

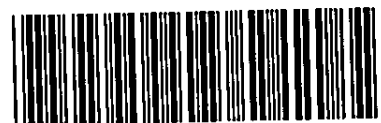
PowerPlace Insurance Services Limited

**Directors' report and financial
statements**

Registered number 06164788

For the year ended 31 May 2011

TUESDAY



A12NPGQW

A10

14/02/2012

#362

COMPANIES HOUSE

Contents

Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Independent auditors' report to the members of PowerPlace Insurance Services Limited	4
Profit and loss account	5
Balance sheet	5
Notes	5

Directors' report

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

Principal activity

The company was dormant until 30 September 2009. The principal activity of the company from 1 October 2009 was the provision of an e-trading facility for commercial lines insurance products.

Business review

The company was a 100% subsidiary of Broomco (4099) Limited, until it was subsequently purchased by Towergate Insurance Limited on 11th February 2011.

The PowerPlace system is now operational in over 1,000 brokers and will continue to grow over the next year. The directors are confident that the trading position is very positive for the coming year. There are currently 58 live products on the panel with 13 insurers with additional insurers and products planned to go live by the end of 2012. In addition to an increasing number of Open GI brokers a project launched in September 2010 to accelerate the extranet version of PowerPlace and this is also gathering momentum.

Results and dividends

The results of the company for the year are set out in detail on page 6.

The directors do not recommend payment of a dividend (2010: £nil).

Directors

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

P Cullum
IWJ Patrick
JM Carruthers (resigned 7 July 2011)
AC Homer
MT Reed (resigned 1 August 2011)
NA Giddings
WC Tonge (resigned 4 August 2010)
S Ball (appointed 1 August 2011)

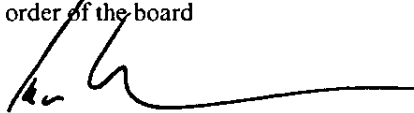
Disclosure of information to auditors

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 re-appointed and KPMG LLP will therefore continue in office.

By order of the board


IWJ Patrick
Director

Pegasus Court
Olympus Avenue
Tachbrook Park
Warwick
CV34 6LW

30 September 2011

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)

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 the 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.



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditors' report to the members of PowerPlace Insurance Services Limited

We have audited the financial statements of PowerPlace Insurance Services Limited for the year ended 31 May 2011 set out on pages 6 to 14. 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 May 2011 and of its loss 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.

Independent auditors' report to the members of PowerPlace Insurance Services 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



X Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

30 September 2011

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Profit and loss account
for the year ended 31 May 2011


	<i>Note</i>	2011 £	2010 £
Turnover	<i>1</i>	24,312,031	8 231 312
Cost of sales		(24,194,342)	(7,993 404)
		<hr/>	<hr/>
Gross profit		117,689	237,908
Administrative expenses		(5,048,292)	(2,918,630)
		<hr/>	<hr/>
Operating loss		(4,930,603)	(2,680 722)
Interest receivable	<i>5</i>	8,677	2 708
Interest payable	<i>6</i>	(258)	(272,568)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	<i>2</i>	(4,922,184)	(2,950,582)
Tax on loss on ordinary activities	<i>7</i>	712,103	-
		<hr/>	<hr/>
Loss on ordinary activities after taxation and for the financial year	<i>12 13</i>	(4,210,081)	(2,950,582)
		<hr/>	<hr/>

The results for the year reflect trading from continuing operations. There are no gains and losses for the years other than the profit for the financial years above.

Balance sheet
at 31 May 2011

	<i>Note</i>	2011	2010
		£	£
Fixed assets			
Tangible assets	8	5,751,612	2,669,592
Current assets			
Debtors	9	5,808,905	4,036,422
Cash at bank and in hand		4,868,316	3,575,093
		<u>10,677,221</u>	<u>7,611,515</u>
Creditors Amounts falling due within one year	10	(12,589,495)	(10,231,688)
Net current liabilities		<u>(1,912,274)</u>	<u>(2,620,173)</u>
Net assets		<u>3,839,338</u>	<u>49,419</u>
Capital and reserves			
Share capital	11	11,000,001	3,000,001
Profit and loss account	12	(7,160,663)	(2,950,582)
Equity shareholders' funds	13	<u>3,839,338</u>	<u>49,419</u>

These financial statements were approved by the board of directors on 30 September 2011 and were signed on its behalf by


IWJ Patrick
 Director

Company registered number 6164788

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 and under the historical cost accounting rules

Under Financial Reporting Standard 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 at the 31 May 2011 the company was a wholly owned subsidiary of Towergate Insurance 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)

Going concern

The directors have prepared the financial statements of the company on the going concern basis as the directors are satisfied that the company has sufficient funds to continue trading for the foreseeable future

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows

Computer equipment	-	4 years
Computer software	-	4 years
Fixtures and fittings	-	10 years
Furniture and equipment	-	5 years

Revenue recognition

Turnover represents amounts (net of value added tax) receivable in respect of commission on the sale of insurance products. This is recognised on the inception or renewal date of a risk. All revenue is received from insurance brokers net of their commission

Insurance transactions, client money and insurer money

The company records on its balance sheet amounts due to and from clients and insurers, and money held on behalf of clients and insurers in relations to the insurance transactions that the company handles on behalf of those parties. In accordance with the requirements of the Financial Services Authority client money is held in bank accounts governed by Trust Deeds established for the benefit of such clients. Insurer money is held in accordance with the agreements in Place between the insurer and the company. Amounts held in trust cannot be called upon on insolvency of the company however interest received on all these cash balances is recognised and reflected as revenue in these financial statements as the company has the right to such interest in accordance with the terms of business agreed with clients and insurers. The cash at bank balance presented in these financial statements represents the aggregation of the money held for the benefit of the company, clients and insurers.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the result for the year 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

Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Pensions

Towergate Underwriting Group Limited operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting year.

Turnover

Turnover consists entirely of sales made in the United Kingdom

2 Loss on ordinary activities before taxation

	2011 £	2010 £
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation of owned assets	1,451,883	405,902
Operating leases		
Plant and machinery	104,605	77,999
Fees payable to the company's auditors		
Audit of these financial statements	12,271	15,133
	<u> </u>	<u> </u>

Notes (continued)

3 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	
	2011	2010
Administrative and management staff	31	34
Sales and marketing	43	24
	<u>74</u>	<u>58</u>

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	2,481,187	1,487,996
Social security costs	308,345	153,523
Other pension costs	60,660	38,090
	<u>2,850,192</u>	<u>1,679,609</u>

4 Remuneration of directors

Total remuneration of directors paid by the company	2011 £	2010 £
Directors' emoluments	219,134	233,911
Other pension costs	13,130	12,420
	<u>232,264</u>	<u>246,331</u>

The remuneration of Messrs Cullum, Patrick, Carruther, and Homer have been borne by Towergate Partnership Limited, which makes no recharge to the company

5 Interest receivable

	2011 £	2010 £
Bank interest	<u>8,677</u>	<u>2,708</u>

6 Interest payable

	2011 £	2010 £
Intercompany interest	<u>258</u>	<u>272,568</u>

Notes (continued)

7 Taxation

Analysis of charge in year

	2011 £	2010 £
<i>UK corporation tax</i>		
Current tax	-	-
Adjustment to prior years	712,103	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	712,103	-
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

The current tax credit for the year is lower (2010 lower) than the standard rate of corporation tax in the UK of 27.67% (2010 28%)

	2011 £	2010 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(4,922,184)	(2,950,582)
	<hr/>	<hr/>
Current tax at 27.67% (2010 28%)	(1,361,805)	(826,162)
	<hr/>	<hr/>
<i>Effects of</i>		
Capital allowances for the period in excess of depreciation	12,936	(23,335)
Non-deductible expenditure	19,252	87,107
Losses carried forward	1,329,617	762,390
Adjustment in respect of prior years	(712,103)	-
	<hr/>	<hr/>
Total current tax charge (see above)	(712,103)	-
	<hr/>	<hr/>

The company has tax losses of £4,805,842 available to offset future profits. No deferred tax asset has been recognised in respect of these losses due to the lack of certainty regarding quantum and timing of future years taxable profits.

