

**Arthur Marsh & Son Limited**

**Directors' report and financial statements**

for the year ended 31 December 2008

Registered Number 4299683



## Contents

Officers and professional advisers	3
Directors' report	4
Statement of directors' responsibilities in respect of the directors' report and the financial statements	6
Independent auditors' report to the members of Arthur Marsh & Son Limited	7
Profit and loss account	8
Balance sheet	9
Reconciliation of movements in shareholders' funds	10
Notes to the financial statements	11-20

## **Officers and professional advisers**

### **Directors**

T D Johnson  
R Brown

### **Secretary**

S Clark

### **Registered office**

2 County Gate  
Staceys Street  
Maidstone  
Kent  
ME14 1ST

### **Auditors**

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB

## **Directors' report**

The directors present their directors' report and financial statements for the year ended 31 December 2008.

### **Business review and principal activities**

The profit and loss account for the year is set out on page 8.

The principal activity of the company is insurance broking. There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The results for the company show a pre-tax profit of £454,826 for the year (prior period 7 April 2007 to 31 December 2007: £239,411) and turnover of £1,424,865 (prior period: £871,778). The company has net assets / (liabilities) of £368,646 ( 31 December 2007: (£147,286)).

Discussion on the consolidated results of Cullum Capital Ventures Limited group of companies ("the Group"), which includes the Company, can be found in the Group's annual report which does not form part of this report.

### **Future outlook**

The insurance market experienced rate reductions in 2008. We are starting to see rate hardening and expect this to continue for the next year. We anticipate the company will continue to perform satisfactorily in this period

### **Proposed dividend**

No final dividend was paid or proposed during the year (2007: £nil).

### **Change in accounting year end**

On 21 July 2007, the company changed its accounting year end from 6 April 2007 to 31 December 2007. The profit and loss account and reconciliation of movements in shareholders' funds, as well as notes to the financial statements, relate to the profit and loss for the year ended 31 December 2008, and are not comparable to the period 7 April 2007 to 31 December 2007.

## **Directors' report** *(continued)*

### **Directors**

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

T D Johnson  
R Brown

### **Third Party Indemnity Provisions**

The Company did not provide qualifying third party indemnity provisions to any of its Directors during the year. No provisions were in force at the date these accounts were approved.

### **Political and charitable contributions**

The Company made no charitable contributions during the current year (2007: £100).

### **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 he ought to have taken as a director to make himself 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 reappointed and KPMG Audit plc will therefore continue in office.

By order of the board



**Roger Brown**  
*Director*

29 October 2009

**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).

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 year.

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 its financial statements comply with the Companies Act 1985. 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTHUR MARSH & SON LIMITED**

We have audited the financial statements of Arthur Marsh & Son Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders Funds, and the related notes. 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 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, 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.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- 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.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
8 Salisbury Square  
London  
EC4Y 8BB

30 October 2009

**Profit and Loss Account**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>Year to 31 December 2008</b>	<b>Period from 7 April 2007 to 31 December 2007</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	<i>1</i>	<b>1,424,865</b>	871,778
Administrative expenses	<i>2- 4</i>	<b>(992,118)</b>	(676,755)
<b>Operating profit</b>	<i>2-4</i>	<b>432,747</b>	195,023
Loss on disposal of fixed assets	<i>2</i>	<b>(3,980)</b>	-
Other interest receivable and similar income	<i>5</i>	<b>30,464</b>	56,029
Interest payable and similar charges	<i>6</i>	<b>(4,405)</b>	(11,641)
<b>Profit on ordinary activities before taxation</b>	<i>2-6</i>	<b>454,826</b>	239,411
Tax on profit on ordinary activities	<i>7</i>	<b>(138,894)</b>	(73,812)
<b>Profit for the financial year/period</b>		<b>315,932</b>	165,599



**Balance Sheet**  
*At 31 December 2008*

	<i>Note</i>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Tangible assets	8	69,324	52,149
		<hr/>	<hr/>
		69,324	52,149
<b>Current assets</b>			
Debtors	9	1,150,980	758,902
Cash at bank and in hand	10	576,033	1,071,601
		<hr/>	<hr/>
		1,727,013	1,830,503
<b>Creditors: amounts falling due within one year</b>	11	(1,149,678)	(1,555,857)
		<hr/>	<hr/>
<b>Net current assets</b>		577,335	274,646
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		646,659	326,795
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	12	(274,081)	(474,081)
<b>Provisions for liabilities</b>	13	(3,932)	-
		<hr/>	<hr/>
<b>Net assets / [liabilities]</b>		368,646	(147,286)
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	14	100,001	100,000
Share premium account	15	199,999	-
Profit and loss account	15	68,646	(247,286)
		<hr/>	<hr/>
<b>Shareholders' funds / [liabilities]</b>		368,646	(147,286)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 October 2009 and were signed on its behalf by:

  
**Roger Brown**  
Director

**Reconciliation of Movements in Shareholders' Funds**  
*for the year ended 31 December 2008*

	Year to 31 December 2008	Period from 7 April 2007 to 31 December 2007
	£	£
<b>Profit for the financial year/period</b>	<b>315,932</b>	<b>165,599</b>
<b>Retained profit</b>	<b>315,932</b>	<b>165,599</b>
New share capital subscribed (net of issue costs)	1	-
New share premium subscribed (net of issue costs)	199,999	-
<b>Net addition to shareholders' funds</b>	<b>515,932</b>	<b>165,599</b>
Opening shareholders' funds / [liabilities]	(147,286)	(312,885)
<b>Closing shareholders' funds / [liabilities]</b>	<b>368,646</b>	<b>(147,286)</b>

## 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 in the United Kingdom 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.

As the Company is a wholly owned subsidiary of Cullum Capital Ventures Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Cullum Capital Ventures Limited, within which this Company is included, can be obtained from the address given in note 18.

The company has considerable financial resources together with long term relationships with a number of customers and insurance companies. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The company has a significant intercompany debtor balance due from its parent company Cullum Capital Ventures Limited ("CCV"). CCV as an individual undertaking is currently loss making and has net liabilities. If this amount was not recoverable the company would be left with net current liabilities. The directors have considered the disclosures around going concern in the financial statements of CCV and have satisfied themselves that the funding position with CCV does not impact their assessment of going concern. The directors believe they will continue to support the activities of CCV for the foreseeable future and therefore believe any balances due from CCV to be recoverable.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the directors report and financial statements.

#### *Goodwill and negative goodwill*

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 business combinations in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. This is taken as 3 years.

#### *Tangible fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures, fittings and equipment	-	20% Reducing Balance
Computer software	-	20% Reducing Balance
Leasehold improvements	-	The remaining life of the lease

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation

The charge for taxation is based on the profit for the year/period 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.

#### Turnover

Turnover represents brokerage and fees for services provided. Brokerage is recognised on the inception or renewal of a risk, with an element of brokerage deferred to match any significant post placement obligations. Profit or volume based commission, which is received periodically, is recognised when the amount can be measured with reasonable certainty, which is typically the earlier of confirmation of the amount with the relevant provider or receipt of cash.

### 2 Profit on ordinary activities before taxation

	Year to 31 December 2008 £	Period from 7 April 2007 to 31 December 2007 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting:)</i>		
Depreciation and other amounts written off owned tangible fixed assets	13,236	5,357
Amortisation of goodwill	-	16,112
Rentals under operating leases – plant and machinery	4,440	-
Rentals under operating leases – land and buildings	53,268	28,000
Loss on disposal of fixed assets	3,980	-
<i>Auditors' remuneration:</i>		
	£	£
Audit of these financial statements	10,868	12,000
Amounts receivable by the auditors and their associates in respect of:		
Other services pursuant to such legislation	3,623	-

## Notes (continued)

### 3 Remuneration of directors

	Year to 31 December 2008	Period from 7 April 2007 to 31 December 2007
	£	£
Directors' emoluments	-	35,733
Company contributions to money purchase pension schemes	-	868
	<u>-</u>	<u>36,601</u>

The emoluments of Messrs Johnson and Brown are paid by Cullum Capital Ventures Limited, which makes no recharge to the company. Both 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.

### 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	
	Year to 31 December 2008	Period from 7 April 2007 to 31 December 2007
Administration	3	3
Broking	16	13
Management	1	1
	<u>20</u>	<u>17</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	583,700	396,662
Social security costs	59,152	41,510
Other pension costs	15,610	9,569
	<u>658,462</u>	<u>447,741</u>

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £15,610 (2007: £8,301).

