

# **Kingsborough Insurance Services Limited**

## **Report and Financial Statements**

31 December 2008



# Kingsborough Insurance Services Limited

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Registered No. 3479579

## **DIRECTORS**

N G Bannister FIRPM  
W K Proctor  
M J Gaston  
D C Edwards LLB

## **SECRETARY**

D C Edwards LLB

## **AUDITORS**

BDO Stoy Hayward LLP  
Arcadia House  
Maritime Walk  
Ocean Village  
Southampton  
SO14 3TL

## **BANKERS**

Bank of Scotland  
2<sup>nd</sup> Floor  
Pentland House  
8 Lochside Avenue  
Edinburgh  
EH12 9DJ

## **REGISTERED OFFICE**

Queensway House  
11 Queensway  
New Milton  
Hampshire  
BH25 5NR

# Kingsborough Insurance Services Limited

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## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2008.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £6,501,162 (2007: £2,640,702). The directors do not recommend the payment of a dividend (2007: £2,500,000).

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

Kingsborough Insurance Services Limited is authorised and regulated by the Financial Services Authority. The Firm Reference Number applicable to Kingsborough Insurance Services Limited is 308484.

#### *Overview*

The Company has been profitable during the year. The company strives to offer competitive buildings and related insurances to the developments under management by related parties and home contents insurance to its resident client base. By doing this, its aim is to grow organically as well as retaining its existing portfolio of customers.

#### *Financial Review*

The Company's performance was ahead of expectations. The following key performance indicators are used to measure the results of the company:

Home contents policies have reduced by 3%.

The sum of buildings insured has increased by 20%.

Profit on activities before taxation has increased by 30%.

#### *Risk Analysis*

The retention of staff is key to the success of the business by providing outstanding customer service. By training staff to an exceptionally high standard the company aims to meet these objectives as well as motivate its workforce.

#### *Prospects*

The company continually aims to offer the best possible value for money service by reviewing insurance cover and premiums and processing claims in a timely fashion. By doing this it looks to retain its existing customers and grow in line with other group companies.

The directors look forward to the year ahead with confidence.

### DIRECTORS

The directors who served during the year were as follows:

N G Bannister	
K C Rutherford	(Resigned 24 January 2008)
M J Gaston	
W K Proctor	
D C Edwards	(Appointed 24 January 2008)

The directors are not liable to retire by rotation.

# Kingsborough Insurance Services Limited

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## DIRECTORS' REPORT

### INSURANCE OF COMPANY OFFICERS

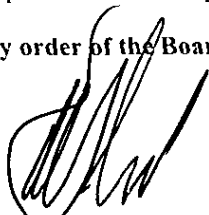
The company has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the company.

### AUDITORS

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



D C Edwards  
Secretary  
13 May 2009

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements 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 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;
- 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 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.

# Kingsborough Insurance Services Limited

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## REPORT OF THE INDEPENDENT AUDITORS

### To the Shareholders of Kingsborough Insurance Services Limited

We have audited the company's financial statements (the "financial statements") of Kingsborough Insurance Services Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, 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 other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

# Kingsborough Insurance Services Limited

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## REPORT OF THE INDEPENDENT AUDITORS (CONTINUED)

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**  
**Chartered Accountants and Registered Auditors**  
**Southampton**  
**13 May 2009**

# Kingsborough Insurance Services Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
<b>TURNOVER</b>	2	5,439,241	4,331,946
Administrative expenses		(328,731)	(353,091)
<b>OPERATING PROFIT</b>	3	5,110,510	3,978,855
Interest receivable		99,644	-
Interest payable and similar charges	6	(1,547)	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5,208,607	3,978,855
Tax on profit on ordinary activities	7	1,292,555	(1,338,153)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		6,501,162	2,640,702

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2008

There are no recognised gains or losses other than the profit attributable to shareholders for the year ended 31 December 2008 of £ 6,501,162 (2007: £2,640,702).



# Kingsborough Insurance Services Limited

## BALANCE SHEET at 31 December 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
<b>FIXED ASSETS</b>			
Tangible assets	9	4,787	4,089
<b>CURRENT ASSETS</b>			
Debtors	10	11,661,005	6,014,371
Cash at bank and in hand		73,187	493,226
		11,734,192	6,507,597
<b>CREDITORS: amounts falling due within one year</b>	11	(1,802,715)	(3,076,584)
<b>NET CURRENT ASSETS</b>		9,931,477	3,431,013
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,936,264	3,435,102
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	100,000	100,000
Profit and loss account	14	9,836,264	3,335,102
<b>SHAREHOLDERS' FUNDS - equity interests</b>	14	9,936,264	3,435,102

These financial statements were approved and authorised for issue by the board of directors on 13 May 2009 and signed on its behalf by:



**N G Bannister**  
Director

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

The financial statements 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*

Advantage has been taken of the exemption available under Financial Reporting Standard 1 not to prepare a cash flow statement as the consolidated financial statements of the Aztec Opco Developments Limited group in which the company is included are publicly available.

#### *Related parties*

Advantage has been taken of the exemption available under Financial Reporting Standard 8 not to disclose details of transactions with Aztec Opco Developments Limited or other group undertakings as the consolidated financial statements of the Aztec Opco Developments 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 Software	-	evenly over 3 years
Computer Hardware	-	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.

#### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- 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.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Pensions*

The group operates a defined contribution pension scheme for its employees to which the company 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.

# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 2. TURNOVER

Turnover represents the commissions received 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 where the freehold interests are owned by other group companies are deemed to be related parties within the meaning of FRS8. During the year ended 31 December 2008, the company's aggregate charges to these developments were £2,625,354 (2007: £2,287,200).

