Broomco (4099) Limited

Directors' report and consolidated financial statements

Registered number 06343303

Year ended 31 May 2012

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2012

Principal activities

The principal activity of the company is that of a holding company and the principal activity of the group is insurance and related software systems

Business review

The results for the year to 31 May 2012 reflect another year of strong growth in our core businesses

In Open GI Limited, turnover increased by 10% while operating profit was 6% up on last year Expenditure on research and development activities during the year totalled £6 8m representing an increase of 17 4% over the previous year

The development of Open Trader, the software platform to enable the electronic trading of commercial insurance policies for SME businesses continued in the year The platform now supports approximately £80m of gross written premium per annum across nearly 70 products provided by 20 carriers An estimated 16 000 users are using the system to sell these policies to their customers every day The platform is fully integrated into the Open GI Core Back Office system thus removing the need to rekey risk and policy information from one system to another

The principal risks facing the business and the controls in place to mitigate these, are as follows

- Development of the Open GI product suite to retain our customer base The business continues to develop and enhance its product suite including the electronic trading of commercial insurance policies for SME businesses Our research and development teams are all employees of the company and are based in the UK
- Attracting and retaining skilled people The Company encourages its employees to reach their full potential through training and development programs These are delivered via a mixture of in-house and external courses relevant to the individual concerned

Open GI continues to support all its customers new and existing, brokers and providers, through the development and expansion of the Open GI product suite The Company is well placed to deliver the requirements our customer base demands and therefore the directors are confident the outlook for the Company is very good

MI Limited performed satisfactory during the year The directors are confident the business is well positioned to take advantage of the opportunities available over the coming year

Blue Fire Communications Limited was acquired by the Group on 6 December 2011

Results and dividends

The results for the year are set out in the profit and loss account on page 6

The directors do not recommend the payment of a dividend

Directors

The directors who served during the year were as follows

PG Cullum
AC Homer
IWJ Patrick (resigned 30 September 2012)

Directors' report *(continued)*

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board

PG Cullum
Director

Buckholt Drive
Warndon
Worcester
WR4 9SR

27 February 2013

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 group and parent company 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 group and parent company and of their profit or loss for that period

In preparing each of the group and parent company 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 group and parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group and to prevent and detect fraud and other irregularities

KPMG LLP
One Snowhill
Snowhill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Broomco (4099) Limited

We have audited the financial statements of Broomco (4099) Limited for the year ended 31 May 2012 set out on pages 6 to 23 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 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 auditor

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 group s and parent company's affairs as at 31 May 2012 and of the group s 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 auditor's report to the members of Broomco (4099) 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

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

27 February 2013

Consolidated profit and loss account

for the year ended 31 May 2012

	Note	2012 Continuing operations	2012 Discontinued operations	2012 Total	2011 Continuing operations	2011 Discontinued operations	2011 Total
		£000	£000	£000	£000	£000	£000
Turnover	2	44,806	-	44,806	38 726	19 812	58 538
Cost of sales		(7 101)	-	(7,101)	(5 558)	(16 457)	(22 015)
Gross profit		37,705	-	37,705	33 168	3 355	36 523
Administrative expenses		(20,572)	-	(20 572)	(14 335)	(3 602)	(17 937)
Amortisation of goodwill		(12 076)	-	(12,076)	(12 076)	-	(12 076)
Operating profit/(loss)		5,057	-	5,057	6 757	(247)	6 510
Profit on disposal of subsidiary				-			1,920
Loss on disposal of subsidiary				-			(1 877)
Interest receivable	6			13			25
Interest payable and similar charges	7			(27,568)			(23 343)
Loss on ordinary activities before taxation	3			(22,498)			(16,765)
Tax on loss on ordinary activities	8			(83)			(1,638)
Loss on ordinary activities after taxation				(22,581)			(18,403)
Minority interests	22			313			1 060
Loss for the financial year	20,21			(22,268)			(17 343)

