

Registration number: 02696420

# Morgan Law Limited

Financial Statements

for the Year Ended 31 December 2013

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**Morgan Law Limited**  
**Company Information**

<b>Company secretary</b>	J Owens
<b>Registered office</b>	Towergate House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
<b>Auditors</b>	KPMG Audit Plc 15 Canada Square Canary Wharf London E14 5GL

## **Morgan Law Limited**

### **Strategic Report for the Year Ended 31 December 2013**

The directors present their strategic report for the year ended 31 December 2013.

#### **Principal activities and business review**

The principal activity of the Company is the provision of insurance services.

The results for Morgan Law Limited ("the Company") show a pre-tax profit of £1,138,052 (2012: £7,357) for the year and turnover of £2,715,938 (2012: £1,443,776). The Company has net assets of £1,687,677 (2012:£171,337).

#### **Business Objectives**

The Company continues to emphasise the importance of putting customers first - this is fundamental to the business. By treating every customer fairly and consistently, focussing on providing them with the best products, advice and service, the Company can build loyalty and advocacy, which in turn will strengthen reputation and support profits. Serving customers well involves dealing with complaints promptly and effectively, handling claims appropriately, having high standards around underwriting & pricing, and taking a customer-focussed approach to sales and marketing. Developing a strong customer base assists in developing income growth another objective of the business. The Company aims to both increase retention rates and attract new customers.

The Company also aspires to create a high performance culture, creating excellent customer service through highly engaged employees. The Company aims to attract, develop and promote the best talent and to create a supportive environment in which every employee continuously learns and develops. The Company's culture and competitive remuneration packages enable us to attract and retain key staff. This will also be achieved by creating a shared understanding of our strategic goals and objectives, building the capability of our managers and leaders to manage performance and by every employee having the knowledge, skill and capability to perform their role.

#### **Principal risks and uncertainties**

On 19 November 2014 the unaudited consolidated financial statements for Towergate Holdings II Limited, an intermediate holding company, were published for the nine month period ended 30 September 2014. Those consolidated financial statements highlighted uncertainties over the Group's operational cash flow and liquidity requirements in Q1 2015, a requirement to renegotiate financial covenants and the quantum, timing and recoveries of customer redress payments relating to advice given by the Group's Towergate Financial businesses. Further consideration of this disclosure and the impact on the preparation of the Company's financial statements can be found in Note 1.

The principal risks and their mitigation are as follows.

##### *Strategic and Commercial Risk*

There are risks of changes to the competitive and / or economic environment. This is mitigated by a robust strategy and planning process, regular monitoring of economic and competitive environment and diversification of product lines and channels.

##### *Financial Risk*

There is the risk of adverse impact on business value or earning capacity as well as risk of inadequate cash flow to meet financial obligations. This risk is mitigated by proactive management of the business plan, regular monitoring of cash flows against risk appetite and a close relationship with a number of debt providers.

##### *Operational Risk*

There is the risk of losses arising from inadequate or failed internal processes, from personnel and / or from external events. These are mitigated by employing an Enterprise Risk Management Framework owned by the Group Risk Officer and business continuity planning.

**Morgan Law Limited**  
**Strategic Report for the Year Ended 31 December 2013**

*Regulatory and Legal Risk*

The Risk of regulatory sanctions, material financial loss or loss to reputation suffered as a result of non compliance with laws, regulations and applicable administrative provisions. This risk is mitigated by a proactive relationship with the FCA, a dedicated compliance function, and a compliance monitoring programme in place.

**Key performance indicators**

The directors of Towergate PartnershipCo 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 Morgan Law Limited.

The development, performance and position of Towergate PartnershipCo Limited, which includes the Company, is discussed in the Group's annual report which does not form part of this report.

Non financial key performance indicators are staffing levels which remained constant throughout the period. The Company actively encourages all employees to become involved in Group affairs and is also keen to encourage two way communications on relevant business issues. This is achieved through regular employee meetings and presentations by senior management and is supported by a Group wide communication plan. Further discussions on employee matters can be found in the director's report.

