

**Towergate Financial (Glasgow) Limited (previously
Macdonald Reid Scott Financial Services Limited)**

**Directors' report and financial statements
for the period ended 31 December 2009**

Registered number SC127074

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Directors' report and financial statements

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Officers and professional advisers

Directors

PG Cullum	<i>(appointed 18 September 2009)</i>
AS Homer	<i>(appointed 25 August 2009)</i>
IWJ Patrick	<i>(appointed 10 July 2009)</i>
IS Darby	<i>(appointed 17 March 2009)</i>
D Saulter	
SM Rouse	<i>(resigned 2 July 2009)</i>
A Doyle	<i>(resigned 10 July 2009)</i>
J Dempster	<i>(resigned 12 October 2009)</i>
G Donnelly	
AM Hardie	
DJ McIntyre	
B Parkinson	<i>(appointed 10 July 2009)</i>

Secretary

A Hunter

Registered office

23 Eagle Street
Glasgow
Lanarkshire
G4 9XA

Auditors

KPMG Audit Plc
15 Canada Square
Canary Wharf
London
E14 5GL

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2009.

Business review and principal activities

The profit and loss account for the year is set out on page 6.

The trading results for the year and the company's financial position at end of the year are shown in the attached financial statements.

The results for the company show a pre-tax profit of £116,879 for the year (prior period: £133,269) and turnover of £1,230,021 (prior period: £883,403). The company has net assets of £299,437 (2008: £232,308).

The principal activity of the company during the period was that of independent financial advisors.

On 11 June 2009 90% of the issued share capital of Towergate Financial (Glasgow) Holdings Ltd (previously Ensco 193 Ltd), the immediate parent company, was purchased by Towergate Financial Group Limited (previously Towergate Underwriting Limited), a subsidiary of Towergate Partnership Limited.

Principal risks and uncertainties

Regulatory change in the IFA sector (The FSA's Retail Distribution Review) presents the company with various risks that it is addressing specifically. Notably the key risks are:

- A need for advisers to be more highly exam qualified by the end of 2012, in order that they may continue to advise. We have a structured project to ensure that our advisers progress towards this benchmark in time for the change
- A move away from commission to fees by the end of 2012. We have already launched new client propositions to ensure that we are ready for the changes.

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

Key performance indicators

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

Change in accounting period end

In 2008 the company changed its accounting year end from 30 April to 31 December. The comparatives for the profit and loss account and reconciliation of movements in the shareholders' funds, as well as the comparatives in the notes to the financial statements, relate to the profit and loss account for the eight months ended 31 December 2008 and hence are not directly comparable to the year ended 31 December 2009.

Change of name

On 2 September 2009 the company changed its name from Macdonald Reid Scott Financial Services Limited.

Dividend

No dividend was paid during the year (prior period: nil).

Directors' report *(continued)*

Directors

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

PG Cullum	<i>(appointed 18 September 2009)</i>
AS Homer	<i>(appointed 25 August 2009)</i>
IWJ Patrick	<i>(appointed 10 July 2009)</i>
IS Darby	<i>(appointed 17 March 2009)</i>
D Saulter	
SM Rouse	<i>(resigned 02 July 2009)</i>
A Doyle	<i>(resigned 10 July 2009)</i>
J Dempster	<i>(resigned 12 October 2009)</i>
G Donnelly	
AM Hardie	
DJ McIntyre	
B Parkinson	<i>(appointed 10 July 2009)</i>

All directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Political and charitable contributions

The company made charitable contributions during the current year of £75 (prior period: nil).

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

Deloitte LLP resigned as auditors and KPMG Audit Plc were appointed for the year ended 31 December 2009.

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board



I Patrick
Director

27 September 2010

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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Towergate Financial (Glasgow) Limited (previously Macdonald Reid Scott Financial Services Limited)

We have audited the financial statements of Towergate Financial (Glasgow) Limited (previously Macdonald Reid Scott Financial Services Limited), registered number SC127074, for the year ended 31 December 2009 set out on pages 6 to 15. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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/UKNP.

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 2009 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.



