

**DALLAS KIRKLAND (PROFESSIONS)
LIMITED**

**Annual Report and Financial Statements
For the year ended 31 August 2010**

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DALLAS KIRKLAND (PROFESSIONS) LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2010**

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DALLAS KIRKLAND (PROFESSIONS) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS FOR THE YEAR ENDED 31 AUGUST 2010

DIRECTORS

M Addis
M Chambers
C M Giles
S E Lyons
P D Matson
H J McIntyre
G A Prescott

COMPANY SECRETARY

AG Hessett

REGISTERED OFFICE

Birchin Court
3rd 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 2010

The directors present their annual report and the audited financial statements of the company for the year ended 31 August 2010

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was insurance broking

On 6 November 2009 the trade, assets and liabilities of the company were hived up into INK Underwriting Agencies Limited. The company ceased trading on this date.

The ultimate holding company at the end of the financial year is DMWSL 585 Limited into which the results of the company are consolidated.

RESULTS AND DIVIDENDS

The trading 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.

In the view of the directors the main key performance indicator for the business is the level of turnover and operating profit. Turnover was £889,000 for the year ended 31 August 2010 (2009 £4,028,000). Operating profit for the year amounted to £498,000 (2009 £2,337,000).

The profit after tax for the year was £498,000 (2009 £2,649,000).

No dividends were paid or proposed during the year (2009 nil).

FUTURE DEVELOPMENTS

The trade and assets of the company were hived up during the year and the company does not trade. The company has not traded since hive up and has no plans to become active again in the future.

CHARITABLE AND POLITICAL DONATIONS

No charitable or political donations were made during the year (2009 nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Credit risk

The credit risk relating to the recoverability of the intercompany debtor is negated by the group, being DMWLS 585 Limited and its subsidiary companies, ensuring that it receives cash in respect of premiums from client before paying these premiums to insurers.

The principal risks and uncertainties of the group are disclosed in the consolidated financial statements.

GOING CONCERN

The directors have prepared the financial statements on the basis that the company is a 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.

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	(appointed 15 September 2009)
C M Giles	
S E Lyons	(appointed 15 September 2009)
P D Matson	
H J McIntyre	(appointed 15 September 2009)
G A Prescott	(appointed 15 November 2009)

DALLAS KIRKLAND (PROFESSIONS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2010 (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 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 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,
- 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.

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors. 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
9 December 2010

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 2010 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 Directors' Responsibilities Statement 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 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.

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 2010 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 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.

DALLAS KIRKLAND (PROFESSIONS) LIMITED

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



Michael Timar (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Glasgow
9 December 2010

DALLAS KIRKLAND (PROFESSIONS) LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 August 2010

	Note	2010 £'000	2009 £'000
TURNOVER	2	889	4,028
Administrative expenses		(391)	(1,691)
OPERATING PROFIT	3	498	2,337
Interest receivable		-	20
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		498	2,357
Tax credit on profit on ordinary activities	5	-	292
PROFIT FOR THE FINANCIAL YEAR		498	2,649

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 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 2010

		2010		2009	
	Note	£'000	£'000	£'000	£'000
CURRENT ASSETS					
Debtors	6	14,163		14,572	
Cash at bank and in hand	7	-		861	
		<u>14,163</u>		<u>15,433</u>	
CREDITORS: amounts falling due within one year	8	-		(1,768)	
NET CURRENT ASSETS			<u>14,163</u>		<u>13,665</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,163</u>		<u>13,665</u>
CAPITAL AND RESERVES					
Called up share capital	10		50		50
Profit and loss account	11		<u>14,113</u>		<u>13,615</u>
TOTAL SHAREHOLDERS' FUNDS	12		<u>14,163</u>		<u>13,665</u>

The financial statements on pages 6 to 13 were approved by the Board of Directors on 9 December 2010

Signed on behalf of the Board of Directors



P D Matson
Director

DALLAS KIRKLAND (PROFESSIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2010

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards and accounting policies which have been consistently applied

Going concern

The financial statements have been prepared under the going concern concept as discussed in the directors' report

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.

Current taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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 (CONTINUED)

For the year ended 31 August 2010

1. ACCOUNTING POLICIES (CONTINUED)

Insurance broking debtors and creditors

Insurance brokers normally act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding such legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities in recognition of the fact that the insurance broker is entitled to retain investment income on any cash flows arising from such transactions and accordingly such investment income is included in operating profits. Such cash is held in a client account separate from the general funds of the company. The company has applied Financial Reporting Standard 5 'Reporting the Substance of Transactions' and offsets debtors and creditors from insurance transactions only when it is legally enforceable.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard ("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 ultimate parent company's financial statements include a consolidated cash flow statement.

