

**Priestley & Partners (Insurance) Brokers Limited**

**Directors' report and financial  
statements**

**Registered number 01278058**

**31 December 2009**

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## **Directors and advisors**

### **Directors**

PG Ellis  
R Shannon

### **Secretary**

NJ Gifford

### **Registered office**

Hexagon House  
Grimbald Crag Close  
St James Business Park  
Knaresborough  
North Yorkshire  
HG5 8PJ

### **Auditors**

KPMG Audit Plc  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

### **Principal bankers**

Lloyds TSB Bank plc  
1<sup>st</sup> Floor  
25 Gresham Street  
London  
EC2V 7HN

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 December 2009

### **Business review and principal activities**

The profit and loss account for the year is set out on page 7

The trading results for the year and the company's financial position at end of the year are shown in the attached financial statements

The results for the company show a pre-tax profit of £104,284 for the year (prior period £548,236) and turnover of £1,136,074 (prior period £1,587,206) The company has net assets of £866,923 (2008 £844,155)

The principal activity of the company during the period was the operation of retail insurance broking

### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are now integrated with the principal risks of the Towergate Partnership Limited group and are not managed separately Accordingly, the principal risks and uncertainties of the Towergate Partnership Limited, which include those of the company, are discussed in the group's annual report which does not form part of this report

### **Key performance indicators**

The directors of Towergate Partnership Limited manage the group's operations on a divisional basis For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Priestley & Partners (Insurance) Brokers Limited The development, performance and position of Towergate Partnership Limited, which includes the company, are discussed in the group's annual report which does not form part of this report

### **Change in accounting period end**

In 2008, the company changed its accounting year end from 30 September to 31 December The comparatives for the profit and loss account and reconciliation of movements in the shareholders' funds, as well as the comparatives in the notes to the financial statements, relate to the profit and loss account for the fifteen months ended 31 December 2008 and hence are not directly comparable to the year ended 31 December 2009

### **Post Balance Sheet Events**

On 1<sup>st</sup> January 2010, the trade of the company and its trading net assets were sold to Towergate Underwriting Group Limited for a consideration of £2,242,696 As a result, the company will incur exceptional costs of £126,102 in relation to the business restructure prior to the sale

### **Charitable Donations**

Donations to UK charities amounted to £100 (2008 £375)

## **Directors' report** *(continued)*

### **Directors**

The following held office of director during the period

PG Ellis  
R Shannon


### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office

By order of the board



NJ Gifford  
Secretary

Hexagon House  
Grimbald Crag Close  
St James Business Park  
Knaresborough  
North Yorkshire  
HG5 8PJ

31 March 2010

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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 UK Accounting Standards and applicable law (UK Generally Acceptable Accounting Practice)

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 profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- 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 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 enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **KPMG Audit Plc**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Independent auditors' report to the members of the Priestley & Partners (Insurance) Brokers Limited**

We have audited the financial statements of Priestley & Partners (Insurance) Brokers Limited for the year ended 31 December 2009 set out on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor's 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 page 4, 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 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 (APB'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 web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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**

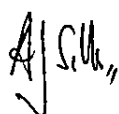
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditors' report to the members of Priestley & Partners  
(Insurance) Brokers Limited** *(continued)*

**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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



**AJ Sils (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
*Chartered Accountants*

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

31 March 2010



**Profit and loss account**  
*for the year ended 31 December 2009*

	<i>Note</i>	<b>Year ended 31 December 2009 £</b>	<b>15 month period ended 31 December 2008 £</b>
<b>Turnover</b>	<i>1</i>	<b>1,136,074</b>	<b>1,587,206</b>
<b>Administrative expenses</b>			
- Recurring		<b>(907,141)</b>	<b>(1,094,812)</b>
- Exceptional items	<i>2</i>	<b>(126,102)</b>	<b>-</b>
		<b>(1,033,243)</b>	<b>(1,094,812)</b>
<b>Operating profit</b>	<i>2</i>	<b>102,831</b>	<b>492,394</b>
Interest receivable		<b>1,453</b>	<b>56,107</b>
Interest payable		<b>-</b>	<b>(265)</b>
<b>Profit on ordinary activities before taxation</b>		<b>104,284</b>	<b>548,236</b>
Tax on profit on ordinary activities	<i>4</i>	<b>(81,516)</b>	<b>(152,722)</b>
<b>Profit for the financial period</b>	<i>12,13</i>	<b>22,768</b>	<b>395,514</b>

