

MCIS HOLDINGS LIMITED

Report and Financial Statements

6 month period ended 31 August 2006

WEDNESDAY



A50
"A0INGTH5"
03/10/2007
COMPANIES HOUSE
586

MCIS HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS

	Page
Officers and principal advisers	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

MCIS HOLDINGS LIMITED

OFFICERS AND PRINCIPAL ADVISERS

DIRECTORS

C M Giles
D G Gardner

SECRETARY

D G Gardner

REGISTERED OFFICE

Giles House
Coombs Wood Business Park
Steel Park Road
Halesowen
B62 8HD

BANKERS

Lloyds TSB Bank plc
207 High Street
Erdington
Birmingham
B23 6SZ

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Glasgow

SOLICITORS

Dundas & Wilson LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

MCIS HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the period from 1 March 2006 to 31 August 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company did not trade during the year and it is not anticipated that it will do so in the future

During the period the company was purchased by Giles Insurance Brokers Limited which acquired all of the issued share capital of the company. At the date of acquisition the assets and liabilities of the company were hived up into Giles Insurance Brokers Limited.

The company is the holding company of two subsidiaries. During the period the subsidiaries were engaged in the provision of insurance broking services and regulated by the Financial Services Authority until MCIS Holdings Limited was acquired by Giles Insurance Brokers Limited at which time the trade, assets and liabilities of the subsidiaries were hived up into Giles Insurance Brokers Limited. The subsidiaries were non-trading at the end of the period.

The accounting period has been shortened to bring the financial year end into line with that of the new group. The ultimate holding company at the end of the financial period is Quillco 226 Limited, a company registered in Scotland into which the results of the company are consolidated.

RESULTS AND DIVIDENDS

The company did not trade in the current or preceding financial period. The results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend for the period (period to 28 February 2006 £50,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a number of financial risks including market risk, regulatory risk and credit risk as a result of the trading of its subsidiary companies during the period.

Market Risk

The subsidiary companies were affected in the period by the insurance market cycle. The subsidiary companies tackled this risk by developing new business initiatives and through ongoing supplier negotiations. A further market risk is the strengthening of the supply base. The subsidiary companies ensured the supply base was appropriate by regular monitoring and assessment of insurer credit ratings.

Regulatory Risk

The regulatory environment is set by the Financial Services Authority ("FSA"). The subsidiary companies operated a fully resourced compliance department reporting directly to the Group Chief Executive.

Credit Risk

Credit risk was negated by the company ensuring that it receives cash in respect of premiums from clients before paying these premiums to insurers.

MCIS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The directors who served the company during the period were as follows

R Smythe	(resigned 8 June 2006)
C G Woodroffe	(resigned 8 June 2006)
M A Smythe	(resigned 8 June 2006)
C M Giles	(appointed 8 June 2006)
D G Gardner	(appointed 8 June 2006)

The company is a wholly owned subsidiary and the interests of the directors are disclosed in the financial statements of the parent company

Employees

There are no administrative staff employed directly by MCIS Holdings Limited

AUDITORS

Haines Watts resigned as auditors during the period Deloitte & Touche LLP was subsequently appointed to fill the vacancy

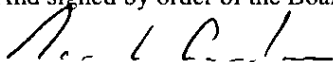
In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
And signed by order of the Board



D G Gardner
Company Secretary

17 September 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual 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). 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, 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 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 MCIS HOLDINGS LIMITED

We have audited the financial statements of MCIS Holdings Limited for the period ended 31 August 2006 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 17. 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 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

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 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. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCIS HOLDINGS LIMITED (CONTINUED)

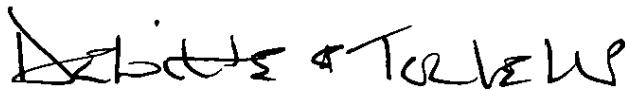
Opinion

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 August 2006 and of its loss for the period 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

Emphasis of matter – Financial statements prepared on a basis other than that of going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Glasgow
United Kingdom