Approved by the Board on 19 December 2014 and signed on its behalf by:

  
.....  
S Egan  
Director

## **Morgan Law Limited**

### **Directors' Report for the Year Ended 31 December 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

#### **Directors of the Company**

The directors who held office during the year were as follows:

M S Hodges (*appointed 4 January 2013 and resigned 17 October 2014*)

S Egan (*appointed 4 January 2013*)

D J Bruce (*appointed 4 January 2013 and resigned 17 January 2014*)

M P Rea

P A Smith (*resigned 4 January 2013*)

K F Watson (*resigned 4 January 2013*)

#### **Dividends**

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2013.

#### **Political and charitable donations**

The Company made charitable contributions of £600 (2012: £Nil) during the year.

#### **Going concern**

The financial statements of the Company set out on pages 9 to 25 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due. Further details of this assessment can be found in Note 1 to these financial statements.

#### **Directors liabilities**

All directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

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

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

**Morgan Law Limited**  
**Directors' Report for the Year Ended 31 December 2013**

**Reappointment of auditors**

Our auditor, KPMG Audit Plc, has instigated an orderly wind down of business. The board has decided to put KPMG LLP forward to be appointed as auditors and the resolution concerning their appointment will be put forward for approval at the forthcoming board meeting.

Approved by the Board on 19 December 2014 and signed on its behalf by:

  
.....  
S Egan  
Director

## **Morgan Law Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting 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 the financial statements comply with the Companies Act 2006. 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 Auditor's Report to the members of Morgan Law Limited**

We have audited the financial statements of Morgan Law Limited for the year ended 31 December 2013, set out on pages 9 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 6), 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 and express an opinion on 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 Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the reliance of the Company on the Towergate Group to enable it to continue as a going concern. Note 1 discloses the need for the Directors of the Towergate Group successfully to manage the material uncertainties referred to in that note in order for the Group to continue as a going concern. This condition gives rise in turn to material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

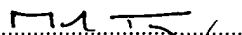


## **Independent Auditor's Report to the members of Morgan Law Limited**

### **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.



Mark Taylor (Senior Statutory Auditor)  
For and on behalf of KPMG Audit Plc, Statutory Auditor

15 Canada Square  
Canary Wharf  
London  
E14 5GL

19 December 2014

**Morgan Law Limited**  
**Profit and Loss Account for the Year Ended 31 December 2013**

	Note	2013 £	2012 £
Turnover		2,715,938	1,443,776
Administrative expenses		(1,575,007)	(1,449,083)
Other operating income		<u>-</u>	<u>10,800</u>
Operating profit	2	1,140,931	5,493
Other interest receivable and similar income	5	5,047	11,239
Interest payable and similar charges	6	<u>(7,926)</u>	<u>(9,375)</u>
Profit on ordinary activities before taxation		1,138,052	7,357
Tax on profit on ordinary activities	7	<u>(221,712)</u>	<u>(5,622)</u>
Profit for the financial year	17	<u><u>916,340</u></u>	<u><u>1,735</u></u>

Turnover and operating profit derive wholly from continuing operations.

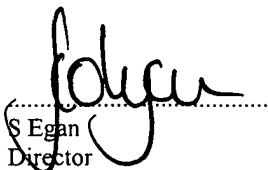
The Company has no recognised gains or losses for the year other than the results above.

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

**Morgan Law Limited**  
**(Registration number: 02696420 )**  
**Balance Sheet as at 31 December 2013**

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Intangible assets	8	352,253	-
Tangible assets	9	192,593	262,020
Investments	10	<u>1</u>	<u>1</u>
		<u>544,847</u>	<u>262,021</u>
<b>Current assets</b>			
Debtors	11	2,911,533	996,015
Cash at bank and in hand	12	<u>1,368,005</u>	<u>1,067,926</u>
		4,279,538	2,063,941
Creditors: Amounts falling due within one year	13	<u>(3,084,291)</u>	<u>(2,075,490)</u>
Net current assets/(liabilities)		<u>1,195,247</u>	<u>(11,549)</u>
Total assets less current liabilities		1,740,094	250,472
Creditors: Amounts falling due after more than one year	14	<u>(52,417)</u>	<u>(79,135)</u>
Net assets		<u>1,687,677</u>	<u>171,337</u>
<b>Capital and reserves</b>			
Called up share capital	16	601,000	1,000
Profit and loss account	17	<u>1,086,677</u>	<u>170,337</u>
Shareholders' funds	18	<u>1,687,677</u>	<u>171,337</u>

Approved by the Board on 19 December 2014 and signed on its behalf by:

  
 S Egan  
 Director

**Morgan Law Limited**  
**Notes to the Financial Statements**

**1 Accounting policies**

***Basis of preparation***

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

***Exemption from preparing a cash flow statement***

The Company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the Group.

## **Morgan Law Limited**

### **Notes to the Financial Statements**

#### ***Going concern***

The financial statements of the Company set out on pages 10 to 25 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due as described below.

At 31 December 2013, the company has net assets of £1,687,677 (2012: £171,337) and net current assets of £1,195,247 (2012 net current liabilities of £11,549), including an inter-company debtor balance of £1,574,796 (2012: £nil) and inter-company creditor balance of £431,622 (2012: £493).

In addition, the Company's inter-company debtors are subject to a conditional arrangement that has been made between certain group undertakings that states it is not the present intention to seek repayment of amounts due in respect of these inter-company loans for a period of 12 months from the date of approval of these financial statements. The arrangement have made on the basis of updated balances at 30 November 2014 which amounted to an inter-company debtor balance of £ 599,157. The inter-company debtors and inter-company creditors have not been reclassified to more than one year.

In reaching their view on preparation of the Company's financial statements on a going concern basis, the Directors have therefore considered significant uncertainties facing the wider Towergate Group, which were disclosed on 19 November 2014 in the consolidated financial statements of Towergate Holdings II Limited, an intermediate parent company, for the period ended 30 September 2014. Those consolidated financial statements highlighted uncertainties over the Group's operational cash flow and liquidity requirements in Q1 2015 and respective management's actions some of which require the agreement of third parties, the successful renegotiation of the Group's financial covenant attaching to a fully drawn £85m Revolving Credit Facility and the quantum, timing and recoveries of customer redress payments relating to advice given by the Group's Towergate Financial businesses. Due to the uncertainties facing the Group, it has to be recognised that there is material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and, if the assumptions underpinning the Group's remedial plans are not realised, the Group maybe unable to realise its assets and discharge its liabilities in the normal course of business.

In light of the uncertainties facing the Towergate Group highlighted above, the Directors have considered the recoverability of the inter-company debtor balance, which is currently disclosed within debtors and the possibility that the inter-company creditor balance may be called. If the inter-company debtor was not recoverable or the inter-company creditor was called, the Company may require additional support from the Group to continue as a going concern. It has to be recognised that the significant uncertainties facing the Group give rise to a material uncertainty for the Company that may cast significant doubt over its ability to recover the debt and continue as a going concern and that it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the Directors of the Company have considered the conclusions reached by the Directors on Towergate Holdings II Limited regarding the Group's going concern position and the trading performance and operational costs of the Company and believe that it will have adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly the Directors have continued to adopt the going concern basis in preparing the financial statements.

#### ***Turnover***

Turnover represents brokerage and fees in respect of premiums earned from clients net of related taxes in the United Kingdom. Revenue is recognised at the later of the effective date of the policy and the date that the policy is accepted by the customer.

## **Morgan Law Limited**

### **Notes to the Financial Statements**

#### ***Insurance transactions, client money and insurer money***

Insurance transactions arise from the settlement of transactions with insurance companies on behalf of insurance intermediaries who are members of the network. A debtor balance representing amounts owing from individual customers is recognised when the member arranges a policy, along with a creditor balance representing amounts due to the ultimate insurance provider and commissions earned by the intermediary and Morgan Law Limited. That element of commission earned by Morgan Law Limited is recognised in the profit and loss account at the time the policy is arranged.

