insurance Services Limited and Sonata Insurance Services Limited, were related parties until 24 October 2011 due to having a common ultimate parent company and part common directors.

On 25 October 2011 Kingsborough Insurance Services Limited acquired the entire share capital of Sonata Insurance Services Limited from Aztec CBG Opco Limited for the sum of £60,000. During the year Sonata Insurance Services Limited was charged commission of £nil (2010: £48,258) by Kingsborough Insurance Services Limited. At the balance sheet date £nil (2010: £48,258) was due to Kingsborough Insurance Services Limited from Sonata Insurance Services Limited.

Estates and Management Limited, a company incorporated in England and Wales, is regarded as a related party, due to it having a common ultimate parent undertaking.

During the year the company received insurance commissions of £461,940 (2010: £nil) which it was due to pay to Estates and Management Limited. At 31 December 2011 the remaining amount owed by the company was 148,987 (2010: £nil).