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

Consolidated balance sheet
at 31 May 2012

	Note	2012 £000	£000	2011 £000	£000
Fixed assets					
Tangible assets	*9*		**3,113**		2 828
Intangible assets	*10*		**175 449**		187 525
Investments	*11*		**3,583**		3 583
			182 145		193 936
Current assets					
Stocks	*12*	**130**		107	
Debtors					
Amounts falling due within one year	*13*	**5,738**		6 136	
Amounts falling due after more than one year	*14*	**67**		-	
Cash at bank and in hand		**9,597**		6 220	
		15,532		12 463	
Creditors Amounts falling due within one year	*15*	**(291,995)**		(23 499)	
Net current liabilities			**(276,463)**		(11 036)
Total assets less current liabilities			**(94,318)**		182 900
Creditors Amounts falling due after more than one year	*16*		**-**		(254,383)
Provisions for liabilities and charges	*17*		**(613)**		(817)
Net liabilities			**(94,931)**		(72,300)
Capital and reserves					
Called up share capital	*19*		**13,479**		13,479
Profit and loss account	*20*		**(103,804)**		(81 492)
Minority interest	*22*		**(4,606)**		(4 287)
Equity shareholders' deficit	*21*		**(94,931)**		(72,300)

These financial statements were approved by the board of directors on 27 February 2013 and were signed on its behalf by

PG Cullum
Director

Company registered number 6343303

Company balance sheet
at 31 May 2012

	Note	2012 £000	£000	2011 £000	£000
Fixed assets					
Investments	*11*		**5,894**		5 889
Current assets					
Debtors	*13*	**304,890**		287 982	
Cash at bank and in hand		**799**		4 884	
		305,689		292 866	
Creditors Amounts falling due within one year	*15*	**(338,740)**		(70 022)	
Net current (liabilities)/assets			**(33,051)**		222 844
Total assets less current liabilities			**(27,157)**		228 733
Creditors Amounts falling due after more than one year	*16*		**-**		(253 410)
Net liabilities			**(27,157)**		(24 677)
Capital and reserves					
Called up share capital	*19*		**13,479**		13 479
Profit and loss account	*20*		**(40,636)**		(38 156)
Equity shareholders' deficit	*21*		**(27,157)**		(24 677)

These financial statements were approved by the board of directors on 27 February 2013 and were signed on its behalf by

PG Cullum
Director

Consolidated cash flow statement
for the year ended 31 May 2012

	Note	2012 £000	2011 £000
Net cash inflow from operating activities	25	**21,979**	17 568
Returns on investment and servicing of finance	26	**(5 325)**	(23 055)
Taxation		**(349)**	392
Capital expenditure and financial investment	26	**(593)**	(2 256)
Acquisitions and disposals	26	-	31 044
Cash inflow before financing		**15,712**	23 693
Financing	26	**(12 335)**	(26 613)
Cash inflow/(outflow) after financing		**3 377**	(2 920)
Increase/(decrease) in cash in the year		**3,377**	(2 920)

Reconciliation of net cash flow to movement in net debt

	Note	2012 £000	2011 £000
Increase/(decrease) in cash in year		**3,377**	(2 920)
Cash outflow from decrease in debts		**12,335**	26 613
Change in net debt resulting from cash flows		**15,712**	23 693
Capitalisation of interest		**(10,932)**	(217)
Movement in net debt in year		**4,780**	23 476
Net debt at beginning of year		**(261,841)**	(285 317)
Net debt at end of year	27	**(257,061)**	(261 841)

Consolidated statement of total recognised gains and losses
for the year ended 31 May 2012

	2012	2011
	£000	£000
Total recognised gains and losses relating to the financial year	**(22,312)**	(17 211)
Total gains and losses recognised since last annual report	**(22,312)**	(17 211)

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 company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 May 2012 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under Section 408 of the Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account

Going concern

The directors have prepared the financial statements of the company on the going concern basis, notwithstanding net liabilities of £94,931,000, as the directors are satisfied that the company and the group have sufficient funds to continue trading for the foreseeable future Funding arrangements between the group s sponsoring bank and the ultimate holding company were renewed on 26 February 2013, and will remain in place until 31 December 2015

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets and liabilities acquired Goodwill is amortised on a straight line basis over twenty years, with effect from the date of acquisition

Investments

Investments in subsidiary undertakings are stated at cost less amounts provided for any diminution in value

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

Freehold property	-	50 years
Computer equipment	-	2-4 years
Furniture, fixtures and equipment	-	4-10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land