2. TURNOVER

The turnover and profit before tax 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

	2010 £'000	2009 £'000
Operating profit is stated after charging:		
Operating lease rentals on land and buildings	22	123
Staff costs (note 4)	282	1,298

The total remuneration payable, excluding VAT, to its auditors in respect of the audit of these accounts is £6,000 (2009 £6,000), and in respect of taxation services is £3,600 (2009 £4,000). 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 (CONTINUED) For the year ended 31 August 2010

4. DIRECTORS AND EMPLOYEES

	2010 £'000	2009 £'000
Staff costs including directors' emoluments		
Wages and salaries	242	1,066
Social security costs	31	137
Other pension costs	9	95
	<u>282</u>	<u>1,298</u>
The average number of persons employed during the year, including executive directors was	2010 Number	2009 Number
Insurance broking and administration	<u>7</u>	<u>26</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

The tax credit on the profit on ordinary activities for the year was as follows

	2010	2009 £'000
Current tax:		
UK Corporation tax based on the results for the year at 28% (2009: 28%)	-	-
Adjustment in respect of previous years	<u>-</u>	<u>(292)</u>
Total current tax	<u>-</u>	<u>(292)</u>

DALLAS KIRKLAND (PROFESSIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2010

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

(b) Factors affecting tax credit

The tax assessed on the profit before taxation for the year is lower (2009 lower) than the standard rate of corporation tax applicable to the group of 28%. The difference is explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	498	2,357
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 28%)	139	660
Effects of Expenses not deductible for tax purposes	154	265
Capital allowances less than depreciation	10	(1)
Group relief (claimed)	(303)	(924)
Adjustment in respect of previous periods	-	(292)
Current tax credit (note 5(a))	-	(292)

6. DEBTORS

	2010 £'000	2009 £'000
Insurance debtors	-	1,258
Amounts owed by group undertakings	14,163	12,712
Corporation tax debtor	-	304
Other debtors	-	139
Prepayments and accrued income	-	159
	14,163	14,572

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

7. CASH AT BANK AND IN HAND

	2010 £'000	2009 £'000
Cash at bank and in hand	-	861

DALLAS KIRKLAND (PROFESSIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2010

8. CREDITORS: Amounts falling due within one year

	2010 £'000	2009 £'000
Insurance creditors	-	1,657
Other creditors	-	23
Accruals and deferred income	-	88
	<u>-</u>	<u>1,768</u>

9. OPERATING LEASE COMMITMENTS

At 31 August 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010 £'000	2009 £'000
Land and buildings expiring within two to five years	-	123
	<u>-</u>	<u>123</u>

10. CALLED UP SHARE CAPITAL

Authorised	2010		2009	
	No	£'000	No	£'000
Ordinary shares of £1 each	50,000	50	50,000	50
Allotted, called up and fully paid				
Ordinary shares of £1 each	50,000	50	50,000	50

11. PROFIT AND LOSS ACCOUNT

	2010 £'000	2009 £'000
Balance brought forward	13,615	10,966
Retained profit for the financial year	498	2,649
Balance carried forward	<u>14,113</u>	<u>13,615</u>

DALLAS KIRKLAND (PROFESSIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2010

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

EQUITY SHAREHOLDERS' FUNDS	2010 £'000	2009 £'000
Opening shareholders' funds	13,665	11,016
Profit for the financial year	498	2,649
Closing shareholders' equity funds	<u>14,163</u>	<u>13,665</u>

13 CONTINGENCIES AND COMMITMENTS

The Group has a £245,000,000 Senior Credit Agreement ("the Debt Agreement") with 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

14. PARENT COMPANY AND ULTIMATE HOLDING COMPANY

The company is a direct subsidiary of Quillco 227 Limited. The ultimate holding company is DMWSL 585 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 DMWSL 585 Limited, Birchin Court, 3rd Floor, 20 Birchin Lane, London, EC3V 9DU. The ultimate controlling party is Charterhouse Capital Partners LLP.

15. RELATED PARTY TRANSACTIONS

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 undertaking.

16. POST BALANCE SHEET EVENTS

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