17th September 2007

MCIS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 31 August 2006

	Note	6 month period to 31 August 2006 £'000	12 month period to 28 February 2006 £'000
OPERATING PROFIT		-	-
Income from shares in group undertakings		-	50
Loss on sale of operations	16	(87)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(87)	50
Taxation on (loss)/profit on ordinary activities	5	-	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(87)	50

All of the activities of the company are classed as discontinued subsequent to the hive up of assets on 8 June 2006

There are no recognised gains and losses for the current or preceding financial period other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented

MCIS HOLDINGS LIMITED

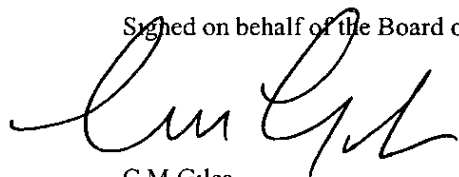
BALANCE SHEET

At 31 August 2006

	Note	31 August 2006 £'000	28 February 2006 £'000
FIXED ASSETS			
Intangible assets	6	-	-
Investments	7	-	292
		<u>-</u>	<u>292</u>
		-	292
CURRENT ASSETS			
Debtors	9	-	-
		<u>-</u>	<u>-</u>
		-	-
CREDITORS: amounts falling due within one year	10	-	(205)
		<u>-</u>	<u>(205)</u>
NET CURRENT LIABILITIES		<u>-</u>	<u>(205)</u>
		-	(205)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>-</u>	<u>87</u>
		-	87
CAPITAL AND RESERVES			
Called up equity share capital	12	10	10
Profit and loss account	13	(10)	77
		<u>10</u>	<u>77</u>
SHAREHOLDERS' FUNDS	14	<u>-</u>	<u>87</u>
		-	87

These financial statements were approved by the Board of Directors on 17 September 2007

Signed on behalf of the Board of Directors



C M Giles
Director



D G Gardner
Director

MCIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 August 2006

1. ACCOUNTING POLICIES

Basis of accounting

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

As explained in note 16, the company transferred its assets and liabilities to a fellow subsidiary on 8 June 2006 and has ceased activities. As required by Financial Reporting Standard (FRS) 18 "Accounting Policies", the directors have prepared the financial statements on the basis that the company is no longer a going concern. The assets and liabilities were transferred to the fellow subsidiary for a consideration of £1 as explained in note 16, resulting in a loss to the profit and loss account and the creation of an intercompany debtor balance.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 "Cash Flow Statements (Revised 1996)" from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Goodwill

Goodwill being the amounts purchased in connection with the acquisition of a business in 1998, was amortised over five years on a straight line basis following a review of its value by the directors in the year ended 31 July 1998. Previously the goodwill had not been amortised because the directors had considered that its value was in excess of the cost as stated in the accounts.

2. AUDIT FEES

The total remuneration payable, excluding VAT, to its auditors, Deloitte & Touche LLP, in respect of the audit of these accounts is £4,000, and in respect of the preparation of the tax computation is £1,000. These costs have been borne and paid for by Giles Insurance Brokers Limited, the immediate parent company.

3. DIRECTORS' EMOLUMENTS

Directors Emoluments

The members of the Board of Directors are listed on page 1 of these financial statements. The directors are remunerated by Giles Insurance Brokers Limited, a subsidiary of Giles Holdings Limited. Details of their emoluments are given in the financial statements of Giles Insurance Brokers Limited. The directors do not consider it practical to allocate the percentage of their remuneration to MCIS Holdings Limited.

Employees

There are no administrative staff employed directly by MCIS Holdings Limited.

4. DIVIDENDS

Dividends on equity shares

	6 month period to 31 August 2006 £'000	12 month period to 28 February 2006 £'000
Paid during the year		
Equity dividends on ordinary shares	-	50

MCIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 August 2006

5. TAXATION ON ORDINARY ACTIVITIES

a) Analysis of charge in the period

	6 month period to 31 August 2006 £'000	12 month period to 28 February 2006 £'000
Current tax		
UK Corporation tax based on the results for the period at 30% (12 month period to 28 February 2006 19%)	-	-
Total current tax	-	-

b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 30% (2005 30%)

	6 month period to 31 August 2006 £'000	12 month period to 28 February 2006 £'000
(Loss)/profit on ordinary activities before taxation	(87)	50
Loss on ordinary activities by rate of tax	(26)	15
Expenses not deductible for tax purposes	26	-
Income not taxable	-	(15)
Total current tax (note 5(a))	-	-

6. INTANGIBLE FIXED ASSETS

	Goodwill £'000
COST	
At 1 March 2006 and 31 August 2006	45
AMORTISATION	
At 1 March 2006 and 31 August 2006	45
NET BOOK VALUE	
At 31 August 2006	-
At 28 February 2006	-

MCIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 August 2006

7. INVESTMENTS

	Group companies £'000
COST	
At 1 March 2006	292
Additions in the period	466
Hived up in the period	(758)
	<hr/>
At 31 August 2006	-
	<hr/>

At the start of the period, MCIS Holdings Limited owned 75% of the share capital of BJK Insurance Brokers Limited. During the period MCIS Holdings Limited purchased the remaining 25% of share capital of BJK Insurance Brokers for £466,000.

8. FIXED ASSET INVESTMENTS

At 31 August 2006 the company held the entire issued share capital of the following companies

Subsidiary undertakings	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business	Aggregate share capital & reserves £'000	Profit/(loss) for the period £'000
All held by the company						
MCIS Limited	England	Ordinary shares	100%	Non trading	2,900	2,364
BJK Insurance Brokers Limited	England	Ordinary shares	100%	Non trading	1,800	1,481

9. DEBTORS

Debtors at 31 August 2006 comprise amounts due from group undertakings of £1 (28 February 2006 £nil)

10. CREDITORS

Amounts falling due within one year	31 August 2006 £'000	28 February 2006 £'000
Amounts owed to group undertakings	-	205

11. RELATED PARTY TRANSACTIONS

The company is a subsidiary of Quillco 226 Limited. The company has taken advantage of the exemptions available to subsidiary undertakings in FRS 8 "Related Party Disclosures" not to report transactions with other group companies on the basis that consolidated financial statements are available for the ultimate parent company.

MCIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Period ended 31 August 2006

12. SHARE CAPITAL

Authorised share capital:

	31 August 2006 £'000	28 February 2006 £'000
10,000 ordinary shares of £1 each	10	10

Allotted, called up and fully paid:

	31 August 2006		28 February 2006	
	No	£'000	No	£'000
Ordinary shares of £1 each	10,000	10	10,000	10

13. PROFIT AND LOSS ACCOUNT

	31 August 2006 £'000	28 February 2006 £'000
Balance brought forward	77	77
Retained (loss)/profit for the period/year	(87)	50
Equity dividends paid	-	(50)
Balance carried forward	(10)	77

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 August 2006 £'000	28 February 2006 £'000
(Loss)/profit for the financial period/year	(87)	50
Equity dividends paid	-	(50)
Net reduction in shareholders' funds	(87)	-
Opening shareholders' funds	87	87
Closing shareholders' funds	-	87

15. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of Giles Insurance Brokers Limited which in turn is a wholly owned subsidiary of Quillco 226 Limited, a company incorporated in Scotland. A copy of the financial statements is available from Quillco 226 Limited, Spectrum Building 7th Floor, 55 Blythwood Street, Glasgow, G2 7AT

16. SALE OF OPERATIONS

On 8 June 2006, the company transferred its assets to Giles Insurance Brokers Limited for a consideration of £1 which is shown as an intercompany debtor in Note 9. This transaction resulted in a loss on sale of £86,552 as disclosed in the profit and loss account.

17. POST BALANCE SHEET EVENTS

In the opinion of the directors, there have been no significant post balance sheet events.