Foreign currencies

Assets and liabilities in currencies other than the functional currency of each entity are translated at the year end exchange rate Transactions denominated in foreign currencies during the year are recorded at the effective exchange rate on the day of the transaction Realised exchange gains and losses and unreleased exchange losses are recognised in the profit and loss account

Stocks

All stocks, except service stock, are stated at the lower of cost and net realisable value In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Notes *(continued)*

1 Accounting policies *(continued)*

Revenue recognition

Turnover represents amounts invoiced to customers (net of value added tax) for goods and services from the company s principal activity

Revenue from systems is recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable In circumstances where a considerable vendor obligation exists revenue recognition is delayed until the obligation has been satisfied Service revenue comprises revenues from maintenance transaction processing and professional services Maintenance and support contracts are recognised rateably over the period of the contract

Arrangements such as annual licence renewals which provide both a licence and support and upgrade element are only recognised according to the separate income recognition criteria when the fair value of the constituent elements can be ascertained In all other cases the whole of the income is recognised rateably over the contract period Electronic data interchange and remote processing services are recognised monthly as work is performed

Professional services, such as implementation, training and consultancy, are recognised when the services are performed Also included in turnover is amounts receivable in respect of commissions on the sale of insurance products, membership subscriptions and Equip fees recognised on an accruals basis and income earned from insurance providers for meeting agreed criteria which is recognised upon confirmation that these criteria have been met

Commission income on the sale of insurance products is recognised on the inception or renewal date of a risk

Deferred income

Deferred income represents amounts invoiced in advance in respect of contracts for the provision of maintenance and support services together with amounts invoiced in respect of system sales for which the revenue recognition criteria have yet to be satisfied

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/received under operating leases are charged/credited to the profit and loss account on a straight line basis over the lease term

Onerous leases

Provision is made for the best estimate of the unavoidable net costs, discounted where appropriate, of leasehold properties and other contracts which are surplus to the company's operating requirements

Research and development

Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to exceed related future sales and adequate resources exist to enable the project to be completed

Pensions

The group operates a stakeholder pension scheme covering the majority of employees The costs of the pension scheme are charged to the profit and loss account as incurred

Notes *(continued)*

2 Turnover

97% of the group s turnover consists of sales made in the United Kingdom The remaining 3% relates to sales made in the Republic of Ireland

3 Loss on ordinary activities before taxation

	2012 £000	2011 £000
Loss on ordinary activities before taxation is stated after charging		
Depreciation of owned assets	307	994
Goodwill amortised	12,076	12 076
Loss on disposal of fixed assets	1	7
Profit on disposal of subsidiary	-	(1 920)
Loss on disposal of subsidiary	-	1 877
Operating leases		
Plant and machinery	145	156
Land and buildings	182	257
Research and development	6,837	5 823
Fees paid to the company s auditors		
Audit of these financial statements	12	11
Audit of subsidiary financial statements	61	84

4 Staff numbers and costs

The average number of persons employed by the group (including directors) during the period was as follows

	Number of employees 2012	2011
Programming and engineering	291	270
Sales	31	61
Administrative and management	57	93
	379	424

The aggregate payroll costs of these persons were as follows

	£000	£000
Wages and salaries	16,726	14 391
Social security costs	2,002	1,626
Other pension costs	265	276
	18,993	16 293

Notes *(continued)*

5 Remuneration of directors

	2012 £000	2011 £000
Directors emoluments	5 414	1 881
Remuneration of the highest paid director	4,850	1 413

6 Interest receivable and similar income

	2012 £000	2011 £000
Bank interest	11	21
Other interest	2	4
	13	25

7 Interest payable and similar charges

	2012 £000	2011 £000
On bank loans and overdrafts	27,485	23,242
Loan note interest	79	101
Other interest	4	-
	27,568	23 343

8 Taxation

Analysis of charge in the period

	2012 £000	2011 £000
UK corporation tax		
Current tax on income for the period	501	1,539
Adjustments in respect of prior period	(427)	117
Total current tax	74	1,656
Deferred tax		
Origination of timing differences	9	(18)
Tax on loss on ordinary activities	83	1,638

Notes *(continued)*

8 Taxation *(continued)*

Factors affecting the tax charge for the period

The current tax charge for the year is higher *(2011 higher)* than the standard rate of corporation tax in the UK of 25 67% *(2011 27 67%)* The differences are explained below

	2012 £000	2011 £000
Current tax reconciliation		
Loss on ordinary activities before tax	**(22,498)**	(16 765)
Current tax at 25 67% *(2011 27 67%)*	**(5,775)**	(4 639)
Effects of		
Non-deductible expenditure	**6,440**	7 064
Capital allowances in excess of depreciation	**6**	8
Utilisation of tax losses	**-**	(4 580)
Decrease in other timing differences	**(9)**	(1)
Non chargeable income	**-**	3 698
Losses carried forward	**3**	1
Credit for research and development	**(164)**	-
Profit on disposal of subsidiaries	**-**	(12)
Adjustments in respect of prior periods	**(427)**	117
Total current tax charge (see above)	**74**	1 656

Factors affecting future tax charges

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011 and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 31 May 2012 (which has been calculated based on the rate of 24% substantively enacted at the balance sheet date)

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly

Notes *(continued)*

9 Tangible fixed assets

Group

	Freehold property	Computer equipment	Furniture, fittings and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	2 256	1 423	1 129	14	4 822
Additions	110	450	33	-	593
Disposals	-	(10)	-	-	(10)
At end of year	2 366	1 863	1 162	14	5 405
Depreciation					
At beginning of year	85	940	955	14	1 994
Charge for year	19	239	49	-	307
Disposals	-	(9)	-	-	(9)
At end of year	104	1 170	1 004	14	2 292
Net book value					
At 31 May 2012	**2,262**	**693**	**158**	**-**	**3,113**
At 31 May 2011	2 171	483	174	-	2 828

10 Intangible fixed assets

Group

	Goodwill
	£000
Cost	
At beginning and end of year	241 510
Depreciation	
At beginning of year	53 985
Charge for year	12,076
At end of year	66 061
Net book value	
At 31 May 2012	**175,449**
At 31 May 2011	187,525

Notes *(continued)*

11 Fixed asset investment

Group

	Investments £000
Cost	
At beginning of year	3 583
Additions	-
At end of year	**3,583**

Company

	Shares in group undertaking £000
Cost	
At beginning of year	5 889
Additions	5
At end of year	**5,894**

During the year £5 448 shares in Broomco 4105 Limited were repurchased

Principal subsidiary undertakings

The principal undertakings in which the Group s interest at the year end is more than 20% and which are trading actively are as follows

	Country of incorporation	Shareholding	Principal activity
Open International Limited*	England	94%	Holding company
Open GI Limited*	England	94%	Software and related systems
MI Limited*	England	94%	Software and related systems
ACT Insurance Systems Limited*	England	94%	Software and related systems
Open GI Limited*	Republic of Ireland	94%	Software and related systems
Blue Fire Communications Limited*	England	100%	Communications provider

*denotes indirect holding

Notes *(continued)*

12 Stocks

	2012 £000	2011 £000
Raw materials and consumables	130	107

13 Debtors: Amounts falling due within one year

	2012 Group £000	Company £000	2011 Group £000	Company £000
Trade debtors	3,526	-	3 139	-
Amounts owed by subsidiary undertakings	-	304,863	-	287 936
Prepayments and accrued income	1,841	-	1 725	-
Other debtors	290	27	1 182	35
Corporation tax	-	-	-	11
Deferred tax asset (note 18)	81	-	90	-
	5,738	304,890	6 136	287,982

14 Debtors Amounts falling due after more than one year

	2012 Group £000	Company £000	2011 Group £000	Company £000
Amounts recoverable on contracts	67	-	-	-

15 Creditors· Amounts falling due within one year

	2012 Group £000	Company £000	2011 Group £000	Company £000
Bank loans * (net of unamortised debt issue costs of £802 884)	265,317	265,317	12,000	12 000
Loan notes*	539	-	-	-
Trade creditors	1,457	-	375	-
Amounts due to group undertakings	-	57,010	-	56,310
Other tax and social security	2,118	266	2,061	7
Other creditors	684	297	1,973	1,705
Corporation tax	1,103	-	1 492	-
Accruals and deferred income	20,777	15,850	5,598	-
	291,995	338,740	23,499	70,022