### 3. OPERATING PROFIT

This is stated after charging:

	2008 £	2007 £
Depreciation of owned fixed assets	2,079	27,593

The auditors are remunerated by a fellow subsidiary undertaking, Peverel Limited. The total audit fee for the UK group, of which Kingsborough Insurance Services Limited is a member, amounted to £78,750 (2007: £82,500).

### 4. DIRECTORS' REMUNERATION

The directors were paid by the immediate parent undertaking, Peverel Limited, of which they are also directors. The directors remuneration for the UK group amounted to £568,712 (2007: £3,662,100). The total pension contributions amounted to £38,450 (2007: £33,195). The directors are unable to quantify the allocation of these amounts between individual companies within the group.

### 5. STAFF COSTS

	2008 £	2007 £
Wages and salaries	200,264	228,966
Social security costs	23,536	14,806
Other pension costs	6,542	5,330
	230,342	249,102

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

	No.	No.
Office and management	10	7

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £	2007 £
Finance charges and other interest	1,547	-

# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) The tax (credit) / charge is made up as follows:

	2008 £	2007 £
<i>Current tax</i>		
Group relief payable	-	1,284,584
Adjustments in respect of prior years group interest	-	216,609
Tax over provided in previous years	-	(164,073)
Prior period adjustment in respect of group relief	(1,284,584)	-
<b>Total current tax</b>	<b>(1,284,584)</b>	<b>1,337,120</b>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(666)	1,033
Adjustments in respect of prior periods	(7,305)	-
<b>Deferred tax</b>	<b>(7,971)</b>	<b>1,033</b>
<b>Tax on profit on ordinary activities</b>	<b>(1,292,555)</b>	<b>1,338,153</b>

(b) Factors affecting current tax (credit) / charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.5%. The differences are reconciled below:

	2008 £	2007 £
Profit on ordinary activities before tax	5,208,607	3,978,855
Profit on ordinary activities before tax multiplied by the standard rate of Corporation tax in the UK of 28.5% (2007: 30%)	1,484,453	1,193,657
<i>Effects of:</i>		
Expenses not deductible for tax purposes	126	17,130
Fixed asset timing differences	666	-
Decelerated capital allowances	-	(1,033)
Over provision in respect of previous years	(1,284,584)	(164,073)
Group interest adjustments	117,909	73,346
Difference between deferred tax rate and current tax (28%-28.5%)	12	-
Variable tax rates on deferred tax	-	1,484
Group relief	(1,603,166)	-
Group interest adjustments for prior period	-	216,609
<b>Total current tax</b>	<b>(1,284,584)</b>	<b>1,337,120</b>

# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

### 8. DIVIDENDS

	2008 £	2007 £
Ordinary - final	-	2,500,000

### 9. TANGIBLE FIXED ASSETS

	<i>Plant and Equipment</i> £
Cost:	
At 1 January 2008	243,675
Additions	2,777
At 31 December 2008	246,452
Depreciation:	
At 1 January 2008	239,586
Provided during the year	2,079
At 31 December 2008	241,665
Net book value at 31 December 2008	4,787
Net book value at 31 December 2007	4,089

### 10. DEBTORS

	2008 £	2007 £
Trade debtors	9,377	13,801
Amounts due from parent undertaking	10,984,734	5,452,809
Deferred tax (note 12)	28,740	20,768
Prepayments and accrued income	638,154	526,993
	11,661,005	6,014,371

# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

### 11. CREDITORS: amounts falling due within one year

	2008 £	2007 £
Trade creditors	848	1,775
Accruals and deferred income	1,801,867	1,790,225
Group relief	-	1,284,584
	<u>1,802,715</u>	<u>3,076,584</u>

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

The deferred tax included in the balance sheet is as follows:

	2008 £	2007 £
Decelerated capital allowances	(28,740)	(20,768)
Deferred tax asset (note 10)	<u>(28,740)</u>	<u>(20,768)</u>

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

	2008 £	2007 £
At 1 January	(20,769)	(21,801)
Adjustments in respect of prior years	-	1,033
Credit for the year	(7,971)	-
At 31 December	<u>(28,740)</u>	<u>(20,768)</u>

### 13. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	2008 £	2007 £	2008 £	2007 £
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 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>
	£	£	£
At 1 January 2007	100,000	3,194,400	3,294,400
Profit for the year	-	2,640,702	2,640,702
Dividend	-	(2,500,000)	(2,500,000)
At 31 December 2007	100,000	3,335,102	3,435,102
Profit for the year	-	6,501,162	6,501,162
At 31 December 2008	100,000	9,836,264	9,936,264

### 15. CLIENT MONIES

	<i>2008</i>	<i>2007</i>
	£	£
Client's net cash balances held in joint accounts:	471,163	1,529,450

These balances are not reflected in the balance sheet.

### 16. CONTINGENT LIABILITIES

The Group is party to a composite debenture secured over all of its assets. The Borrower is Aztec Opco Developments Limited, the ultimate UK parent of Kingsborough Insurance Services Limited. The loan outstanding at the Balance Sheet date was £116,600,000.

### 17. RELATED PARTY TRANSACTIONS

This company is a subsidiary of Euro Investments Overseas Inc., a company incorporated in the British Virgin Islands.

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

It is group policy to make available any current year losses arising in group companies (where not offset against taxable profits within that company) to other group companies for offset against taxable profits arising, with a view to minimising the group's overall effective tax rate.

During the year, none of the Board members, members of the key management staff or other related parties has undertaken any material transactions with Peverel Property Ownership Limited or its subsidiaries.

### 18. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate parent undertaking is Euro Investments Overseas Inc, a company incorporated in the British Virgin Islands and the ultimate controlling party The Tchenguiz Family Trust. Peverel Group Limited is the smallest group for which group financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff. Aztec Opco Developments Limited is the largest group for which group financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff.