

**MI Limited**

**Directors' report and financial  
statements**

Registered number 3534865

For the year ended 31 May 2009



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## Directors' report

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

### Principal activity

The principal activity of the company is the design and development of technology solutions to major insurers and brokers operating in the London insurance markets

### Business review

The business has performed satisfactorily during the year. The directors are confident that the trading position of the company is good for the coming year.

### Results and dividends

The results for the period are set out in the profit and loss account on page 5

The directors do not recommend the payment of a dividend (2008: £Nil)

### Directors

The directors who held office during the year were as follows

DS Bailey  
IWJ Patrick  
AC Homer  
P Cullum  
M Carruthers  
CCH Guillaume

### Disclosure of information to auditors

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

### Auditors

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

By order of the board



**CCH Guillaume**  
Director

Buckholt Drive  
Warndon  
Worcester  
WR4 9SR

5 January 2010

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

## **Independent auditors' report to the members of MI Limited**

We have audited the financial statements of MI Limited for the year ended 31 May 2009 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 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**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

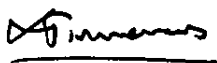
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of MI Limited *(continued)***

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**X Timmermans (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

5 January 2010

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

	<i>Note</i>	<b>2009</b> <b>£000</b>	2008 £000
Turnover	1,2	<b>1,963</b>	1,824
Cost of sales		<b>(146)</b>	(133)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,817</b>	1,691
Administrative expenses		<b>(1,673)</b>	(1,506)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>144</b>	185
Interest receivable and similar income	6	<b>53</b>	30
Interest payable and similar charges	7	<b>(6)</b>	(11)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	3	<b>191</b>	204
Tax on profit on ordinary activities	8	<b>47</b>	(31)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation and for the financial year</b>	15	<b>238</b>	173
		<hr/> <hr/>	<hr/> <hr/>

The results for the current year and prior period reflect trading from continuing operations. There are no gains and losses for the year other than the profit for the financial year above.

**Balance sheet**  
*at 31 May 2009*

	<i>Note</i>	<b>2009</b> <b>£000</b>	<b>2008</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>				
Tangible assets	9	17		37
<b>Current assets</b>				
Debtors	10	1,358	1,157	
Cash at bank and in hand		135	242	
		<u>1,493</u>	<u>1,399</u>	
<b>Creditors</b> Amounts falling due within one year	11	(471)	(641)	
<b>Net current assets</b>			<u>1,022</u>	<u>758</u>
<b>Total assets less current liabilities</b>			<u>1,039</u>	<u>795</u>
<b>Deferred income</b>	12	(499)		(493)
<b>Net assets</b>			<u>540</u>	<u>302</u>
<b>Capital and reserves</b>				
Called up share capital	14	751		751
Profit and loss account	15	(211)		(449)
<b>Equity shareholders' funds</b>	16	<u>540</u>		<u>302</u>

These financial statements were approved by the board of directors on 5 January 2010 and were signed on its behalf by



**CCH Guillaume**  
*Director*

Company registered number 3534865



## 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 financial statements

#### *Basis of preparation*

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

#### *Going concern*

The directors have prepared the financial statements of the company on the going concern basis as the directors are satisfied that the company and, as the company is party to a cross guarantee, the group, have sufficient funds to continue trading for the foreseeable future. Funding arrangements between the group's sponsoring bank and the ultimate holding company were renewed on 16 April 2009 and will remain in place until 30 April 2013

#### *Tangible fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows

Computer equipment	-	2 years
Furniture, fittings and equipment	-	4 years

#### *Revenue recognition*

Turnover represents amounts invoiced to customers (net of value added tax) for goods and services from the company's principal activity. Revenue from systems is recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Service revenue comprises revenues for maintenance, transaction processing and professional services. Maintenance and support contracts are recognised rateably over the period of the contract. Professional services, such as implementation, training and consultancy are recognised when the services are performed

#### *Deferred income*

Deferred income represents amounts invoiced in advance in respect of contracts for the provision of maintenance and support services, together with amounts invoiced in respect of system sales for which the revenue recognition criteria have yet to be satisfied

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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 otherwise required by FRS 19

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leasing*

Rentals paid/received under operating leases are charged/credited to the profit and loss account on a straight line basis over the lease term

#### *Research and development*

Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be exceeded by future sales and adequate resources exist to enable the project to be completed

#### *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

### 2 Turnover

Turnover represents goods and services supplied during the year, excluding value added tax, and is attributable to the principal activities of the company.

### 3 Profit on ordinary activities before taxation

	2009 £000	2008 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of owned assets	29	30
Operating leases		
Other assets	89	76
	<u>          </u>	<u>          </u>
<i>Fees payable to the company's auditors</i>		
Audit of these financial statements	10	11
	<u>          </u>	<u>          </u>

### 4 Staff numbers and costs

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

	Number of employees 2009	2008
Programming and engineering staff	17	19
Administrative and management staff	8	6
	<u>          </u>	<u>          </u>
	25	25
	<u>          </u>	<u>          </u>

**Notes (continued)**

**4 Staff numbers and costs (continued)**

The aggregate payroll costs of these persons were as follows

	2009 £000	2008 £000
Wages and salaries	1,025	844
Social security costs	117	97
Other pension costs	38	20
	<u>1,180</u>	<u>961</u>

**5 Remuneration of directors**

The remuneration of the directors of the company has been borne by both Open GI Limited, a fellow subsidiary undertaking, and Towergate Partnership Limited

