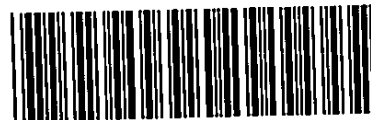


**DALLAS KIRKLAND (PROFESSIONS) LIMITED**

**Directors' Report and Financial Statements**

**For the year ended 31 August 2011**

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**DALLAS KIRKLAND (PROFESSIONS) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2011**

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# **DALLAS KIRKLAND (PROFESSIONS) LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS FOR THE YEAR ENDED 31 AUGUST 2011**

### **DIRECTORS**

M Addis  
M Chambers  
C Giles  
S Lyons  
H McIntyre  
G Prescott

### **COMPANY SECRETARY**

A Hessett

### **REGISTERED OFFICE**

Birchin Court  
3<sup>rd</sup> Floor  
20 Birchin Lane  
London  
EC3V 9DU

### **BANKERS**

Bank of Scotland plc  
Bishopsgate Exchange  
155 Bishopsgate  
London  
EC2M 3YB

### **SOLICITORS**

Dickson Minto  
Royal London House  
22 – 25 Finsbury Square  
London  
EC2A 1DX

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
141 Bothwell Street  
Glasgow  
G2 7EQ

## **DALLAS KIRKLAND (PROFESSIONS) LIMITED**

**COMPANY REGISTRATION NUMBER: 4157814**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2011**

The directors present their report and the audited financial statements of the company for the year ended 31 August 2011

#### **PRINCIPAL ACTIVITIES**

The company did not trade during the year

#### **RESULTS AND DIVIDENDS**

The directors of Expectrum Limited manage the Group's (being Expectrum Limited and subsidiary companies) performance on a group basis. For this reason, the company's directors believe that analysis using key performance indicators (KPI's) for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of the company. The development, performance and position of the group, which includes the company, is discussed in the group's 2011 directors' report on page 2, which does not form part of this report.

The results for the year and the company's financial position at the end of the year are shown in the profit and loss account and balance sheet on pages 6 and 7 respectively.

No dividends were paid or proposed during the year (2010 nil)

#### **FUTURE DEVELOPMENTS**

The company is non-trading and will continue as a non trading company for the foreseeable future.

#### **CHARITABLE AND POLITICAL DONATIONS**

No charitable or political donations were made during the year (2010 nil)

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

From the perspective of the company, the principal risks and uncertainties are integrated in the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Expectrum Limited, which includes those of the company, are discussed on page 3 of the group's annual report which does not form part of this report.

#### **GOING CONCERN**

On 6 November 2009 the company sold its trade, assets and liabilities to a fellow group subsidiary and ceased trading. The company has not traded since and has no plans to become active in the future. As a result, the directors have prepared the financial statements on the break-up basis.

#### **DIRECTORS**

The directors who served the company during the year and up to the date of signing the financial statements subsequently are as follows:

M Chambers	(appointed 26 October 2010)
M Addis	
C Giles	
S Lyons	
P Matson	(resigned 24 February 2011)
H McIntyre	
G Prescott	

## **DALLAS KIRKLAND (PROFESSIONS) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2011 (CONTINUED)**

#### **DIRECTORS' INDEMNITY PROVISIONS**

The directors have benefited from third party indemnity provisions in place during the financial year and to the date of this report

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 the directors have prepared 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 then apply them consistently,
- make judgments 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,
- 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.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The directors at the date of approval of this report confirm that

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information 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 the Companies Act 2006.

By order of the Board



A Hessett  
Company Secretary

19 December 2011

## **DALLAS KIRKLAND (PROFESSIONS) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DALLAS KIRKLAND (PROFESSIONS) LIMITED**

We have audited the financial statements of Dallas Kirkland (Professions) Limited for the year ended 31 August 2011 which comprise the profit and loss account, the balance sheet and the related notes. 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).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of Directors' Responsibilities set out on page 3 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 August 2011 and of its result 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 – Basis of preparation**

Without modifying our opinion, we draw your attention to Note 1 of the financial statements which explains that the company sold its trade, assets and liabilities on 6 November 2009 to a fellow group subsidiary and ceased trading. Accordingly the going concern basis of accounting is no longer appropriate and the break-up basis of accounting has been applied.

## **DALLAS KIRKLAND (PROFESSIONS) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DALLAS KIRKLAND (PROFESSIONS) LIMITED (CONTINUED)**

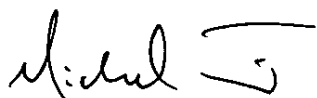
#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **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



Michael Timar (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow

21 December 2011

# **DALLAS KIRKLAND (PROFESSIONS) LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2011**

	Note	2011 £'000	2010 £'000
<b>TURNOVER</b>	2	-	889
Administrative expenses		-	(391)
<b>OPERATING RESULT/ PROFIT</b>	3	-	498
Interest receivable and similar income		-	-
<b>RESULT/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-	498
Tax on profit on ordinary activities	5	-	-
<b>RESULT/PROFIT FOR THE FINANCIAL YEAR</b>		-	498

All of the activities of the company are classed as discontinued subsequent to the hive up of trade and assets on 6 November 2009

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

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



# DALLAS KIRKLAND (PROFESSIONS) LIMITED

## BALANCE SHEET AS AT 31 AUGUST 2011

	Note	2011 £'000	2010 £'000
<b>CURRENT ASSETS</b>			
Debtors	6	14,163	14,163
		<u>14,163</u>	<u>14,163</u>
<b>NET CURRENT ASSETS</b>		<u>14,163</u>	<u>14,163</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	50	50
Profit and loss account	8	14,113	14,113
<b>TOTAL SHAREHOLDERS' FUNDS</b>	9	<u>14,163</u>	<u>14,163</u>

The financial statements on pages 6 to 12 were approved by the Board of Directors on 19 December 2011

On behalf of the Board of Directors



M Chambers  
Director

# **DALLAS KIRKLAND (PROFESSIONS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The company sold its trade, assets and liabilities on 6 November 2009 to a fellow group subsidiary and ceased trading. The company has not traded since and has no plans to become active in the future. As a result the financial statements have been prepared on a break-up basis and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

#### **Turnover**

Turnover represents brokerage and fees earned for placing and servicing risks on behalf of clients and also includes financing income. The company recognises this income when earned. Brokerage is recognised at policy inception date with a proportion of income deferred over the period of the underlying contracts to recognise the ongoing contractual obligations of maintaining and servicing the contracts over that period.

#### **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. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

#### **Pension costs**

The group 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.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against on a straight line basis over the period of the lease.

## **DALLAS KIRKLAND (PROFESSIONS) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011 (CONTINUED)**

#### **1. ACCOUNTING POLICIES (CONTINUED)**

##### **Cash flow statement**

The company is a wholly owned subsidiary company of a group headed by Expectrum Limited, and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption within FRS1 (revised 1996) "Cash Flow Statements" from preparing a cash flow statement.

#### **2. TURNOVER**

The turnover and profit before tax on ordinary activities are attributable to the one principal activity of the company.

The company derived its entire turnover from operations in the United Kingdom.

#### **3. OPERATING PROFIT**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit is stated after charging:</b>		
Operating lease rentals on land and buildings	-	22
Staff costs (note 4)	-	282
	<u>          </u>	<u>          </u>

The total remuneration payable, excluding VAT, to its auditors in respect of the audit of these financial statements is £3,650 (2010 £6,000), and in respect of taxation services is £1,425 (2010 £3,600). These costs have been borne and paid for by Giles Insurance Brokers Limited, a fellow subsidiary undertaking.

# **DALLAS KIRKLAND (PROFESSIONS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011 (CONTINUED)**

### **4. DIRECTORS AND EMPLOYEES**

	<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Staff costs</b>		
Wages and salaries	-	242
Social security costs	-	31
Other pension costs	-	9
	<u>-</u>	<u>282</u>

	<b>2011 Number</b>	<b>2010 Number</b>
The average number of persons employed during the year, including executive directors was		
Insurance broking and administration	<u>-</u>	<u>7</u>

The directors are remunerated by Giles Insurance Brokers Limited, a fellow subsidiary undertaking. 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 Dallas Kirkland (Professions) Limited.

### **5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

#### **(a) Analysis of tax credit in the year**

	<b>2011 £'000</b>	<b>2010 £'000</b>
<b>Current tax:</b>		
UK Corporation tax based on the results for the year at 27.17% (2010: 28%)	-	-
Adjustments in respect of previous years	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

# DALLAS KIRKLAND (PROFESSIONS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011 (CONTINUED)

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

#### (b) Factors affecting tax credit

The tax assessed on the profit on ordinary activities before taxation for the year is lower (2010 lower) than the standard rate of corporation tax applicable to the group of 27.17% (2010 28%). The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	-	498
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK at 27.17% (2010 28%)	-	139
Effects of		
Expenses not deductible for tax purposes	294	154
Capital allowances less than depreciation	-	10
Group relief claimed	(294)	(303)
Total current tax	-	-

During the year, a change in the UK corporation tax rate from 28% to 26%, effective from 1 April 2011 was substantively enacted in March 2011. A further reduction to 25%, effective from 1 April 2012 was substantively enacted in July 2011. In addition to the change in rate of corporation tax disclosed above, a number of further changes to the UK corporation tax system were announced in the March 20 UK Budget Statement. Further reductions to the main corporation tax rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

Had the change in rate to 23% been substantively enacted as at the balance sheet date there would have been no significant impact on the accounts.

### 6. DEBTORS

	2011 £'000	2010 £'000
Amounts owed by group undertakings	14,163	14,163

Amounts owed by group undertakings are repayable on demand and are on an interest free basis.

### 7. CALLED UP SHARE CAPITAL

Authorised share capital	Number	2011 £'000	Number	2010 £'000
Ordinary shares of £1 each	50,000	50	50,000	50
Allotted and fully paid				
Ordinary shares of £1 each	50,000	50	50,000	50

# DALLAS KIRKLAND (PROFESSIONS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2011 (CONTINUED)

### 8. PROFIT AND LOSS ACCOUNT

	2011 £'000	2010 £'000
Balance brought forward	14,113	13,615
Result /profit for the financial year	-	498
<b>Balance carried forward</b>	<b>14,113</b>	<b>14,113</b>

### 9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Opening shareholders' funds	14,163	13,665
Result/profit for the financial year	-	498
<b>Closing shareholders' funds</b>	<b>14,163</b>	<b>14,163</b>

### 10. CONTINGENCIES AND COMMITMENTS

The Group has a £181,005,910 (2010 £245,000,000) Senior Credit Agreement ("the Debt Agreement") with the Bank of Scotland plc to fund the acquisition of the entire share capital of Quillco 226 Limited and its subsidiary companies

The company has a deed of accession as a guarantor to this agreement and an intercreditor deed whereby the company has agreed certain ranking and priority arrangements relating to the debt and a debenture whereby the company has created a first ranking fixed and floating charge over its assets, property and undertaking and assign by way of security all their rights, interest, title and benefit in their present and future assets to the Bank of Scotland plc

The company, together with certain other group subsidiary companies, has an intra-group loan agreement with DMWSL 588 Limited to provide a revolving credit facility of up to £800,000,000 Advances made under the terms of this agreement are subject to interest at a rate of 2% above base and are subject to the terms of the intercreditor deed as described above

### 11. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of Quillco 227 Limited The ultimate holding company is Expectrum Limited, which is incorporated in Great Britain and registered in England and Wales, and is the parent undertaking of the smallest and largest group to consolidate these financial statements A copy of the consolidated financial statements is available from Expectrum Limited, Birchm Court, 3<sup>rd</sup> Floor, 20 Birchm Lane, London, EC3V 9DU The ultimate controlling party is Charterhouse Capital Partners LLP

### 12. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8 "Related Party Disclosures" on the grounds that it is a wholly owned subsidiary of a group headed by Expectrum Limited, whose accounts are publicly available

### 13. POST BALANCE SHEET EVENTS

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