Notes *(continued)*

16 Creditors: Amounts falling due after more than one year

	2012 Group £000	Company £000	2011 Group £000	Company £000
Bank loans (net of unamortised debt issue costs at 31 May 2011 of £1 678 757)*	-	-	253 410	253 410
Loan notes*	-	-	973	-
	-	-	254 383	253 410

Analysis of debt

*(Being those items in notes 15 and 16 marked by *)*

	2012 £000	2011 £000
Debt may be analysed as falling due		
In one year or less	266,659	12 000
Between one and two years	-	253 410
Between two and five years	-	973
Total debt	266,659	266 383
Less unamortised debt issue costs	(803)	(1,679)
	265,856	264 704

The bank loan of £265 316 744 *(2011 £265 410 010)* is secured on a share pledge by certain Towergate Partnership Limited shareholders Interest charged on the bank loan during the period was at LIBOR +5% The loan is repayable in full on 30 April 2013

Unsecured loan notes of £538 826 will be redeemed on 1 January 2013 Interest is charged at LIBOR + 10%

17 Provisions for liabilities and charges

	Legal claims £000	Group Onerous property £000	Total £000
At beginning of year	123	694	817
Movement in year	(93)	(111)	(204)
At end of year	**30**	**583**	**613**

Provision has been made for the costs expected to be incurred in association with a number of legal claims This provision is expected to be utilised within twelve months

In addition, an additional provision has been made in respect of leasehold premises, from which the company no longer trades, but is still liable to fulfil rent and other property commitments up to the lease expiry date

Notes (continued)

18 Deferred tax

Group

The movement in deferred tax assets during the year are as follows

	Deferred tax asset £000
At beginning of year	90
Charge to the profit and loss account for the year	(9)
At end of year	**81**

The elements of deferred tax are as follows

	2012 £000	2011 £000
Accelerated capital allowances	72	75
Other timing differences	9	15
	81	90

19 Called up share capital

	2012 £000	2011 £000
Allotted, called up and fully paid		
1 000 ordinary shares of £0 01 each	-	-
1 347 863 809 preferred ordinary shares of £0 01 each	13,479	13 479
	13,479	13 479

20 Reserves

Profit and loss account

	Group £000	Company £000
At beginning of year	(81 492)	(38,156)
Loss for the financial year	(22,268)	(2,480)
Currency translation differences	(44)	-
At end of year	**(103,804)**	**(40,636)**

Notes *(continued)*

21 Reconciliation of movement in shareholders' deficit

	2012 Group £000	Company £000	2011 Group £000	Company £000
Loss for the financial year	**(22,268)**	**(2,480)**	(17 343)	(32 076)
Currency translation differences	**(44)**	**-**	63	-
Movement of minority interest	**(319)**	**-**	(1 059)	-
Net increase in shareholders' deficit	**(22,631)**	**(2,480)**	(18 339)	(32 076)
Opening shareholders' (deficit)/funds at beginning of year	**(72,300)**	**(24,677)**	(53 961)	7 399
Closing shareholders' deficit at end of year	**(94,931)**	**(27,157)**	(72 300)	(24 677)

22 Minority interest

	Group £000
At beginning of year	(4 287)
Share of loss for the year	(313)
Buy back of minority interest shares	(6)
At end of year	**(4,606)**

23 Commitments

Group

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

	2012 Land and buildings £000	Other £000	2011 Land and buildings £000	Other £000
Operating leases which expire				
Within one year	**53**	**33**	-	43
Between one and two years	**22**	**17**	-	28
Between two and five years	**120**	**100**	114	84
After five years	**71**	**-**	164	-
	266	**150**	278	155

24 Pensions

The group provided its own stakeholder pension scheme during the year The pension charge for the year was £265,000 *(2011 £276 000)* The amount accrued at the year end and included within creditors is £Nil *(2011 £34 000)*

Notes *(continued)*

25 Reconciliation of operating profit to net cash flows from operating activities

	2012 £000	2011 £000
Operating profit	5,057	6 510
Goodwill amortisation and impairment	12,076	12 076
Depreciation	307	995
Loss on disposal of assets	1	7
(Increase)/decrease in stock	(23)	109
Increase in debtors	321	(5 471)
Increase in creditors	3,618	2 452
Decrease in capitalised loan costs	876	711
Net movement in provisions	(204)	179
Decrease in minority interest	(6)	-
Exchange gains/losses	(44)	-
Net cash inflow from operating activities	21,979	17 568