**6 Interest receivable and similar income**

	2009 £000	2008 £000
Bank interest	7	19
Group interest	34	11
Other interest	12	-
	<u>53</u>	<u>30</u>

**7 Interest payable and similar charges**

	2009 £000	2008 £000
Group interest	6	11
	<u>6</u>	<u>11</u>

## Notes (continued)

### 8 Taxation

#### *Analysis of (credit)/charge in the period*

	2009 £000	2008 £000
<i>UK corporation tax</i>		
Current tax on income for the year	4	6
Adjustment in respect of prior years	(82)	(9)
	<hr/>	<hr/>
Total current tax	(78)	(3)
<i>Deferred tax (see note 13)</i>		
Origination/reversal of timing differences	37	56
Effect of change in law	-	11
Adjustments in respect of prior years	(6)	(33)
	<hr/>	<hr/>
Tax on profit on ordinary activities	(47)	31
	<hr/>	<hr/>

#### *Factors affecting the tax credit for the current period*

The current tax credit for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 29.67%). The differences are explained below

	2009 £000	2008 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	191	204
	<hr/>	<hr/>
Current tax at 28% (2008 29.67%)	53	61
<i>Effects of</i>		
Additional tax credit for research and development	(4)	-
Depreciation on ineligible less IBAs	1	-
Capital allowances less than depreciation	3	4
Non-deductible expenditure	2	4
Utilisation of tax losses carried forward	(39)	(62)
Tax rate lower than standard percentage rate on tax profits	(1)	-
(Decrease)/increase in other timing differences	(2)	2
Non-taxable income	(9)	(3)
Adjustment to tax charge in respect of prior years	(82)	(9)
	<hr/>	<hr/>
Total current tax credit (see above)	(78)	(3)
	<hr/>	<hr/>

## Notes (continued)

### 9 Tangible fixed assets

	Computer equipment	Furniture, fittings and equipment	Total
	£000	£000	£000
<b>Cost</b>			
At beginning of year	134	17	151
Additions	7	2	9
	<hr/>	<hr/>	<hr/>
At end of year	141	19	160
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	98	16	114
Charge for year	28	1	29
	<hr/>	<hr/>	<hr/>
At end of year	126	17	143
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 May 2009	15	2	17
	<hr/>	<hr/>	<hr/>
At 31 May 2008	36	1	37
	<hr/>	<hr/>	<hr/>

### 10 Debtors

	2009 £000	2008 £000
Trade debtors	291	154
Amounts owed by group undertakings	852	587
Other debtors	-	158
Deferred tax asset (note 13)	114	145
Prepayments and accrued income	101	113
	<hr/>	<hr/>
	1,358	1,157
	<hr/>	<hr/>

### 11 Creditors: Amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	64	79
Amounts owing to group undertakings	234	389
Corporation tax	4	6
Other taxation and social security	53	44
Other creditors	6	2
Accruals	110	121
	<hr/>	<hr/>
	471	641
	<hr/>	<hr/>

## Notes (continued)

### 12 Deferred income

	2009 £000	2008 £000
To be recognised within one year	499	493

### 13 Deferred taxation

The movements in deferred tax assets during the year are as follows

	Deferred tax asset £000
At beginning of year	145
Charge to the profit and loss account in the year (note 8)	(31)
<b>At end of year</b>	<b>114</b>

The elements of deferred tax are as follows

	2009 £000	2008 £000
Accelerated capital allowances	15	12
Other timing differences	-	4
Tax losses	99	129
	<b>114</b>	<b>145</b>

At 31 May 2009 and 31 May 2008 there was no unprovided deferred tax

### 14 Called up share capital

	2009 £000	2008 £000
<i>Authorised, allotted and fully paid.</i>		
751,000 ordinary shares of £1 each	751	751

### 15 Reserves

	Profit and loss account £000
At beginning of year	(449)
Profit for the financial year	238
<b>At end of year</b>	<b>(211)</b>

## Notes (continued)

### 16 Reconciliation of shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	238	173
Opening shareholders' funds	302	129
	<hr/>	<hr/>
Closing shareholders' funds	540	302
	<hr/>	<hr/>

### 17 Financial commitments

The annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2009 £000	2008 £000
Operating leases which expire		
Between two and five years	-	81
After five years	87	-
	<hr/>	<hr/>

### 18 Pensions

The company provided its own stakeholder pension scheme during the year. The pension charge for the year was £38,000 (2008 £20,000). The amount accrued at the year end and included in creditors is £Nil (2008 £2,000).

### 19 Related party disclosures

During the year the company participated in the following related party transactions

The company conducted business totalling £70,170 (2008 £7,000) on an arms' length basis with Paymentsshield Limited, a company controlled by PG Cullum. There is no balance owing to MI Limited at 31 May 2009 (2008 £Nil).

The company conducted business totalling £434,615 (2008 £227,970) on an arms' length basis with Towergate Partnership Limited, a company controlled by PG Cullum. The balance owing to MI Limited as at 31 May 2009 is £43,352 (2008 £26,973).

### 20 Ultimate parent company and controlling party

The company's ultimate parent company is Broomco (4099) Limited, a company incorporated in Great Britain.

For the year ended 31 May 2009, the only group in which the results of the company were consolidated was that headed by Broomco (4099) Limited.

Copies of the group financial statements, incorporating those of the company, are available from the company's registered address.

The company's ultimate controlling party is Mr PG Cullum.