

Registration number: 06577000

# Towergate Financial (East) Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2017



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## **Towergate Financial (East) Holdings Limited**

### **Company Information**

<b>Directors</b>	D C Ross A Erotocritou
<b>Company secretary</b>	J A Gregory
<b>Registered office</b>	Towergate House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
<b>Auditor</b>	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL

## **Towergate Financial (East) Holdings Limited**

### **Strategic Report for the Year Ended 31 December 2017**

The directors present their strategic report for the year ended 31 December 2017 for Towergate Financial (East) Holdings Limited ("the Company"). The strategic report provides a review of the business for the financial year and describes how the directors manage risks. The report outlines the developments and performance of the Company during the financial year, the position at the end of the year and discusses the main trends and factors that could affect the future. The Company is part of The Ardonagh Group Limited ("the Group").

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

The principal activity of the Company is that of a non-trading holding company. The indirect subsidiary of the Company is in run-off and regulated by the Financial Conduct Authority (FCA) that is subject to redress liabilities principally in respect of past advice involving pension enhanced transfer values.

The results for the Company show turnover of £Nil (18 months to 31 December 2016: £Nil) and profit before tax of £Nil (18 months to 31 December 2016: £Nil) for the year. At 31 December 2017 the Company had net liabilities of £6.7m (2016: £6.7m). The going concern note (part of accounting policies) on page 12 sets out the reasons why the directors believe that the preparation of the financial statements on the non-going concern basis is appropriate.

#### **Outlook**

The business operations of the Company's trading subsidiary Towergate Financial (East) Limited, are in run-off in an orderly manner. It is the director's intention to wind-up the Company once the run-off process has been completed.

#### **Key performance indicators**

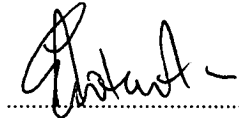
The directors consider the key performance indicator for the Company is ensuring the regulated indirect subsidiary's liabilities are settled fairly and expeditiously. The regulated subsidiary sets performance targets for the year ahead and the directors of Towergate Financial (Group) Limited, a direct parent company, monitor progress, recognising that the Company and its regulated subsidiary are dependent upon the continued financial support of the Towergate Insurance Limited (a fellow Group subsidiary).

#### **Principal risks and uncertainties**

##### **Risk Management**

The principal risk facing the Company is ensuring timely settlement of its and its direct and indirect subsidiaries' liabilities, which Towergate Financial (Group) Limited oversees a part of its position as an intermediate holding company in the wider Group. The directors believe that the Company and its regulated subsidiary have access to financial support to meet projected financial obligations over the coming year. This is based upon cash flow projections over a period of twelve months from the date of approval of the accounts and Towergate Insurance Limited's present intention to provide ongoing financial support, although the provision of such support is not a legally binding commitment.

Approved by the Board on 30 April 2018 and signed on its behalf by:



.....  
A Erotocritou  
Director

## **Towergate Financial (East) Holdings Limited**

### **Directors' Report for the Year Ended 31 December 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

#### **Directors of the Company**

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

D C Ross

A Erotocritou (appointed 15 March 2017)

M S Mugge (resigned 2 March 2018)

#### **Dividends**

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2017 (18 months to 31 December 2016: £Nil).

#### **Financial risk management objectives and policies**

Details of financial risk management objectives and policies can be found in the 'strategic report within the 'Risk management' section on page 2.

#### **Future developments**

Details of future developments can be found in the strategic report within the 'Outlook' section on page 2.

#### **Political donations**

The Company has not made any political donations during the year (18 months to 31 December 2016: £Nil).

#### **Going concern**

The Company's ultimate trading subsidiary disposed of its trade and assets on 16 March 2015 and consequently, the financial statements of the Company have been prepared on a non-going concern basis. The Company is dependent upon the ongoing financial support of Towergate Insurance Limited, although the provision of such support is not legally binding.

#### **Directors' liabilities**

All directors benefit from qualifying third party indemnity provisions, subject to the conditions set out in the Companies Act 2006, in place during the financial period and at the date of this report. In certain circumstances, the Company can indemnify directors, in accordance with its Articles of Association, against costs incurred in the defence of legal proceedings brought against them by virtue of their office. Directors' and officers' liability insurance cover remains in place to protect all directors and senior managers.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

## **Towergate Financial (East) Holdings Limited**

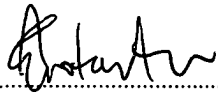
### **Directors' Report for the Year Ended 31 December 2017**

#### **Appointment of an auditor**

At the Board meeting last year KPMG LLP were reappointed as the Company's statutory auditors. During the year, a formal tender process took place for the Company, led by The Ardonagh Group Limited Audit Committee.

As a result of this tender process the Audit Committee recommended, and The Ardonagh Group Board approved on behalf of the Company, the proposed appointment of Deloitte LLP as an external auditor for the financial year ending 31 December 2018.

Approved by the Board on 30 April 2018 and signed on its behalf by:



.....  
A Erotocritou  
Director

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN

## **Towergate Financial (East) Holdings Limited**

### **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, 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), including FRS 101 Reduced Disclosure Framework.

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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Towergate Financial (East) Holdings Limited**

### **Opinion**

We have audited the financial statements of Towergate Financial (East) Holdings Limited ("the company") for the year ended 31 December 2017 which comprise the Statement of Financial Position, Statement of Comprehensive Income and Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Emphasis of matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on a going concern basis for the reasons set out in that note.

### **Strategic report and directors' report**

The directors are responsible for the the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.



## **Independent Auditor's Report to the Members of Towergate Financial (East) Holdings Limited**

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

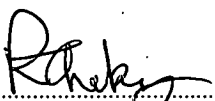
### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/responsibilities](http://www.frc.org.uk/responsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Rajan Thakrar (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square  
Canary Wharf  
London  
E14 5GL

30 April 2018

**Towergate Financial (East) Holdings Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2017**

	31 December 2017	1 July 2015 to 31 December 2016
Note	£	£
Turnover	-	-
Operating profit/(loss)	3 -	-
Profit/(loss) before tax	-	-
Total comprehensive profit/(loss) for the year/period	-	-

During the financial year and preceding financial period the Company did not trade and received no income and incurred no expenditure. Consequently, during those periods the Company made neither a profit or a loss.

**Towergate Financial (East) Holdings Limited**

**(Registration number: 06577000)**

**Statement of Financial Position as at 31 December 2017**

	31 December 2017	31 December 2016
Note	£	£
<b>Assets</b>		
<b>Current assets</b>		
Trade and other receivables	26	26
<b>Total assets</b>	<u>26</u>	<u>26</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Called up share capital	7 996	996
Retained losses	<u>(6,731,401)</u>	<u>(6,731,401)</u>
	<u>(6,730,405)</u>	<u>(6,730,405)</u>
<b>Current liabilities</b>		
Trade and other payables	8 <u>6,730,431</u>	<u>6,730,431</u>
<b>Total liabilities</b>	<u>6,730,431</u>	<u>6,730,431</u>
<b>Total equity and liabilities</b>	<u>26</u>	<u>26</u>

Approved by the Board on 30 April 2018 and signed on its behalf by:



.....  
A Erotocritou  
Director

The notes on pages 11 to 15 form an integral part of these financial statements.

**Towergate Financial (East) Holdings Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2017**

	Share capital £	Retained losses £	Total £
At 1 January 2017	996	(6,731,401)	(6,730,405)
At 31 December 2017	996	(6,731,401)	(6,730,405)

	Share capital £	Retained losses £	Total £
At 1 July 2015	996	(6,731,401)	(6,730,405)
At 31 December 2016	996	(6,731,401)	(6,730,405)

The notes on pages 11 to 15 form an integral part of these financial statements.

## **Towergate Financial (East) Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **1 Authorisation of financial statements**

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

The financial statements for the year ended 31 December 2017 were authorised for issue by the Board on 30 April 2018 and the statement of financial position was signed on the board's behalf by A Erotocritou.

#### **2 Accounting policies**

##### **Basis of preparation**

These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts, and its results are included in the consolidated accounts of its ultimate parent.

These financial statements have been prepared on a break up basis. The financial statements are presented in GBP sterling (£), which is also the Company's functional currency.

##### **Summary of disclosure exemptions**

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has taken advantage of the following disclosure exemptions under FRS 101 where relevant:

- (a) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to provide comparative period reconciliations in respect of outstanding shares, property, plant & equipment and intangible assets;
- (b) the requirements in paragraph 10(d) and 111 of IAS 1 Presentation of Financial Statements to prepare a Cash flow statement and the requirements in IAS 7 Statement of Cash Flows regarding the same;
- (c) the requirements in paragraph 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements, which includes the need to provide details on capital management;
- (d) the requirements of paragraphs 30 and 31 in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors regarding disclosure of new IFRS standards not yet effective at the reporting date and their potential impact;
- (e) the requirements in paragraphs 17 and 18A of IAS 24 Related Party Disclosures around the need to disclose information on key management personnel and details on related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member;

## **Towergate Financial (East) Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **2 Accounting policies (continued)**

(f) the requirements of paragraphs 134(d) - 134(f) and 135(c) - 135(e) of IAS 36 Impairment of Assets in respect of disclosure of assumptions on which projections used in the impairment review are based and sensitivity analysis.

Equivalent disclosures are included in the Group's consolidated financial statements as required by FRS 101 where exemptions have been applied.

