

# **HS 428 Limited**

Director's report and financial  
statements

Registered number 06108332

31 December 2010



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## **Director's report**

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

### **Principal activities and business review**

The results for HS 428 Limited ( 'the Company' ) show a pre-tax profit £248,646 (2009 £328,945) for the year and turnover of £223,310 (2009 £310,316) The Company has net assets of £1,150,430 (2009 £901,784)

The principal activity of the Company during the year was that of business insurance consultancy

Discussion on the consolidated results of Towergate Partnership Limited group of companies ( 'the Group' ), which includes the Company, can be found in the Chairman's Statement and the Operating and Financial Review in the Group's annual report which does not form part of this report

### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are now integrated with the principal risks of the Towergate Partnership Limited group and are not managed separately Accordingly, the principal risks and uncertainties of the Towergate Partnership Limited which include those of the company are discussed in the group's annual report which does not form part of this report

### **Key performance indicators**

The directors of Towergate Partnership Limited manage the group's operations on a divisional basis For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of HS 428 Limited The development, performance and position of Towergate Partnership Limited which includes the company is discussed in the group's annual report which does not form part of this report

### **Political and charitable contributions**

The company made charitable contributions of £nil (2009 £nil) and political contributions of £nil (2009 £nil) during the year

### **Proposed dividend**

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

### **Directors**

The directors who held office were as follows

SM Pender

AC Homer *appointed 10 February 2011*

IWJ Patrick *appointed 10 February 2011*

RJ Dixon *resigned 30 April 2010*

**Director's report** *(continued)*

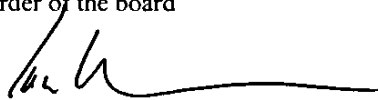
**Disclosure of information to auditors**

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 appointed and KPMG Audit Plc will therefore continue in office

By order of the board



**IWJ Patrick**

*Director*

15 April 2011

## **Statement of director's responsibilities in respect of the Director's 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 the directors 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 its 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

## **Independent auditors' report to the members of HS 428 Limited**

We have audited the financial statements of HS 428 Limited for the year ended 31 December 2010 set out on pages 5 to 12. 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 Chapter 3 of Part 16 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 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 (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/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 December 2010 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.

### **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.



**Jonathan Holt (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants  
St James' Square  
Manchester  
M2 6DS

15 April 2011

**Profit and loss account**  
*for the year ended 31 December 2010*

	<i>Note</i>	<b>2010</b> £	2009 £
<b>Turnover</b>	2	<b>223,310</b>	310,316
Administrative expenses		-	-
		<hr/>	<hr/>
<b>Operating profit</b>		<b>223,310</b>	310,316
Interest receivable and similar income	4	<b>25,336</b>	18,629
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	3	<b>248,646</b>	328,945
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>Profit/(loss) for the financial year</b>	9	<b>248,646</b>	328,945
		<hr/> <hr/>	<hr/> <hr/>

The Company has no recognised gains or losses other than the profits and losses shown above and therefore no separate statement of total recognised gains and losses has been presented

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

The notes on pages 7 to 12 form part of these financial statements

**Balance sheet**  
*at 31 December 2010*

	<i>Note</i>	<b>2010</b>		<b>2009</b>	
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Current assets</b>					
Debtors	6	1,150,430		901,782	
Cash at bank and in hand		-		2	
		<u>1,150,430</u>		<u>901,784</u>	
<b>Creditors</b> amounts falling due within one year		-		-	
<b>Net current assets</b>		<u>1,150,430</u>		<u>901,784</u>	
<b>Total assets less current liabilities</b>		<u>1,150,430</u>		<u>901,784</u>	
<b>Capital and reserves</b>					
Called up share capital	7	2		2	
Profit and loss account	8	1,150,428		901,782	
<b>Equity shareholders' funds</b>		<u>1,150,430</u>		<u>901,784</u>	

The notes on pages 7 to 12 form part of these financial statements

These financial statements were approved by the board of directors on 15 April 2011 and were signed on its behalf by



**IWJ Patrick**  
Director

*Company registered number 06108332*



## **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 historical cost accounting rules

As the Company is a wholly owned subsidiary of a company incorporated in Great Britain, the Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

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 Towergate Partnership 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 Towergate Partnership Limited within which the company is included, can be obtained from the address given in note 10.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### ***Taxation***

The charge for taxation is based on the profit for the period and takes into account taxation deferred. 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 net invoiced sales of services, excluding value added tax.

#### ***Remuneration of directors and staff costs***

Directors received no remuneration from the company during either the current year or the preceding year.

The company had no employees in the current year or the preceding year. All administration is performed by employees of the Group.