The company has no recognised gains or losses other than those shown in the profit and loss account and therefore a statement of total recognised gains and losses has not been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year, as stated above, and their historical cost equivalents

**Balance sheet**  
*at 31 December 2009*

	<i>Note</i>	<b>2009</b> £	<b>2008</b> £
<b>Fixed assets</b>			
Tangible assets	5	1,871	45,584
Investments	6	1,020	1,020
		<hr/>	<hr/>
		2,891	46,604
<b>Current assets</b>			
Debtors	7	1,570,956	559,778
Cash at bank and in hand		87,412	514,693
		<hr/>	<hr/>
<b>Creditors amounts falling due within one year</b>	8	1,658,368 (670,734)	1,074,471 (276,920)
		<hr/>	<hr/>
<b>Net current assets</b>		987,634	797,551
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		990,525	844,155
<b>Provision for liabilities and charges</b>	9	(123,602)	-
		<hr/>	<hr/>
<b>Net assets</b>		866,923	844,155
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	25,000	25,000
Profit and loss account	12	841,923	819,155
		<hr/>	<hr/>
<b>Shareholders' funds</b>	13	866,923	844,155
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 31 March 2010 and were signed on its behalf by



**R Shannon**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below

#### *Basis of accounting*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirements to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Broker Network Insurance Brokers Limited, and its ultimate parent is the Towergate Partnership Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of the Towergate Partnership Limited can be obtained from the address in note 14.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Turnover*

Turnover represents commissions received on the arrangement of insurance policies. Turnover is recognised when it falls due.

#### *Fixed assets*

Tangible fixed assets are stated at cost. 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:

Office equipment	20% straight line
Computer equipment	25% straight line

#### *Taxation*

The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred taxation. Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

#### *Leasing*

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the leases.

#### *Pension arrangement*

The company operates a group personal pension plan, a defined contribution scheme. The pension cost is the amount of contributions payable in respect of the accounting period. The company provides no further post retirement benefits to its employees.

## Notes (continued)

### 2 Operating profit for the financial period

	Year ended 31 December 2009 £	15 month period ended 31 December 2008 £
<b>Operating profit is stated after charging</b>		
Fees payable to the company's current auditor for		
- the audit of the company's financial statements	5,000	5,000
Depreciation		
- owned fixed assets	49,718	11,395
Operating leases - Land and buildings	49,350	61,688
- Other assets	250	14,214
Exceptional items	126,102	-

The Exceptional item relates to the business restructure costs incurred prior to the sale of the company's trade

### 3 Employee information

	Year ended 31 December 2009 £	15 month period ended 31 December 2008 £
Wages and salaries	421,459	608,664
Social security costs	49,969	68,064
Other pension costs	23,824	29,364
	<b>495,252</b>	<b>706,092</b>

The company had an average of 14 employees during the year (2008 12) who are all employed within the retail broking division

All directors who served during the year were remunerated by other group undertakings No charge has been made in these financial statements for their services as directors of the Company

## Notes (continued)

### 4 Tax on profit on ordinary activities

#### (a) Analysis of charge in period

	Year ended 31 December 2009	15 month period ended 31 December 2008
Corporation tax		
– current year	75,979	156,451
– prior year	5,537	-
Deferred tax – accelerated capital allowances	-	(3,729)
	<u>81,516</u>	<u>152,722</u>

#### (b) Factors affecting tax charge for period

The tax assessed for the year is higher (2008 lower) than the standard rate of corporation tax in the UK (28% (2008 28.93%))