Contributions amounting to £nil (2007: £3,325) were payable to the scheme and are included in creditors.

**Notes** *(continued)*

**5 Other interest receivable and similar income**

	Year to 31 December 2008	Period from 7 April 2007 to 31 December 2007
	£	£
Bank Interest	30,464	56,029
	<u>30,464</u>	<u>56,029</u>

**6 Interest payable and similar charges**

	Year to 31 December 2008	Period from 7 April 2007 to 31 December 2007
	£	£
On bank loans and overdrafts	-	6,199
Corporation tax interest	4,405	5,442
	<u>4,405</u>	<u>11,641</u>

Of the above amount £nil (2007:£nil) was payable to group undertakings.

## Notes (continued)

### 7 Taxation

#### Analysis of charge in year

	£	Year to 31 December 2008 £	Period from 7 April 2007 to 31 December 2007 £
<i>UK corporation tax</i>			
Current tax on income for the period	130,954		74,523
		130,954	74,523
<i>Deferred tax</i>			
Origination/reversal of timing differences	479		(711)
Adjustment in respect of previous years	7,461		-
		7,940	(711)
Total current tax		130,954	74,523
Total deferred tax		7,940	(711)
Tax on profit on ordinary activities		138,894	73,812

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

The current tax charge for the period is higher (2007: higher) than the standard rate of corporation tax in the UK (28.5%, 2007: 30%). The differences are explained below.

	Year to 31 December 2008 £	Period from 7 April 2007 to 31 December 2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	454,826	239,411
Current tax at 28.5% (2007: 30%)	129,625	71,823
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,808	4,972
Capital allowances for year/period in excess of depreciation	(479)	(2,272)
Total current tax charge (see above)	130,954	74,523

#### Factors that may affect future current and total tax charges

There are no known factors that may affect future tax charges (2007: none).

## Notes (continued)

### 8 Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Computer equipment & software £	Total £
<b>Cost</b>				
At beginning of year	1,645	53,615	18,803	74,063
Additions	4,090	-	30,851	34,941
Disposals	-	(10,052)	-	(10,052)
At end of year	5,735	43,563	49,654	98,952
<b>Depreciation</b>				
At beginning of year	1,410	14,337	6,167	21,914
Charge for year	1,076	6,948	5,212	13,236
On disposals	-	(5,522)	-	(5,522)
At end of year	2,486	15,763	11,379	29,628
<b>Net book value</b>				
At 31 December 2008	3,249	27,800	38,275	69,324
At 31 December 2007	235	39,278	12,636	52,149

### 9 Debtors

	2008 £	2007 £
Insurance debtors	411,979	733,243
Amounts owed by group undertakings	689,799	-
Other debtors	893	-
Deferred tax assets	-	4,007
Prepayments and accrued income	48,309	21,652
	<b>1,150,980</b>	<b>758,902</b>

### 10 Cash at bank and in hand

Cash at bank includes £539,038 (2007: £724,574) which constitutes client money and is not available to pay the general debts of the company.



## Notes (continued)

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

	2008 £	2007 £
Bank loans and overdrafts	6,526	154,506
Insurance creditors	807,923	1,062,811
Amounts owed to group undertakings	-	103,421
Corporation tax	204,035	173,878
Other taxation and social security	15,423	15,894
Other creditors, accruals and deferred income	115,771	45,347
	<u>1,149,678</u>	<u>1,555,857</u>

### 12 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Subordinated loan from Cullum Capital Ventures Limited	274,081	474,081
	<u>274,081</u>	<u>474,081</u>

The subordinated loan incurs no interest. The company, as the borrower, cannot repay any part of the subordinated loan without first giving two years notice in writing, to its ultimate parent company Cullum Capital Ventures Limited, as the lender.

### 13 Provisions for liabilities

	Deferred taxation £
At beginning of year	(4,007)
Origination/reversal of timing differences	479
Effect of increased/decreased tax rate	267
Adjustment in respect of previous years	7,193
	<u>3,932</u>
At end of year	<u>3,932</u>

The deferred tax (asset) / provision relates to the timing differences between accumulated depreciation, amortisation and capital allowances.

## Notes (continued)

### 14 Called up share capital

	2008 £	2007 £
<b>Authorised</b>		
"A" Ordinary shares of £1 each.	95,565	95,564
"B" Ordinary shares of £1 each.	4,436	4,436
	<hr/>	<hr/>
	100,001	100,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
"A" Ordinary shares of £1 each.	95,565	95,564
"B" Ordinary shares of £1 each.	4,436	4,436
	<hr/>	<hr/>
Shares classified in shareholders' funds	100,001	100,000
	<hr/>	<hr/>

"B" Ordinary shareholders have no entitlement to dividends or voting. "B" Ordinary shareholders rank *pari passu* alongside "A" Ordinary shareholders in the event of any return of assets.

During the year the Company issued one "A" Ordinary share to Cullum Capital Ventures Limited for a consideration of £200,000, settled against an outstanding loan.

### 15 Share premium and reserves

	Share premium account £	Profit and loss account £
At beginning of year	-	(247,286)
Profit for the year	-	315,932
Premium on share issues, less expenses	199,999	-
	<hr/>	<hr/>
At end of year	199,999	68,646
	<hr/>	<hr/>

## Notes (continued)

### 16 Contingent liabilities

A guarantee and debenture have been granted over the shares and the assets of the Company in favour of the Lloyds Banking Group (previously Bank of Scotland Plc), under the terms of which all monies due or which may become due from the company, or other group companies listed below, to the Lloyds Banking Group, are guaranteed. The amount due by the group companies at 31 December 2008 was £56,972,994, (2007: £15,626,278). Further details of the aggregate liabilities due by group companies to the Lloyds Banking Group are set out in the financial statements of the parent company. The group companies involved include principally:

Cullum Capital Ventures Limited  
CCV Risk Solutions Limited  
Roundcroft Limited  
Richard V Wallis & Co Limited  
Moffatt & Co Limited  
Fenton Insurance Solutions Limited  
Milburn Insurance Services Limited  
Arthur Marsh & Son Limited  
Knowmaster Limited  
Managing Agents Reference Assistance Services Limited  
Oyster Property Insurance Specialists Limited  
Dawson Pennington & Company Limited  
Berkeley Alexander Limited  
Protectagroup Holdings limited  
Protectagroup Acquisitions Limited  
Hodge Insurance Brokers Limited  
Protectagroup Limited  
Protectagroup Club Card Limited  
Four Counties Finance Limited  
Four Counties Insurance Brokers Limited  
Cox Lee & Co Limited  
Chorlton Cloughley Group Limited  
CCG Financial Services Limited  
Culver Insurance Brokers Limited  
CCV Letting Agents Solutions Limited

## Notes (continued)

### 17 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2008 Land and buildings £	2008 Other £	2007 Land and Buildings £	2007 Other £
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	53,268	4,440	53,268	-
Over five years	-	-	-	-
	<u>53,268</u>	<u>4,440</u>	<u>53,268</u>	<u>-</u>

### 18 Ultimate parent company

The Company is a subsidiary undertaking of Cullum Capital Ventures Limited which is the ultimate parent company. The Company is exempt from the requirement to prepare group accounts under section 228A of the Companies Act 1985.

The largest group in which the results of the Company are consolidated is that headed by Cullum Capital Ventures Limited. No other group financial statements include the results of the Company. These financial statements provide information about the Company as an individual undertaking and not about its group.

The consolidated financial statements of the group are available to the public and may be obtained from:

2 County Gate  
Staceys Street  
Maidstone  
Kent  
ME14 1ST

### 19 Related party disclosures

The Company is controlled by Cullum Capital Ventures Limited. The ultimate controlling party is Mr PG Cullum by virtue of his controlling interest in the ultimate parent company's equity capital.

The Company conducted business, on an arms length basis, with Towergate Underwriting Group Limited, a company in which Mr PG Cullum currently has a significant interest. The total of commission receivable from Towergate Underwriting Group was £269,351 (2007: £53,877) and non insurance related receipts were £nil. Insurance creditors payable at the year end were £221,076 (2007: £55,303).

The Company previously conducted its business from a property owned by ARM Properties Limited. ARM Properties Limited is owned by former director A Marsh who resigned as director of the company of 17 May 2007. The company lease expired on 31 January 2008. The total rent paid to ARM Properties Limited during the year was £3,500 (2007: £28,000).