26 Analysis of cash flows

	2012 £000	£000	2011 £000	£000
Returns on investment and servicing of finance				
Interest received	13		25	
Interest paid	(5,338)		(23 080)	
		(5,325)		(23 055)
Capital expenditure and financial investment				
Purchase of fixed assets	(593)		(2,256)	
		(593)		(2 256)
Acquisitions and disposals				
Proceeds from disposal of company shares	-		35 000	
Cash sold with disposals	-		(3,956)	
		-		31,044
Financing				
Repayment of loans	(12,000)		(26,613)	
Repayment of loan notes	(335)		-	
		(12,335)		(26 613)

Notes *(continued)*

27 Analysis of net debt

	At beginning of year £000	Cash flow £000	Other non-cash charges £000	**At end of year £000**
Cash at bank and in hand	6 220	3 377	-	**9 597**
Debt due within one year	(12 000)	12 000	(266 658)	**(266,658)**
Debt due after one year	(256 061)	335	255 726	-
Total	(261 841)	15 712	(10 932)	**(257 061)**

28 Related party disclosures

During the year the company received interest of £26 071 465 *(2011 £20 122 036)* on an arm s length basis from Broomco (4105) Limited, a subsidiary company The intercompany balance owed to Broomco (4099) Limited at 31 May 2012 was £312 806 115 *(2011 £295 890 556)*

Open GI Limited a subsidiary company, conducted business totalling £2 193 171 *(2011 £1 894 237)* on an arm s length basis with the Towergate PartnershipCo Limited and its subsidiary companies for which Mr P G Cullum also acts as a statutory director In addition Open GI Limited received services to the value of 110 101 *(2011 £128 363)* The balance owing to Open GI Limited as at 31 May 2012 is £285 484 *(2011 £35,402)* and the balance owed by Open GI Limited as at 31 May 2012 is £110,101 *(2011 £Nil)*

Open GI Limited, a subsidiary company, conducted business totalling £493,942 *(2011 £383 235)* on an arm s length basis with Cullum Capital Ventures Group and its subsidiary companies, controlled by Mr P G Cullum The balance owing to Open GI Limited as at 31 May 2012 is £10 474 *(2011 £10 383)*

Open GI Limited, a subsidiary company conducted business totalling £4 942,133 *(2011 £4 129 392)* on an arm's length basis with Powerplace Insurance Services Limited a subsidiary of Towergate PartnershipCo Limited The balance owing to Open GI Limited as at 31 May 2012 is £478,807 *(2011 £974 375)*

Open GI Limited, a subsidiary company, conducted business totalling £196,211 *(2011 £236 348)* on an arm s length basis with Countrywide Insurance Management Limited, a subsidiary of Towergate PartnershipCo Limited The balance owing to Open GI Limited as at 31 May 2012 is £59 *(2011 £21 095)*

Mi Limited a subsidiary company conducted business totalling £1 078,657 *(2009 842,591)* on an arms length basis with the Towergate Partnership Limited and its subsidiary companies The balance owing to Mi Limited as at 31 May 2012 is £320,292 *(2011 57,317)*

Blue Fire Communications Limited, a subsidiary company conducted business totalling £672,888 *(2011 £473,000)* on an arm's length basis with the Towergate Partnership Limited and its subsidiary companies, controlled by Mr P G Cullum In addition Blue Fire Communications Limited received services to the value of £49,126 *(2011 £127 126)* The balance owing to Blue Fire Communications Limited as at 31 May 2012 is £56 379 *(2011 £57,685)* and the balance owed by Blue Fire Communications Limited a subsidiary company, conducted business totalling £56,196 *(2011 £39,500)* on an arm s length basis with Cullum Capital Ventures Group and its subsidiary companies, controlled by Mr P G Cullum The balance owing to Blue Fire Communications Limited as at 31 May 2012 is £4,647 *(2011 £Nil)* and the balance owed by Blue Fire Communications Limited as at 31 May 2012 is £176,424 *(2011 £127 126)*

29 Controlling party

Mr PG Cullum is the controlling party, by virtue of his controlling interest in the share capital of BroomCo (4099) Limited