The differences are explained below

	Year ended 31 December 2009 £	15 month period ended 31 December 2008 £
Profit on ordinary activities multiplied by the standard rate of corporation tax (28% (2008 28.93%))	29,200	158,604
Effects of		
Expenses not deductible for tax purposes	1,596	(2,660)
Depreciation in excess of capital allowances for the period	11,975	507
Movements in general provisions	33,208	-
<b>Current tax charge for the year</b>	<u>75,979</u>	<u>156,451</u>

## Notes (continued)

### 5 Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
<i>Cost</i>			
At 1 January 2009	43,408	88,093	131,501
Additions	2,585	3,420	6,005
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2009</b>	<b>45,993</b>	<b>91,513</b>	<b>137,506</b>
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 1 January 2009	26,143	59,774	85,917
Charge for year	19,850	29,868	49,718
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2009</b>	<b>45,993</b>	<b>89,642</b>	<b>135,635</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
<b>At 31 December 2009</b>	<b>-</b>	<b>1,871</b>	<b>1,871</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2008	17,265	28,319	45,584
	<hr/>	<hr/>	<hr/>

### 6 Investments

	2009 £	2008 £
<i>Cost</i>		
At beginning and end of period	1,020	1,020
	<hr/>	<hr/>

The directors consider Wenswell Limited, a company incorporated in Great Britain and registered in England and Wales, to be a subsidiary undertaking of the company. This company is currently dormant.

### 7 Debtors

	2009 £	2008 £
Prepayment and accrued income	15,281	27,167
Trade debtors	-	233,102
Amounts due from group undertakings	841,501	237,182
Other debtors	202,047	62,327
In relation to insurance transactions	512,127	-
	<hr/>	<hr/>
	<b>1,570,956</b>	<b>559,778</b>
	<hr/>	<hr/>

## Notes (continued)

### 8 Creditors: amounts falling due within one year

	2009 £	2008 £
Taxation and social security	11,847	12,173
Other creditors	3,995	2,698
Accruals and deferred income	66,786	105,597
Corporation tax	75,979	156,452
In relation to insurance transactions	512,127	-
	<u>670,734</u>	<u>276,920</u>

### 9 Provision for liabilities and charges

	Other Provisions £
At 1 January 2009	-
Charged to profit and loss account	123,602
	<u>123,602</u>
At 31 December 2009	<u>123,602</u>

Other provisions is principally a provision for business restructure

### 10 Obligations under operating leases

Annual commitments under non-cancellable operating leases are as follows

	2009		2008	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	49,350	250	-	-
Within two to five years	-	-	61,688	14,214
	<u>49,350</u>	<u>250</u>	<u>61,688</u>	<u>14,214</u>

## Notes (continued)

### 11 Called up share capital

	2009 No of shares	2009 Share Value £	2008 No of shares	2008 Share Value £
<i>Authorised</i>				
Ordinary shares of £0.01 each	2,500,000	25,000	2,500,000	25,000
	<u>2,500,000</u>	<u>25,000</u>	<u>2,500,000</u>	<u>25,000</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £0.01 each	2,500,000	25,000	2,500,000	25,000
	<u>2,500,000</u>	<u>25,000</u>	<u>2,500,000</u>	<u>25,000</u>

### 12 Reserves

	Profit and loss account £
At 1 January 2009	819,155
Profit for the year	22,768
	<u>841,923</u>
At 31 December 2009	<u>841,923</u>

### 13 Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Opening shareholder's funds	844,155	448,641
Profit for the period	22,768	395,514
	<u>866,923</u>	<u>844,155</u>
Closing shareholder's funds	<u>866,923</u>	<u>844,155</u>

### 14 Immediate and ultimate controlling party

The company is a subsidiary undertaking of Broker Network Insurance Brokers Ltd. The ultimate controlling party is Towergate Partnership Limited, a company incorporated in the United Kingdom. The accounts of Towergate Partnership Limited can be obtained from Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN.