

**Company Registration No. 03076036**

**GILES INSURANCE BROKERS (SOUTH) LIMITED  
FORMERLY MILLER INSURANCE SERVICES (UK)  
LIMITED**

**Report and Financial Statements**

**16 month period ended 31 August 2007**

MONDAY



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**GILES INSURANCE BROKERS (SOUTH) LIMITED  
FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2007**

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**GILES INSURANCE BROKERS (SOUTH) LIMITED  
FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**OFFICERS AND PRINCIPAL ADVISERS**

**DIRECTORS**

C M Giles  
A G Hessett

**SECRETARY**

A G Hessett

**REGISTERED OFFICE**

Insurance House  
38 Croydon Road  
Beckenham  
Kent  
BR3 4BJ

**BANKERS**

Clydesdale Bank plc  
150 Buchanan Street  
Glasgow  
G1 2HL

**INDEPENDENT AUDITORS**

Deloitte & Touche LLP  
Glasgow

**SOLICITORS**

Dundas and Wilson LLP  
Saltire Court  
Edinburgh  
EH1 2EN

**GILES INSURANCE BROKERS (SOUTH) LIMITED  
FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of the company for the 16 month period from 1 May 2006 to 31 August 2007

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the period of trade was insurance broking

On 24 January 2007 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 trade, assets and liabilities of the company were hived up into Giles Insurance Brokers Limited. The directors do not anticipate there will be any further trade in this company.

The accounting period has been extended 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 profit for the 16 month period from 1 May 2006 to 31 August 2007, after taxation, amounted to £1,804,000 (12 month period to 30 April 2006 £277,000).

Dividends paid during the period from 1 May 2006 to 31 August 2007 amounted to £633,000 (12 month period to 30 April 2006 £119,000).

**POST BALANCE SHEET EVENTS**

Subsequent to the year end on 3 March 2008, a controlling interest in the company was acquired by Charterhouse Capital Partners ("CCP"). The group was then restructured and DMWSL 585 Limited became the ultimate holding company of the group.

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Credit Risk**

The credit risk relating to the recoverability of the intercompany debtor is negated by the group ensuring that it receives cash in respect of premiums from clients before paying these premiums to insurers.

**Liquidity Risk**

The directors manage and monitor the financing of the companies on a group basis to mitigate the liquidity risks.

**GILES INSURANCE BROKERS (SOUTH) LIMITED  
FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**DIRECTORS' REPORT**

**DIRECTORS**

The directors who served the company during the period and subsequently are as follows

E R G Clarke	(resigned 22 January 2007)
C M Chalmers	(resigned 22 January 2007)
N S L Lyons	(resigned 22 January 2007)
D Briggs	(resigned 22 January 2007)
H J Pearson	(resigned 22 January 2007)
M B Stevenson	(resigned 22 January 2007)
R J Vickers	(resigned 22 January 2007)
J M W Sale	(resigned 22 January 2007)
C M Giles	(appointed 24 January 2007)
D G Gardner	(appointed 24 January 2007, resigned 29 February 2008)
A G Hessett	(appointed 2 March 2008)

**AUDITORS**

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

Tenon Audit Limited resigned as auditors during the period Deloitte & Touche LLP was subsequently appointed to fill the vacancy

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



A G Hessett  
Company Secretary

30 June 2008

**GILES INSURANCE BROKERS (SOUTH) LIMITED  
FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**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, 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 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 GILES INSURANCE BROKERS (SOUTH) LIMITED FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

We have audited the financial statements of Giles Insurance Brokers (South) Limited (formerly Miller Insurance Services (UK) Limited) for the period from 1 May 2006 to 31 August 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. 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 United Kingdom 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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.

The evidence available to us with regard to transactions reflected in the profit and loss account was limited. Whilst we can be satisfied with the closing balance sheet position, we cannot substantiate the allocation of the income and expenses on a line by line basis. There is potential that these figures are misallocated within the captions of turnover, administrative expenses and the gain on sale of the trade and assets of the company.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GILES INSURANCE  
BROKERS (SOUTH) LIMITED FORMERLY MILLER INSURANCE SERVICES (UK)  
LIMITED (CONTINUED)**

**Qualified opinion arising from limitation in audit scope**

Except for any adjustments to the financial statements that might have been found necessary had we been able to fully substantiate the allocation disclosed in the profit and loss account between operating loss and gain on sale

- 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 2007 and of its profit for the period from 1 May 2006 to 31 August 2007,
- 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

In respect alone of the limitation on our work regarding the allocation in the profit and loss account

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

**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 also 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*

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

30 June 2008



**GILES INSURANCE BROKERS (SOUTH) LIMITED**  
**FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**Period ended 31 August 2007**

	Note	16 month period to 31 August 2007 £'000	12 month period to 30 April 2006 £'000
<b>TURNOVER</b>	2	3,352	4,489
<b>INVESTMENT INCOME</b>		67	92
<b>OPERATING INCOME</b>	3	3,419	4,581
Administrative expenses		(3,513)	(4,175)
<b>OPERATING (LOSS)/ PROFIT</b>		(94)	406
Gain on sale of trade and assets	18	1,913	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,819	406
Tax on profit on ordinary activities	6	(15)	(129)
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>	14	1,804	277

All of the activities of the company are classed as discontinued subsequent to the hive up of trade and assets on 24 January 2007

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.

**GILES INSURANCE BROKERS (SOUTH) LIMITED**  
**FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**BALANCE SHEET**  
**As at 31 August 2007**

	Note	31 August 2007		30 April 2006	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	8		-		214
Investments	9		-		1
					<u>215</u>
<b>CURRENT ASSETS</b>					
Debtors	10	2,350		4,388	
Cash at bank and in hand	11	-		1,606	
		<u>2,350</u>		<u>5,994</u>	
<b>CREDITORS: amounts falling due within one year</b>	12	-		(5,030)	
<b>NET CURRENT ASSETS</b>			<u>2,350</u>		<u>964</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,350</u>		<u>1,179</u>
<b>CAPITAL AND RESERVES</b>					
Called up equity share capital	13		350		350
Profit and loss account	14		2,000		829
<b>SHAREHOLDERS' FUNDS</b>	15		<u>2,350</u>		<u>1,179</u>

These financial statements were approved by the Board of Directors on 30 June 2008

Signed on behalf of the Board of Directors

C M Giles  
Director



**GILES INSURANCE BROKERS (SOUTH) LIMITED  
FORMERLY MILLER INSURANCE SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 August 2007**

**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 18, the company transferred its trade, assets and liabilities to a fellow subsidiary on 24<sup>th</sup> January 2007 for a consideration of £2,350,000. Subsequent to the date of transfer, the company has not traded. 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 transfer of trade, assets and liabilities to a fellow subsidiary as explained in note 18 resulted in a gain to the profit and loss account and the creation of an intercompany debtor balance.

**Turnover**

Turnover represents the value of commissions received, plus agreed commission for contracts not yet paid.

**Tangible fixed assets**

Tangible fixed assets are recorded at cost less accumulated depreciation.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office furniture and equipment	- 3 years straight line
Motor vehicles	- 3 years straight line
Computer equipment	- 3 years to 5 years straight line
Leasehold improvements	- 3 years straight line

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that will result in an obligation to pay more, or a right to pay less tax, in the future.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**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.

**GILES INSURANCE BROKERS (SOUTH) LIMITED**  
**FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Period ended 31 August 2007**

**2. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company

The company derives all turnover from operations in the United Kingdom

**3. OPERATING PROFIT**

	<b>16 month period to 31 August 2007 £'000</b>	<b>12 month period to 30 April 2006 £'000</b>
<b>Operating profit is stated after charging/(crediting):</b>		
Depreciation of owned fixed assets	59	185
Operating leases	114	153
Auditors' remuneration		
- as auditors	-	13
	<u>          </u>	<u>          </u>

The total remuneration payable, excluding VAT, to its auditors, Deloitte & Touche LLP, in respect of the audit of these accounts is £5,000 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, an intermediate parent company.

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company in the period of trade during the financial period amounted to

	<b>16 month period to 31 August 2007 No</b>	<b>12 month period to 30 April 2006 No</b>
Total staff	<u>30</u>	<u>63</u>

The aggregate payroll costs of the above were

	<b>16 month period to 31 August 2007 £'000</b>	<b>12 month period to 30 April 2006 £'000</b>
Wages and salaries	1,712	2,290
Social security costs	183	248
Staff pension costs	148	201
	<u>2,043</u>	<u>2,739</u>

**GILES INSURANCE BROKERS (SOUTH) LIMITED**  
**FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Period ended 31 August 2007**

**5. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were

	<b>16 month period to 31 August 2007 £'000</b>	<b>12 month period to 30 April 2006 £'000</b>
Emoluments receivable	414	561
Value of company pension contributions to money purchase schemes	35	51
	<u>449</u>	<u>612</u>

**6. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the period**

	<b>16 month period to 31 August 2007 £'000</b>	<b>12 month period to 30 April 2006 £'000</b>
Current tax		
UK Corporation tax based on the results for the period	15	145
Deferred taxation		
Origination and reversal of timing differences	-	(16)
Total current tax	<u>15</u>	<u>129</u>

**b) Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2006 – 30%) for the reasons below

	<b>16 month period to 31 August 2007 £'000</b>	<b>12 month period to 30 April 2006 £'000</b>
Profit on ordinary activities before taxation	<u>1,819</u>	<u>406</u>
Profit on ordinary activities by rate of tax	546	122
Non-taxable income	(574)	-
Capital allowances in excess of depreciation	(6)	12
Provisions	(4)	-
Expenses not deductible for tax purposes	-	7
Adjustments in respect of the prior year	15	-
Non-utilisation of tax losses	38	4
Total current tax (note 6(a))	<u>15</u>	<u>145</u>

**GILES INSURANCE BROKERS (SOUTH) LIMITED**  
**FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Period ended 31 August 2007**

