

Towergate TLC Limited
(formerly THB Clowes Limited)
Directors' report and financial statements
for the year ended 30 April 2007

Registered number 1970491



Directors' report and financial statements

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Officers and professional advisers

Directors

P Cullum
A Homer
A Blanc
I Patrick
P Dudley
G Guest
P Harris
L Noble
A Smallwood
M Wilson
P Cross

Secretary

J Reddi

Registered office

2 County Gate
Staceys Street
Maidstone
Kent
ME14 1ST

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Directors' report

The directors present their report and the audited financial statements for the year ended 30 April 2007

Business review and principal activities

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

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

The results for the company show a pre-tax profit of £8,097,641 for the year (prior year £913,314) and turnover of £6,000,118 (prior year £6,865,783) The company has net assets of £50,000 (2006 £2,118,809)

On 01 December 2006 the share capital of the Company was purchased by Towergate Partnership Limited

On 30 April 2007 the business of the company together with its assets and liabilities were sold to Towergate Underwriting Group Limited, a fellow subsidiary undertaking within the Towergate Partnership Limited group The company therefore ceased to trade on that date The consideration receivable comprised the sum of the book value of tangible assets and liabilities and the market value of goodwill, as estimated by the directors based on advice from the group's investment banking advisors

Prior to 30 April 2007 the principal activity of the company was that of an insurance broker

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 from 01 December 2006, 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 Towergate TLC Limited The development, performance and position of Towergate Partnership Limited, which includes the company from 01 December 2006, is discussed in the group's annual report which does not form part of this report

Dividend

A final dividend of £10,115,050 was paid during the year (prior year £nil)

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year and up to the date of these financial statements were as follows

G Guest	
P Harris	
L Noble	
P Laurence	
P Dudley	
A Smallwood	
M Wilson	
R Wilkinson	
P Cullum	(appointed 04 December 2006)
A Homer	(appointed 04 December 2006)
A Blanc	(appointed 04 December 2006)
I Patrick	(appointed 04 December 2006)

The interests of the directors who held office at the end of the financial year in the shares of group companies are disclosed in the financial statements of the ultimate parent company

No directors have been granted share options in the shares of the company or other group companies

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

Grant Thornton UK LLP resigned as auditors on 04 December 2006 KPMG Audit Plc were appointed as auditors at that date and have indicated their willingness to continue in office

In accordance with sections 379A and 386 of the Companies Act 1985, the company has dispensed with the resolution to appoint auditors annually

By order of the board



I Patrick
Director

28 April 2008

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 period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law.

The financial statements are required by law to 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 proper accounting records that 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 1985. 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.

Independent auditors' report to the members of Towergate TLC Limited

We have audited the financial statements of Towergate TLC Limited for the year ended 30 April 2007 which comprise the Profit and Loss account, the Balance Sheet, the Reconciliation of Movements in Shareholders' funds and the related notes. These financial statements have been prepared under 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities on page 4.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' report is consistent with the financial statements.

In addition we 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited because the company changed ownership during the year and insufficient documentation was available in respect of turnover on which we could rely for the purpose of our audit, and there were no other satisfactory audit procedures that we could adopt.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Towergate TLC Limited
(continued)**

Opinion

In our opinion the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2007

Except for the financial effect of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient evidence concerning turnover, in our opinion the financial statements

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the company's profit for the year ended 30 April 2007, and
- have been properly prepared in accordance with the Companies Act 1985

In respect solely of the limitation on our work relating to turnover

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit, and
- we were unable to determine whether proper accounting records had been maintained

In our opinion the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
*Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB*

1 May 2008

**Profit and loss account
for the year ended 30 April 2007**

	<i>Note</i>	2007 £	2006 £
Turnover – discontinued operations		6,000,118	6,865,783
Administrative expenses		(6,039,923)	(6,106,195)
Operating (loss) / profit – discontinued operations		(39,804)	759,588
Interest receivable		191,834	171,726
Interest payable and similar charges	<i>6</i>	(7,093)	-
Profit on disposal of discontinued operations		7,952,704	-
Profit on ordinary activities before taxation	<i>3</i>	8,097,641	931,314
Tax on profit on ordinary activities	<i>7</i>	(51,400)	(282,122)
Retained profit for the financial year	<i>13</i>	8,046,241	649,192

The company has no recognised gains and losses other than the profits and losses shown above and therefore no separate statement of total recognised gains and losses has been presented

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

The notes on pages 10 to 16 form part of these financial statements

Balance sheet at 30 April 2007

	Note	2007	2006
		£	£
Fixed assets			
Intangible fixed assets	8	-	687,195
Current assets			
Debtors	9	50,000	1,662,188
Cash at bank and in hand		-	3,635,817
			5,298,005
Creditors: amounts falling due within one year	10	-	(3,683,909)
Net current assets		50,000	1,614,096
Total assets less current liabilities		50,000	2,301,291
Creditors: amounts falling due after more than one year	11	-	(182,482)
Net assets		50,000	2,118,809
Capital and reserves			
Called up share capital	12	50,000	50,000
Profit and loss account	13	-	2,068,809
Equity shareholders' funds		50,000	2,118,809

The notes on pages 10 to 16 form part of these financial statements

These financial statements were approved by the board of directors on 28 April 2008 and were signed on its behalf by



I Patrick
Director

**Reconciliation of movements in shareholders' funds
for the year ended 30 April 2007**

	2007	2006
	£	£
Retained profit for the financial year	8,046,241	649,192
Dividends	(10,115,050)	-
	<hr/>	<hr/>
Net movement in shareholders' funds	(2,068,809)	649,192
Opening shareholders' funds	2,118,809	1,469,617
	<hr/>	<hr/>
Closing shareholders' funds	50,000	2,118,809
	<hr/>	<hr/>

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. The company has adopted FRS21 'Events after Balance Sheet date' and FRS25 'Financial Information Disclosure and presentation' in these financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under historical cost accounting rules.