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011, and a further reduction to 26% in the rate applicable from 1 April 2011 was substantively enacted on 29 March 2011. This will reduce the group's future current tax charge accordingly. The deferred tax asset at 31 May 2011 has been calculated based on the rate of 26% substantively enacted at the balance sheet rate. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the group's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes (continued)

8 Tangible fixed assets

	Computer equipment and software £	Fixtures and fittings £	Furniture and equipment £	Total £
Cost				
At beginning of year	3,048,936	5,256	21,302	3,075,494
Additions	4,529,072	-	4,831	4,533,903
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	7,578,008	5,256	26,133	7,609,397
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
At beginning of year	404,464	728	710	405,902
Charge for year	1,446,229	1,092	4,562	1,451,883
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,850,693	1,820	5,272	1,857,785
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 May 2011	5,727,315	3,436	20,861	5,751,612
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2010	2,644,472	4,528	20,592	2,669,592
	<hr/>	<hr/>	<hr/>	<hr/>

9 Debtors

	2011 £	2010 £
Amounts owed by group undertakings	461,039	550,195
Other debtors	2,000	1,850
Insurance debtors	5,332,279	3,475,169
Prepayments and accrued income	13,587	9,208
	<hr/>	<hr/>
	5,808,905	4,036,422
	<hr/>	<hr/>

10 Creditors: Amounts falling due within one year

	2011 £	2010 £
Amounts owed to group undertakings	1,740,185	3,628,504
Other taxation and social security	89,381	76,998
Other creditors	1,021,488	167,485
Insurance creditors	8,975,285	5,717,134
Accruals	763,156	641,567
	<hr/>	<hr/>
	12,589,495	10,231,688
	<hr/>	<hr/>

Notes (continued)

11 Called up share capital

	2011 £	2010 £
<i>Authorised</i>		
11,000,001 ordinary shares of £1 each	11,000,001	3,001,000
<i>Allotted, called up and fully paid</i>		
11,000,001 ordinary shares of £1 each	11,000,001	3,000,001

During the year the company issued 8,000,000 ordinary shares at par, to provide additional working capital

12 Reserves

	Profit and loss account £
At beginning of year	(2,950,582)
Loss for the financial year	(4,210,081)
At end of year	(7,160,663)

13 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Loss for the financial year	(4,210,081)	(2,950,582)
Issue of share capital	8,000,000	3,000,000
Net increase in shareholders' funds	3,789,919	49,418
Opening shareholders' funds	49,419	1
Closing shareholders' funds	3,839,338	49,419

14 Financial commitments

The annual commitments under non-cancellable operating leases are as follows

		Other assets	
		2011	2010
		£	£
Operating leases which expire			
Within one year		38,922	23,019
Between one and two years		26,946	71,873
Between two and five years		-	23,047
		<hr/>	<hr/>
		65,868	117,939

Notes (continued)

15 Pensions

Towergate Underwriting Group Limited provided a defined contribution pension scheme during the year. The pension charge for the year was £60,660 (2010 £38,090). The amount accrued at the year end, and included in creditors is £7,228 (2010 £7,885).

16 Related party disclosure

During the year the company participated in the following related party transactions:

- The company received services to the value of £3,896,666 (2010 £2,108,733), on an arms length basis with Open GI Limited, a fellow group company in the Broomco (4099) Limited group. The intercompany balance owed to Open GI Limited at 31 May 2011 was £1,011,270 (2010 £3,276,730).

On 11 February 2011 the company was sold by Broomco (4099) Limited, the company's ultimate parent company, to Towergate Insurance Limited. From 11 February onwards, the company was a 100% subsidiary of the Towergate Partnership Limited group and so no transactions with Towergate group companies will be disclosed from this date.

In the period to 11 February 2011 the company participated in the following related party transactions:

- The company conducted business to the value of £765,825 on an arms length basis with Towergate Partnership Limited. The balance owed to Towergate Partnership Limited at 31 May 2010 was £142,999.
- The company received services to the value of £226,634 (2010 £1,127,294) on an arms length basis with various companies within Towergate Underwriting Group Limited, companies controlled by PG Cullum. The balance owing to these companies at 31 May 2010 was £142,999.
- The company conducted business to the value of £72,612 (2010 £72,612) on an arms length basis with Broker Network Limited, a company controlled by PG Cullum. The balance owing to Broker Network Limited at 31 May 2010 was £72,612.

17 Ultimate parent company and controlling party

On 11 February 2011 Towergate Insurance Limited purchased the entire share capital of PowerPlace Insurance Services Limited. From this date and at the year end, the ultimate parent company is Towergate Partnership Co Limited, a company incorporated in Great Britain.

For the year ended 31 May 2011, the results to 31 January 2011 were consolidated in the group headed by Broomco (4099) Limited. For the remaining months the results will be consolidated in the group headed by Towergate Partnership Co Limited.

Copies of the group financial statements, incorporating those of the company, are available from the companies' registered addresses.

There is no ultimate controlling party.