

HS 428 Limited

Director's report and financial statements

Registered number 06108332

31 December 2011



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Director's report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities and business review

The results for HS 428 Limited ("the Company") show a pre-tax profit £219,178 (2010 £248,646) for the year and turnover of £188.066 (2010 £223.310). The Company has net assets of £1,369,608 (2010 £1,150,430).

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

Discussion on the consolidated results of Towergate Partnershipco 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 Partnershipco Limited group and are not managed separately. Accordingly, the principal risks and uncertainties of the Towergate Partnershipco 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 Partnershipco 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 Partnershipco 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 (2010 £nil) and political contributions of £nil (2010 £nil) during the year.

Proposed dividend

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

Directors

The directors who held office were as follows:

AC Homer (<i>non-executive</i>)	<i>appointed</i>	<i>10 February 2011</i>
IWJ Patrick	<i>resigned</i>	<i>31 March 2012</i>
S Egan	<i>appointed</i>	<i>19 April 2012</i>
SM Pender	<i>resigned</i>	<i>30 June 2011</i>

Director's report *(continued)*

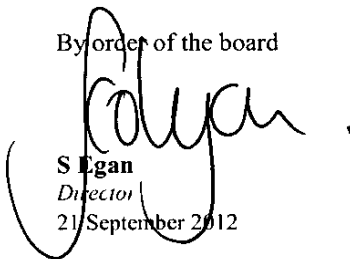
Disclosure of information to auditors

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



S Egan
Director
21 September 2012

Statement of Directors' 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 auditor's report to the members of HS 428 Limited

We have audited the financial statements of HS 428 Limited for the year ended 31 December 2011 set out on pages 5 to 11. 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.

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 2011 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

21 September 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £	2010 £
Turnover		188,066	223,310
Administrative expenses		-	-
		<hr/>	<hr/>
Operating profit		188,066	223,310
Interest receivable and similar income	4	31,112	25,336
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	219,178	248,646
Tax on profit on ordinary activities	5	-	-
		<hr/>	<hr/>
Profit/(loss) for the financial year	9	219,178	248,646
		<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

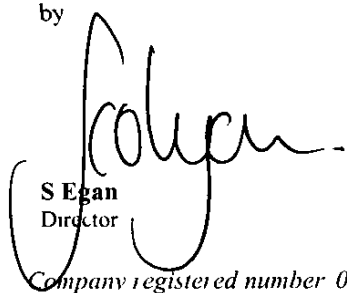
The notes on pages 7 to 11 form part of these financial statements

Balance sheet
at 31 December 2011

	Note	2011	2010
		£	£
Current assets			
Debtors	6	1,369,608	1,150,430
Cash at bank and in hand		-	-
		<u>1,369,608</u>	<u>1,150,430</u>
Creditors amounts falling due within one year		<u>-</u>	<u>-</u>
Net current assets		<u>1,369,608</u>	<u>1 150 430</u>
Total assets less current liabilities		<u>1,369,608</u>	<u>1,150,430</u>
Capital and reserves			
Called up share capital	7	2	2
Profit and loss account	8	1,369,606	1,150 428
Equity shareholder's funds		<u>1,369,608</u>	<u>1,150,430</u>

The notes on pages 7 to 11 form part of these financial statements

These financial statements were approved by the board of directors on 21 September 2012 and were signed on its behalf by


S Egan
 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

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 Partnershipco 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 Partnershipco 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. Fees and commissions are recognised on an accruals basis when a service has been provided

Turnover consists entirely of sales made in the United Kingdom

2 Profit on ordinary activities before taxation

	2011 £	2010 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration		
- Audit of these financial statements	-	-

Auditors' remuneration and administrative expenses have been borne by an intermediate 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 Partnershipco Limited

Notes (continued)

3 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.

4 Interest receivable

	2011 £	2010 £
Interest receivable on inter-company loans	31,112	25,336

5 Taxation

Analysis of charge in period.

	2011 £	2010 £
UK corporation tax		
Current tax on profit for the year	-	-
Adjustments in respect of prior year	-	-
Total current tax	-	-
Deferred tax on profit for the year	-	-
Tax on profit on ordinary activities	-	-

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2010: lower) than the standard rate of corporation tax in the UK 26.5% (2010: 28%). The differences are explained below:

	2011 £	2010 £
Profit on ordinary activities before tax	219,178	248,646
Current tax at 26.5% (2010: 28%)	58,082	69,621
Utilisation of tax losses	(58,082)	(69,621)
Current tax charge for the year	-	-

The Budget announcements on 21 March 2012 included proposals to increase the reduction in the main UK Corporation Tax rate scheduled for 1 April 2012 to a 2% reduction from 26% to 24% and that the rate would be reduced further from 24% to 22% over the following two tax years. These proposed changes had not been enacted into UK law at the balance sheet date.

Notes *(continued)*

6 Debtors

	2011 £	2010 £
Amounts owed by group undertakings	<u><u>1,369,608</u></u>	<u><u>1,150,430</u></u>

7 Called up share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u><u>2</u></u>	<u><u>2</u></u>

8 Reserves

	Profit and loss account £
At beginning of year	1,150,428
Profit for the financial year	<u>219,178</u>
At end of year	<u><u>1,369,606</u></u>

Notes (continued)

9 Reconciliation of movements in shareholder's funds

	2011 £	2010 £
Profit for the financial year	219,178	248,646
Net addition to shareholder's funds	219,178	248,646
Shareholder's funds at beginning of year	1,150,430	901,784
Shareholder's funds at end of year	1,369,608	1,150,430

10 Parent company and controlling party

The Company's immediate parent company is HS426 Limited and ultimate parent company is Towergate Partnershipco 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. There was no controlling party at 31 December 2011.

Notes (continued)

11 Contingent liabilities

On 11 February 2011 Towergate Finance Plc, a fellow subsidiary company, refinanced the group's borrowings and existing bank debt at that date was repaid. As part of the refinancing new loan facilities with a syndicate of banks, led by Lloyds Banking Group plc were put in place and Senior Secured Notes and Senior Notes were issued by Towergate Finance Plc. A debenture has been granted over the shares and the assets of Towergate Finance plc and its material subsidiaries in favour of the lenders to the 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 amount due by group companies at 31 December 2011 was £560,475,000.

The group companies involved included principally

Towergate Finance plc
Towergate Holdings II Limited
Towergate Insurance 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

Prior to the borrowings noted above, on 1 November 2006 the parent company at the time, Towergate Partnership Limited, refinanced its existing borrowings with a syndicate of banks, led by the Bank of Scotland and Lloyds TSB ("the Banks"). A guarantee and debenture was granted over the shares and assets of Towergate Partnership Limited in favour of the Banks, under the terms of which all monies due or which may have become due from Towergate Partnership Limited, or other group companies listed below, to the Banks, were guaranteed. The amount due by group companies at 31 December 2010 was £505.7 million.

The group companies involved included principally

Towergate Partnership Limited
Towergate Underwriting Group Limited
Fusion Insurance Holdings Limited
Fusion Insurance Services Limited
Broker Network Holdings Limited
The Broker Network Limited
Towergate London Market Limited
The Hayward Holding Group Limited
Hayward Aviation Limited
Paymentshield Group Holdings Limited
Paymentshield Limited