Under FRS 1 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.

As the company is a wholly owned subsidiary of 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 (or investees of the group qualifying as related parties). The consolidated financial statements of Towergate Partnership Limited within which the company is included, can be obtained from the address given in note 14.

The company has now ceased to trade and therefore is now not a going concern. However preparing accounts on a non-going concern basis would have no effect on the reported results and closing balance sheet and therefore no restatement is necessary.

Intangible assets

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on acquisition is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. This is generally taken as twenty years.

Leases

Assets obtained under finance leases are capitalised in the balance sheet and depreciated over their estimated useful lives. The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

Towergate Partnership Limited and the company operate defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

Taxation

Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents brokerage and fees for services provided. Brokerage is recognised on the inception or renewal date of a risk, with an element of brokerage deferred to match any significant post placement obligations. Profit or volume based commission, which is received periodically, is recognised when the amount can be measured with reasonable certainty, which is typically the earlier of confirmation of the amount with the relevant provider or receipt of cash.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom. Due to the change of ownership, insufficient documentation exists to evidence the level of turnover recorded during the year.

3 Profit on ordinary activities before taxation

	2007 £	2006 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Fees for the audit of the company	12,500	8,500
Management charges from holding company	3,467,840	6,011,919
Profit on disposal of discontinued operations	7,952,704	-
Amortisation	121,150	94,276
	<u> </u>	<u> </u>

Amounts receivable by the company's auditor and its associates in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information required is instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Towergate Partnership Limited.

Prior to the acquisition of the company by Towergate Partnership Limited, all expenses were borne by the THB Clowes Group and recharged to this company by the way of a management charge.

The profit on disposal of discontinued operations arises from the sale of the business and net assets to Towergate Underwriting Group Limited on 30 April 2007.

4 Remuneration of directors

	2007 £	2006 £
Total remuneration of all directors		
Directors' emoluments	169,922	593,117
Company contributions to money purchase pension schemes	12,222	49,781
	<u> </u>	<u> </u>
	182,144	642,898
	<u> </u>	<u> </u>

Notes (continued)

4 Remuneration of directors (continued)

The emoluments of Messrs Cullum, Homer, Blanc and Patrick are paid by Towergate Partnership Limited, which makes no recharge to the company. All four directors are directors of the ultimate parent company and / or a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the financial statements of the ultimate parent company.

Six directors accrued retirement benefits in money purchase schemes during the current period (prior year 10)

5 Staff numbers and costs

The average number of persons employed by the company during the period, analysed by category, was as follows

	2007	2006
Administration	83	-
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	1,329,714	-
Social security costs	131,029	-
Other pension costs	97,603	-
	<u>1,558,345</u>	<u> </u>

6 Interest payable and similar charges

	2007 £	2006 £
Finance charges re finance leases and hire purchase contracts	7,093	-
	<u> </u>	<u> </u>

Notes (continued)

7 Taxation

	2007 £	2006 £
UK corporation tax		
Current tax charge on profit for the year	51,400	282,122
	<hr/>	<hr/>
Tax on profit on ordinary activities	51,400	282,122
	<hr/>	<hr/>

The current tax charge for the period is lower (2006 higher) than the standard rate of corporation tax in the UK (30%, prior year 30%) The differences are explained below

	2007 £	2006 £
Current tax reconciliation		
Profit on ordinary activities before taxation	8,097,641	931,314
	<hr/>	<hr/>
Current tax at 30% (2006: 30%)	2,429,292	279,379
Effects of		
Expenses not deductible for tax purposes	19,816	3,712
Capital allowances in excess of depreciation	(11,897)	(984)
Profit on disposal of discontinued operations	(2,385,811)	-
	<hr/>	<hr/>
UK corporation tax charge on profit on ordinary activities for the year	51,400	282,122
	<hr/>	<hr/>

There are no known factors that may affect future tax charges

Notes (continued)

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 May 2006	926,600
Additions	256,251
Disposals	(1,182,851)
At 30 April 2007	-
Amortisation	
At 1 May 2006	239,405
Charge for year	121,150
Disposals	(360,555)
At 30 April 2007	-
Net book value	
At 30 April 2007	-
At 30 April 2006	687,195

9 Debtors

	2007 £	2006 £
Insurance debtors	-	774,965
Amounts due from group undertakings	50,000	674,523
Other debtors	-	112,700
	50,000	1,562,188
Due after more than one year	-	100,000
Other debtors	-	100,000

Notes (continued)

10 Creditors: amounts falling due within one year

	2007 £	2006 £
Amounts owed to Group undertakings	-	3,431,787
Corporation tax	-	252,122
	<u>-</u>	<u>3,683,909</u>

11 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Deferred brokerage	-	182,482
	<u>-</u>	<u>182,482</u>

12 Called up share capital

	2007 £	2006 £
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Notes (continued)

13 Reserves

	Profit and loss account £
At 1 May 2006	2,068,809
Profit for the financial year	8,046,241
Dividends	(10,115,050)
	<hr/>
At 30 April 2007	-
	<hr/> <hr/>

14 Parent undertaking

The company's immediate and ultimate parent undertaking is Towergate Partnership Limited, a company incorporated in England and Wales

The consolidated accounts of the ultimate parent company are available to the public and may be obtained from

2 County Gate
Staceys Street
Maidstone
Kent
ME14 1ST

15 Controlling party

P Cullum, the Chairman, is the controlling party by virtue of his controlling interest in the ultimate parent company's equity capital