Insurance broking debtors and creditors are reported in accordance with the requirements of FRS 5, 'Reporting the Substance of Transactions'. The standard precludes assets and liabilities being offset unless net settlement is legally enforceable, and as a result the insurance broking debtors and creditors have been shown as the gross amounts due in respect of each contract, instead of the net amount due to or from clients and underwriters.

The insurance broking account relates to money held by the Company in a client money account for future settlement of insurance transactions.

#### ***Goodwill***

Intangibles comprise of 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 which is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. This is taken as twenty years.

#### ***Amortisation***

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	Straight line over 20 years

#### ***Depreciation***

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Computer equipment	25% per annum on a straight line basis
Fixtures and fittings	15% per annum on a straight line basis
Motor vehicles	25% per annum on a straight line basis

#### ***Fixed asset investments***

Fixed asset investments are stated at historical cost less provision for any diminution in value.

#### ***Deferred tax***

Deferred tax is recognised, without discounting, in respect of all 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 required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

**Morgan Law Limited**  
**Notes to the Financial Statements**

***Hire purchase and leasing***

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

***Post retirement benefits***

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

**Morgan Law Limited**  
**Notes to the Financial Statements**

**2 Operating profit**

Operating profit is stated after charging/(crediting):

	2013	2012
	£	£
Operating leases - land and buildings	54,000	54,000
Profit on sale of tangible fixed assets	(3,000)	(29,571)
Depreciation of owned assets	13,306	36,065
Depreciation of assets held under finance lease and hire purchase contracts	70,896	41,520
Amortisation of goodwill	12,147	-
Auditors remuneration - audit of these financial statements	<u>8,520</u>	<u>7,000</u>

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

**3 Particulars of employees**

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2013	2012
	No.	No.
Administration and support	27	29

The aggregate payroll costs were as follows:

	2013	2012
	£	£
Wages and salaries	898,540	820,545
Social security costs	89,444	99,117
Other pension schemes	<u>28,041</u>	<u>27,669</u>
	<u>1,016,025</u>	<u>947,331</u>



**Morgan Law Limited**  
**Notes to the Financial Statements**

**4 Directors' remuneration**

The directors' remuneration for the year was as follows:

	2013	2012
	£	£
Remuneration	-	289,732
Contributions paid to money purchase schemes	-	17,600
	<u>-</u>	<u>307,332</u>

The emoluments of Messrs Hodges, Bruce, Rea and Egan are paid by other Group companies, which make no recharge to the Company. These 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.

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2013	2012
	No.	No.
Accruing benefits under money purchase pension scheme	<u>-</u>	<u>2</u>

In respect of the highest paid director:

	2013	2012
	£	£
Remuneration	-	146,304
Company contributions to money purchase pension schemes	<u>-</u>	<u>8,800</u>

**5 Other interest receivable and similar income**

	2013	2012
	£	£
Bank interest receivable	<u>5,047</u>	<u>11,239</u>

**6 Interest payable and similar charges**

	2013	2012
	£	£
Finance charges	<u>7,926</u>	<u>9,375</u>

**Morgan Law Limited**  
**Notes to the Financial Statements**

**7 Taxation**

**Tax on profit on ordinary activities**

	2013 £	2012 £
<b>Current tax</b>		
Corporation tax charge	298,351	6,599
Adjustments in respect of previous years	<u>6,497</u>	<u>(1,411)</u>
UK Corporation tax	304,848	5,188
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>(83,136)</u>	<u>434</u>
Total tax on profit on ordinary activities	<u><u>221,712</u></u>	<u><u>5,622</u></u>

**Factors affecting current tax charge for the year**

The tax on profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK (2012 -higher than the standard rate of corporation tax in the UK ) of 23.25% (2012 - 20%).

The differences are reconciled below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u><u>1,138,052</u></u>	<u><u>7,357</u></u>
Corporation tax at standard rate	264,597	1,471
Capital allowances in excess of depreciation	19,577	(857)
Expenses not deductible for tax purposes	12,051	5,985
Non-tax deductible amortisation of goodwill and impairment	2,824	-
Adjustment for prior periods	6,497	(1,411)
Other differences	<u>(698)</u>	<u>-</u>
Total current tax	<u><u>304,848</u></u>	<u><u>5,188</u></u>

## Morgan Law Limited

### Notes to the Financial Statements

#### Factors that may affect future tax charges

Current and future tax charges are affected by the degree to which amortisation of goodwill is not allowable for tax purposes and entertaining is disallowed.

The Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by April 2015. A reduction in the rate from 25% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and a further reduction to 21% (effective from 1 April 2014) and then 20% (effective 1 April 2015) was enacted on 17 July 2013.

This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Company's future current tax charge.

#### 8 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
Additions	<u>364,400</u>
At 31 December 2013	<u>364,400</u>
<b>Amortisation</b>	
Charge for the year	<u>12,147</u>
At 31 December 2013	<u>12,147</u>
<b>Net book value</b>	
At 31 December 2013	<u><u>352,253</u></u>

On 31 July 2013 the Company purchased a portfolio from Towergate Underwriting Group Limited, a fellow group company, for a consideration of £364,400.

**Morgan Law Limited**  
**Notes to the Financial Statements**

**9 Tangible fixed assets**

	Fixtures and fittings £	Motor vehicles £	Computer £	Total £
<b>Cost</b>				
At 1 January 2013	23,816	320,495	235,200	579,511
Additions	579	-	14,197	14,776
Disposals	-	(14,500)	-	(14,500)
At 31 December 2013	<u>24,395</u>	<u>305,995</u>	<u>249,397</u>	<u>579,787</u>
<b>Depreciation</b>				
At 1 January 2013	22,429	71,550	223,512	317,491
Charge for the year	32	75,997	8,173	84,202
Eliminated on disposals	-	(14,499)	-	(14,499)
At 31 December 2013	<u>22,461</u>	<u>133,048</u>	<u>231,685</u>	<u>387,194</u>
<b>Net book value</b>				
At 31 December 2013	<u>1,934</u>	<u>172,947</u>	<u>17,712</u>	<u>192,593</u>
At 31 December 2012	<u>1,387</u>	<u>248,945</u>	<u>11,688</u>	<u>262,020</u>

**Leased assets**

Included within the net book value of tangible fixed assets is £172,948 (2012 - £253,751) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £70,896 (2012 - £41,520).

**Morgan Law Limited**  
**Notes to the Financial Statements**

**10 Investments held as fixed assets**

	2013	2012
	£	£
Other investments	<u>1</u>	<u>1</u>

**Other investments**

	Listed investments £
<b>Cost</b>	
At 1 January 2013	<u>3,185</u>
At 31 December 2013	<u>3,185</u>
<b>Provision for impairment</b>	
At 1 January 2013	<u>3,184</u>
At 31 December 2013	<u>3,184</u>
<b>Net book value</b>	
At 31 December 2013	<u>1</u>
At 31 December 2012	<u>1</u>

**Morgan Law Limited**  
**Notes to the Financial Statements**

**11 Debtors**

	2013 £	2012 £
Trade debtors in relation to insurance transactions	1,165,969	926,106
Amounts owed by group undertakings	1,574,796	-
Other debtors	937	-
Deferred tax	99,946	16,810
Prepayments and accrued income	69,885	53,099
	<u>2,911,533</u>	<u>996,015</u>

Amounts owed by group undertakings are subject to a conditional arrangement between certain group companies. Further details are set out in Note 1.

**Deferred tax**

The movement in deferred tax in the year is as follows:

	Deferred tax £
At 1 January 2013	16,810
Credited to the profit and loss account	<u>83,136</u>
At 31 December 2013	<u>99,946</u>

**Analysis of deferred tax**

	2013 £	2012 £
Difference between accumulated depreciation and amortisation and capital allowances	83,179	-
Other timing differences	<u>16,767</u>	<u>16,810</u>
	<u>99,946</u>	<u>16,810</u>

**Morgan Law Limited**  
**Notes to the Financial Statements**

**12 Cash at bank and in hand**

Cash at bank includes £1,316,559 (2012: £925,413) which constitutes restricted client money & insurer money and not available to pay the general debts of the Group.

