

# **Kingsborough Insurance Services Limited**

## **Report and Financial Statements**

31 December 2002



# Kingsborough Insurance Services Limited

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Registered No. 3479579

## **DIRECTORS**

N G Bannister  
M L Dalby FCCA MBA  
K C Rutherford

## **SECRETARY**

R D F Bagley BA FSA (Scot) MIRPM

## **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

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## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2002.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £1,478,949 (2001: £1,303,204). The directors recommend payment of a dividend amounting to £1,475,000 (2001: £1,298,000), leaving a profit of £3,949 to be transferred to reserves.

### 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.

The company is a registered member of the General Insurance Standards Council.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the period were as follows:

N G Bannister  
M L Dalby  
K C Rutherford

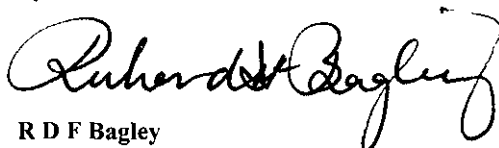
No director had an interest in the ordinary share capital of the company or the ultimate parent undertaking, Holiday Retirement Corporation. The interest of N G Bannister in the share capital of Holiday Retirement UK Limited is disclosed in that company's financial statements.

The directors are not liable to retire by rotation.

### AUDITORS

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  
26 March 2003

## Kingsborough Insurance Services Limited

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

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.

## **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 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 16. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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 2002 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  
26 March 2003

## Kingsborough Insurance Services Limited

### PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	<i>Notes</i>	<i>2002</i> £	<i>2001</i> £
TURNOVER	2	2,230,418	1,981,969
Administrative expenses		(117,633)	(120,662)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,112,785	1,861,307
Tax on profit on ordinary activities	6	(633,836)	(558,103)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,478,949	1,303,204
Dividends	7	(1,475,000)	(1,298,000)
RETAINED PROFIT FOR THE YEAR	13	3,949	5,204

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2002

There are no recognised gains or losses other than the profit attributable to shareholders for the year ended 31 December 2002 of £1,478,949 (2001: £1,303,204).

# Kingsborough Insurance Services Limited

## BALANCE SHEET at 31 December 2002

	<i>Notes</i>	<i>2002</i> £	<i>2001</i> £
<b>FIXED ASSETS</b>			
Tangible assets	8	1,802	2,467
<b>CURRENT ASSETS</b>			
Debtors	9	7,564,225	5,067,756
Cash at bank and in hand		-	207,099
		7,564,225	5,274,855
<b>CREDITORS: amounts falling due within one year</b>	10	(7,556,817)	(5,272,024)
<b>NET CURRENT ASSETS</b>		7,408	2,831
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,210	5,298
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	11	(55)	(92)
		9,155	5,206
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	2	2
Profit and loss account	13	9,153	5,204
<b>SHAREHOLDERS' FUNDS - equity interests</b>	13	9,155	5,206

These financial statements were approved by the board of directors on 26 March 2003 and signed on its behalf by:



**N G Bannister**  
Chief Executive

# Kingsborough Insurance Services Limited

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## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

### 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*

Under Financial Reporting Standard 1 (revised 1996) which the company has adopted in these financial statements, 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 financial statements.

#### *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 financial statements 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.

#### *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 period.



# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2002

### 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 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 2002, the company's aggregate charges to these developments were £936,350 (2001: £843,741).

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2002 £	2001 £
Depreciation of owned fixed assets	665	581
Operating lease rentals – plant and equipment	-	715
	<u>665</u>	<u>1,296</u>

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 £69,010 (2001: £70,901).

### 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 £348,164 (2001: £331,820). The directors are unable to quantify the allocation of these amounts between individual companies within the group.

### 5. STAFF COSTS

	2002 £	2001 £
Wages and salaries	82,134	74,390
Social security costs	6,888	6,295
Other pension costs	2,092	2,813
	<u>91,114</u>	<u>83,498</u>

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

	No.	No.
Office and management	5	4
	<u>5</u>	<u>4</u>

# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	2002 £	2001 £
<i>Current tax</i>		
UK Corporation tax on profits for the year	633,873	558,366
Tax overprovided in previous years	-	(304)
Total current tax	633,873	558,062
<i>Deferred taxation</i>		
Original and reversal of timing differences	(38)	41
Effect on increased tax rate on opening liability	1	-
Deferred tax	(37)	41
Tax on profit on ordinary activities	633,836	558,103

#### Factors affecting tax charge for period

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2001 – 30%). The differences are reconciled below:

	2002 £	2001 £
Profit on ordinary activities before tax	2,112,785	1,861,307
Profit on ordinary activities before tax multiplied by the standard rate of Corporation tax in the UK of 30%	633,835	558,392
Effects of:		
Expenses not deductible for tax purposes	-	15
Accelerated capital allowances	38	(41)
Adjustments to tax charges in respect of prior years	-	(304)
Total current tax	633,873	558,062

# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

### 7. DIVIDENDS

	2002 £	2001 £
Ordinary - final proposed	1,475,000	1,298,000

### 8. TANGIBLE FIXED ASSETS

	Office Equipment £
Cost:	
At 1 January 2002 and 31 December 2002	3,098
Depreciation:	
At 1 January 2002	631
Provided during the year	665
At 31 December 2002	1,296
Net book value at 31 December 2002	1,802
Net book value at 31 December 2001	2,467

### 9. DEBTORS

	2002 £	2001 £
Trade debtors	137,982	286,511
Amounts due from parent undertakings	7,407,912	4,765,694
Prepayments and accrued income	17,806	15,460
Other debtors	525	91
	7,564,225	5,067,756

The amount due from related parties, within trade debtors, as at 31 December 2002 was £7,441 (2001: £25,148).

# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

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

	2002 £	2001 £
Bank overdraft	788,843	-
Trade creditors	3,495,888	2,391,508
Amounts due to fellow subsidiary undertakings	-	544,589
Corporation tax	633,873	558,366
Other creditors	8,519	1,078
Accruals and deferred income	1,154,694	324,191
Group relief	-	154,292
Dividend payable	1,475,000	1,298,000
	<u>7,556,817</u>	<u>5,272,024</u>

The bank overdraft is secured by a first fixed and floating charge over the assets of various UK companies in the group.

### 11. PROVISIONS FOR LIABILITIES AND CHARGES

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

	2002 £	2001 £
Accelerated capital allowances	55	92
Provision for deferred tax	<u>55</u>	<u>92</u>

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

	2002 £	2001 £
At 1 January 2002	92	51
Adjustments in respect of prior years	1	-
Deferred tax (credit) / charge in profit and loss account	(38)	41
At 31 December 2002	<u>55</u>	<u>92</u>

### 12. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2002 £	2001 £	2002 £	2001 £
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

# Kingsborough Insurance Services Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2002

### 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 January 2001	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
Profit for the year	-	1,478,949	1,478,949
Dividends	-	(1,475,000)	(1,475,000)
At 31 December 2002	2	9,153	9,155

### 14. CLIENT MONIES

	<i>2002 £</i>	<i>2001 £</i>
Client's net cash balances held in joint accounts:	52,693	43,610

### 15. CONTINGENT LIABILITIES

The company has given unlimited guarantees on the bank overdrafts and loans of various UK group undertakings. At 31 December 2002 the amount outstanding under these guarantees was £19,964,699 (2001: £24,337,650).

### 16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

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 financial statements are prepared and are available to the public and may be obtained from Companies House, Cardiff.