**7. DIVIDENDS**

	<b>16 month period to 31 August 2007 £'000</b>	<b>12 month period to 30 April 2006 £'000</b>
Equity dividends on ordinary shares	633	119
Dividends proposed	-	225

**8. TANGIBLE FIXED ASSETS**

	<b>Leasehold Improvements £'000</b>	<b>IT Systems £'000</b>	<b>Fixtures &amp; Fittings Equipment and Motor Vehicles £'000</b>	<b>Total £'000</b>
<b>COST</b>				
At 1 May 2006	118	593	211	922
Transfer to group company	(118)	(593)	(211)	(922)
<b>At 31 August 2007</b>	-	-	-	-
<b>DEPRECIATION</b>				
At 1 May 2006	118	423	167	708
Charge for the period	-	35	24	59
Transfer to group company	(118)	(458)	(191)	(767)
<b>At 31 August 2007</b>	-	-	-	-
<b>NET BOOK VALUE</b>				
At 31 August 2007	-	-	-	-
At 30 April 2006	-	170	44	214

**GILES INSURANCE BROKERS (SOUTH) LIMITED**  
**FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**Period ended 31 August 2007**

**9. FIXED ASSET INVESTMENTS**

	<b>31 August 2007 £'000</b>	<b>30 April 2006 £'000</b>
<b>Listed Investments:</b>		
As at 1 May 2006	1	1
Disposals	(1)	-
	<hr/>	<hr/>
As at 31 August 2007	-	1
	<hr/>	<hr/>

**10. DEBTORS**

	<b>31 August 2007 £'000</b>	<b>30 April 2006 £'000</b>
Trade debtors	-	3,994
Amounts owed by group undertakings	2,350	-
Deferred taxation	-	70
Prepayments and accrued income	-	324
	<hr/>	<hr/>
	2,350	4,388
	<hr/>	<hr/>

**11. CASH AT BANK AND IN HAND**

	<b>31 August 2007 £'000</b>	<b>30 April 2006 £'000</b>
Current account	-	894
Client money account	-	712
	<hr/>	<hr/>
	-	1,606
	<hr/>	<hr/>

**12. CREDITORS: amounts falling due within one year**

	<b>31 August 2007 £'000</b>	<b>30 April 2006 £'000</b>
Trade creditors	-	4,305
Corporation tax	-	145
Amount owed to parent undertaking	-	3
PAYE and social security	-	57
Other creditors	-	520
	<hr/>	<hr/>
	-	5,030
	<hr/>	<hr/>

**GILES INSURANCE BROKERS (SOUTH) LIMITED**  
**FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Period ended 31 August 2007**

**13. SHARE CAPITAL**

**Authorised share capital:**

	<b>31 August 2007 No</b>	<b>30 April 2006 No</b>
Ordinary shares of £1 each	500,000	500,000
Redeemable preference shares of £1 each	500,000	500,000

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

	<b>31 August 2007</b>		<b>30 April 2006</b>	
	<b>No</b>	<b>£'000</b>	<b>No</b>	<b>£'000</b>
Ordinary shares of £1 each	100,000	100	100,000	100
Redeemable preference shares of £1 each	250,000	250	250,000	250

**14. PROFIT AND LOSS ACCOUNT**

	<b>31 August 2007 £'000</b>	<b>30 April 2006 £'000</b>
Balance brought forward	829	671
Retained profit for the period	1,804	277
Equity dividends paid	(633)	(119)
Balance carried forward	2,000	829

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>31 August 2007 £'000</b>	<b>30 April 2006 £'000</b>
Profit for the financial period	1,804	277
Equity dividends paid	(633)	(119)
Net addition to shareholders' funds	1,171	158
Opening shareholders' funds	1,179	1,021
Closing shareholders' funds	2,350	1,179



**GILES INSURANCE BROKERS (SOUTH) LIMITED  
FORMERLY MILLER INSURANCE SERVICES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Period ended 31 August 2007**

**16. PARENT COMPANY AND ULTIMATE HOLDING COMPANY**

As at the year end, the company was a direct subsidiary of Giles Insurance Brokers Limited which in turn was a wholly owned subsidiary of Quillco 226 Limited, a company incorporated in Scotland. A copy of the consolidated financial statements is available from Quillco 226 Limited, Spectrum Building 7<sup>th</sup> Floor, 55 Blythswood Street, Glasgow, G2 7AT

**17. 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.

**18. TRANSFER OF TRADE AND ASSETS**

On 24 January 2007, the company transferred its trade and assets to Giles Insurance Brokers Limited for a consideration of £2,350,000. This transaction represented the fair value of the assets and liabilities at that date of £437,000 and a payment for the goodwill of £1,913,000 as disclosed in the profit and loss account as a gain on sale.

**19. POST BALANCE SHEET EVENTS**

Subsequent to the year end on 3 March 2008, a controlling interest in the company was acquired by Charterhouse Capital Partners ("CCP"). The group was then restructured and DMWSL 585 Limited became the ultimate holding company of the group.