**13 Creditors: Amounts falling due within one year**

	2013	2012
	£	£
Bank loans and overdrafts	-	414
Trade creditors in relation to insurance transactions	2,173,555	1,490,595
Obligations under finance lease and hire purchase contracts	33,910	42,081
Amounts owed to group undertakings	431,622	493
Corporation tax	298,453	6,599
Other taxes and social security	26,455	38,027
Other creditors	20,680	-
Accruals and deferred income	99,616	497,281
	<u>3,084,291</u>	<u>2,075,490</u>

**14 Creditors: Amounts falling due after more than one year**

	2013	2012
	£	£
Obligations under finance lease and hire purchase contracts	<u>52,417</u>	<u>79,135</u>

**Morgan Law Limited**  
**Notes to the Financial Statements**

**15 Obligations under leases and hire purchase contracts**

**Amounts repayable under finance leases and hire purchase contracts:**

	2013 £	2012 £
Within one year	(33,910)	(42,081)
In two to five years	<u>(52,417)</u>	<u>(79,135)</u>
	<u><u>(86,327)</u></u>	<u><u>(121,216)</u></u>

**Operating lease commitments**

As at 31 December 2013 the Company had annual commitments under non-cancellable operating leases as follows:

**Operating leases which expire:**

	2013 £	2012 £
<b>Land and buildings</b>		
Over five years	<u><u>54,000</u></u>	<u><u>54,000</u></u>

**16 Share capital**

**Allotted, called up and fully paid shares**

	No.	2013 £	No.	2012 £
Ordinary Shares of £1 each	<u>601,000</u>	<u>601,000</u>	<u>1,000</u>	<u>1,000</u>

**New shares allotted**

During the year 600,000 Ordinary shares having an aggregate nominal value of £1 were allotted for an aggregate consideration of £600,000.

**17 Reserves**

	Profit and loss account £
At 1 January 2013	170,337
Profit for the year	<u>916,340</u>
At 31 December 2013	<u><u>1,086,677</u></u>



**Morgan Law Limited**  
**Notes to the Financial Statements**

**18 Reconciliation of movement in shareholders' funds**

	2013 £	2012 £
Profit attributable to the members of the Company	916,340	1,735
New share capital subscribed	<u>600,000</u>	<u>-</u>
Net addition to shareholders funds	1,516,340	1,735
Shareholders' funds at 1 January	<u>171,337</u>	<u>169,602</u>
Shareholders' funds at 31 December	<u><u>1,687,677</u></u>	<u><u>171,337</u></u>

**19 Pension schemes**

**Defined contribution pension scheme**

Towergate PartnershipCo Limited and the Company operate a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £28,041 (2012 - £27,669).

Contributions totalling £2,255 (2012 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

**20 Related party transactions**

**Other related party transactions**

During the year the Company made the following related party transactions:

**Morgan Law Holdings Limited**

(a fellow group subsidiary Company of the Towergate PartnershipCo Limited group)

The Company conducted business, on an arms length basis. At the balance sheet date the amount due from Morgan Law Holdings Limited was £599,157 (2012 - £493).

**Cullum Capital Ventures Limited**

(a fellow group subsidiary Company of the Towergate PartnershipCo Limited group)

The Company conducted business, on an arms length basis. At the balance sheet date the amount due from Cullum Capital Ventures Limited was £975,639 (2012 - £Nil).

**Towergate Insurance Limited**

(a fellow group subsidiary Company of the Towergate PartnershipCo Limited group)

The Company conducted business, on an arms length basis. At the balance sheet date the amount due to Towergate Insurance Limited was £43,115 (2012 - £Nil).

**Towergate Underwriting Group Limited**

(a fellow group subsidiary Company of the Towergate PartnershipCo Limited group)

The Company conducted business, on an arms length basis. At the balance sheet date the amount due to Towergate Underwriting Group Limited was £388,507 (2012 - £Nil).

**Morgan Law Limited**  
**Notes to the Financial Statements**

**21 Control**

The parent of the largest Group in which results are consolidated is Towergate PartnershipCo Limited.

Consolidated financial statements are available from:

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

The ultimate parent company is Towergate PartnershipCo Limited.