**Notes** *(continued)*

**2 Turnover**

Turnover consists entirely of sales made in the United Kingdom

**3 Profit on ordinary activities before taxation**

	2010 £	2009 £
<i>Profit on ordinary activities before taxation is stated after charging.</i>		
Auditors' remuneration		
- Audit of these financial statements	-	-
	<u>          </u>	<u>          </u>

Auditors' remuneration has been borne by the parent company Paymentsshield Ltd

Amounts receivable by the Company's auditor in respect of services to the Company and its associates other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Towergate Partnership Limited

**4 Interest receivable**

	2010 £	2009 £
Interest receivable on inter-company loans	<b>25,336</b>	18,629
	<u>          </u>	<u>          </u>

## Notes (continued)

### 5 Taxation

#### *Analysis of charge in period.*

	2010 £	2009 £
<b>UK corporation tax</b>		
Current tax on profit for the year	-	-
Adjustments in respect of prior year	-	-
	<hr/>	<hr/>
Total current tax	-	-
Deferred tax on profit for the year	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

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

The current tax charge for the year is lower (2009 lower) than the standard rate of corporation tax in the UK 28% (2009 28%). The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	248,646	328,945
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	69,621	92,105
Utilisation of tax losses	(69,621)	(92,105)
	<hr/>	<hr/>
Current tax charge for the year	-	-
	<hr/>	<hr/>

The Budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 26% will be effective from 1 April 2011. This will reduce the company's future current tax charge.

**Notes (continued)**

**6 Debtors**

	2010 £	2009 £
Amounts owed by group undertakings	<u>1,150,430</u>	<u>901,782</u>

**7 Called up share capital**

	2010 £	2009 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

**8 Reserves**

	Profit and loss account £
At beginning of year	901,782
Profit for the financial year	<u>248,646</u>
<b>At end of year</b>	<u><b>1,150,428</b></u>

## Notes (continued)

### 9 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Profit for the financial year	<b>248,646</b>	328,945
Net addition to shareholders' funds	<b>248,646</b>	328,945
Shareholders' funds at beginning of year	<b>901,784</b>	572,839
Shareholders' funds at end of year	<b>1,150,430</b>	901,784

### 10 Parent company and controlling party

The Company's immediate parent company is HS426 Limited and ultimate parent company was Towergate Partnership Limited. Both the immediate and ultimate parent companies are incorporated in England and Wales.

The consolidated financial statements of the ultimate parent company are available to the public and may be obtained from

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

The ultimate parent company was changed following the group restructure on 11 February 2011 (see note 11).

Mr PG Cullum, the Chairman of the ultimate parent company, was the controlling party by virtue of his controlling interest in the ultimate parent company's equity capital. Mr PG Cullum ceased to be the controlling party on 11 February 2011 (see note 11).

## **Notes** *(continued)*

### **11 Post Balance Sheet event**

On 11th February 2011 the following transactions were completed

- A new ultimate holding company Towergate Partnershipco Limited, was created in which Advent International invested £200m
- The existing ordinary shareholders of Towergate Partnership Limited exchanged their shares for shares in Towergate Partnershipco Limited
- Towergate Partnership Limited and its subsidiary companies repaid all of the existing bank debt facilities outstanding at that date
- The Preference Shares and Junior Preferred Ordinary shares previously issued by Towergate Partnership Limited were redeemed in full
- Towergate Partnership Limited through one of its subsidiary companies, Towergate Finance Plc issued a Senior Secured Note and a Senior Note totalling £520m
- Towergate Finance Plc also put in place new loan facilities of £410m led by Lloyds Banking Group plc and supported by a syndicate of banks. Of the facility £90m was not drawn at close
- Towergate Partnership Limited, through one of its subsidiary companies, acquired 100% of the shares of Countrywide Limited and PowerPlace Limited from Broomco (4099) Limited

As a result of the restructure of the group's debt facilities Towergate Finance Plc is the new borrower of the group's debt and Towergate Partnership Limited is now outside of the debt security arrangements

A guarantee and debenture has been granted over the shares and assets of Towergate Finance Plc in favour of the lenders to the £410m loan facility and the Senior Secured noteholders (the "Secured Parties") under the terms of which all monies due or which may become due from Towergate Finance Plc, or other group companies listed below, to the Secured Parties are guaranteed. The group companies involved principally are

Towergate Finance plc  
Towergate Holdings II Limited  
Towergate Holdco Limited  
Fusion Insurance Holdings Limited  
Fusion Insurance Services Limited  
The Hayward Holding Group Limited  
Hayward Aviation Limited  
Paymentshield Group Holdings Limited  
Paymentshield Holdings Limited  
Paymentshield Limited  
Broker Network Holdings Limited  
The Broker Network Limited  
The TF Bell Group Limited  
TF Bell Holdings Limited  
Townfrost Limited  
Towergate Underwriting Group Limited  
Towergate Risk Solutions Limited  
Towergate London Market Limited  
Oyster Risk Solutions Limited  
TL Risk Solutions Limited

Following the group restructure HS426 Limited remained the immediate parent company and Towergate Partnershipco became the ultimate parent company. Mr PG Cullum ceased to be the controlling party of the group.