#### **Going Concern**

The Company's regulated subsidiary undertaking disposed of their trade and assets on 16 March 2015. The Company has net liabilities and it is the director's intention to wind up the Company once its liabilities have been settled. Consequently, the financial statements have been prepared on a non-going concern basis. As explained in the Risk Management paragraph in the Strategic Report on page 2, the Company relies on Towergate Insurance Limited for financial support.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

#### **Financial assets**

Financial assets within the scope of IAS 39 are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include trade and other receivables. The subsequent measurement of financial assets depends on their classification.

#### **Financial liabilities**

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value plus directly attributable transaction costs. The Company's principal financial liabilities are amounts due to related parties, which represent the agreed obligation to such creditors. It is unlikely that the Company will be able to settle such liabilities and is dependent upon the related parties, which are all fellow subsidiaries of the Group, not insisting upon payment in the near term.

#### **3 Operating profit**

The audit fee of £4,200 (18 months to 31 December 2016: £3,190) for the audit of this Company was paid by other Group entities for which no recharge was made.

Amounts receivable by the Company's auditor in respect of services to the Company, 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 ultimate parent, The Ardonagh Group Limited.

#### **4 Staff costs**

The Company had no employees in the current period or the preceding period. All administration is performed by employees of the Group, for which no recharge is made to the Company.

## **Towergate Financial (East) Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **5 Directors' remuneration**

Directors emoluments of £15,000 for services provided to this Company have been paid by other Group entities, which make no recharge to the Company.

#### **6 Investments in subsidiary undertakings**

The Company's trading subsidiary undertaking, Towergate Financial (East) Limited ceased to trade on 16 March 2015. As a consequence, an impairment review was undertaken and the recoverable amount of shares in subsidiary undertakings has been reduced to £Nil. The cost of investments in subsidiary undertakings at 31 December 2017 was £1m and provision for impairment at this date was £1m.

Details of the subsidiaries as at 31 December 2017 are as follows:

<b>Name of subsidiary</b>	<b>Principal activity</b>	<b>Country of incorporation and principal place of business</b>	<b>Proportion of ownership interest and voting rights held</b>	
			<b>2017</b>	<b>2016</b>
Towergate Financial (East) Intermediate Limited	Holding company	England	100%	100%
Towergate Financial (East) Limited*	Run-off	England	15.87%	15.87%

\* indicates preference share holding which carry no voting rights

The registered office address of the above subsidiaries in each case is Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN.

## Towergate Financial (East) Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### 7 Share capital

##### Allotted, called up and fully paid shares

	31 December 2017		31 December 2016	
	No.	£	No.	£
'A' Ordinary Shares of £0.01 each	90,000	900	90,000	900
'B' Ordinary Shares of £0.01 each	6,500	65	6,500	65
'C' Ordinary Shares of £0.01 each	3,079	31	3,079	31
	<u>99,579</u>	<u>996</u>	<u>99,579</u>	<u>996</u>

The 'A' Ordinary Shares have full voting rights, dividend rights and the right to participate in a distribution whether in a winding-up or reduction of capital or otherwise.

The 'B' Ordinary Shares and 'C' Ordinary Shares do not have any voting rights nor any dividend rights. The 'B' Ordinary Shares and the 'C' Ordinary Shares have the right to participate in a distribution whether in a winding-up or reduction of capital or otherwise.

#### 8 Trade and other payables

	31 December 2017 £	31 December 2016 £
<b>Current trade and other payables</b>		
Amounts due to related parties	<u>6,730,431</u>	<u>6,730,431</u>



## Towergate Financial (East) Holdings Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017

#### 9 Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with a number of related parties. The Company has taken the exemption under FRS 101 not to disclose transactions with key management personnel.

Business was also conducted, on an arm's length basis, within The Ardonagh Group Limited group of companies. The table below shows the transactions and balances with entities that form part of the group.

	31 December 2017	31 December 2017	31 December 2016	31 December 2016
	Paid to/(Received (Due to) /receivable	Paid to/(Received (Due to) /receivable	Paid to/(Received (Due to) /receivable	Paid to/(Received (Due to) /receivable
	from)	from at year end	from)	from at year end
	£	£	£	£
Towergate Financial (East) Intermediate Limited	-	-	1,688,045	-
Towergate Financial (East) Limited	-	-	(485,438)	-
Towergate Financial (Group) Limited	-	-	(7,268,280)	-
Towergate Insurance Limited	-	(6,730,431)	5,098,757	(6,730,431)

#### 10 Parent and ultimate parent undertaking

The Group's majority shareholder is HPS Investment Partners LLC. At 31 December 2017, the ultimate parent company was The Ardonagh Group Limited (incorporated in Jersey, registered office address, 47 Esplanade, St Helier, Jersey, JE1 0BD). The Ardonagh Group Limited is the largest group in which the results are consolidated and its financial statements are available upon request from:

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent  
ME14 3EN