Simon Pashby (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
[Date]

28 Sept 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	Year ended 31 December 2009 £	8 months to 31 December 2008 £
Turnover	2	1,230,021	883,403
Administrative expenses		(1,113,410)	(757,547)
Other operating income		-	-
Operating profit		<u>116,611</u>	<u>125,856</u>
Interest receivable		268	7,413
Profit on ordinary activities before taxation	3	<u>116,879</u>	<u>133,269</u>
Tax on profit on ordinary activities	6	(49,650)	(40,668)
Retained profit for the financial year/period	11	<u><u>67,229</u></u>	<u><u>92,601</u></u>

The company has no recognised gains and 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 financial year stated above, and their historical cost equivalents.

The notes on pages 9 to 15 form part of these financial statements.

Balance sheet
at 31 December 2009

	<i>Note</i>	31 December 2009		31 December 2008	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7	30,126		44,455	
			30,126		44,455
Current assets					
Debtors	8	403,076		89,948	
Cash at bank and in hand		470,772		373,324	
		873,848		463,272	
Creditors: amounts falling due within one year	9	(604,537)		(275,519)	
Net current assets			269,311		187,753
Net assets			299,437		232,208
Capital and reserves					
Called up share capital	10	45,000		45,000	
Profit and loss account	11	254,437		187,208	
Equity shareholders' funds			299,437		232,208

The notes on pages 9 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 27 September 2010 and were signed on its behalf by:



I Patrick
Director

**Reconciliation of movements in shareholders' funds
for the Year ended 31 December 2009**

	Year ended 31 December 2009 £	8 months to 31 December 2008 £
Retained profit for the financial Year / period	67,229	92,601
Net movement in shareholders' funds	67,229	92,601
Opening shareholders' funds	232,208	139,607
Closing shareholders' funds	299,437	232,208

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 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.

The amendment to FRS8 Related Party Disclosures has the effect that only wholly-owned subsidiaries are exempt from disclosure of intragroup transactions.

Going concern

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.

Subsidiary undertakings

Investments in subsidiary undertakings are stated in the balance sheet of the company at cost less any provision for impairment of value.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Leasehold improvements	-	over the remaining life of the lease
Fixtures & fittings	-	15% per annum on straight line basis
Computer equipment	-	25% per annum on a straight line basis
Furniture & equipment	-	25% per annum on straight line basis

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

Towergate Partnership Limited and the company operate defined contribution pension schemes. 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 period.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period 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 material 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 gross commission and fee income receivable in the normal course of business less an estimate of the amount of indemnity commission liable to be clawed back as a result of the cancellation of policies, and sales to external customers at invoiced amounts.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Profit on ordinary activities before taxation

	Year ended 31 December 2009 £	8 months to 31 December 2008 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation on owned assets	14,967	15,972
Operating leases – land and buildings	7,489	-
	<hr/>	<hr/>
Auditors' remuneration:		
Fees for the audit of the company	15,836	3,068
	<hr/>	<hr/>

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

Notes (continued)

4 Remuneration of directors

	Year ended 31 December 2009 £	8 months to 31 December 2008 £
Total remuneration of all directors		
Directors' emoluments	265,824	170,590
Company contributions to money purchase pension schemes	14,720	11,017
	<u>280,544</u>	<u>181,607</u>

	Year ended 31 December 2009 £	8 months to 31 December 2008 £
Remuneration of highest paid director		
Directors' emoluments	114,324	73,856
Company contributions to money purchase pension schemes	6,800	4,533
	<u>121,124</u>	<u>78,389</u>

The emoluments of Messrs Cullum, Homer, Patrick, Darby and Saulter are paid by Towergate Partnership Limited, which makes no recharge to the company. All five directors are directors of the ultimate parent company and / or a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the financial statements of the ultimate parent company.

No directors accrued retirement benefits in money purchase schemes during the current year (prior period: three).

5 Staff numbers and costs

The average number of persons employed by the company during the year, analysed by category, was as follows:

	Year ended 31 December 2009	8 months to 31 December 2008
Administration	16	22

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2009 £	8 months to 31 December 2008 £
Wages and salaries	592,943	397,586
Social security costs	54,662	34,096
Other pension costs	32,739	21,487
	<u>680,344</u>	<u>453,169</u>

Notes (continued)

6 Taxation

	Year ended 31 December 2009 £	8 months to 31 December 2008 £
UK corporation tax		
Current tax charge on profit for the year/period	48,783	40,668
UK corporation tax charge on profit on ordinary activities for the year/period	<u>48,783</u>	<u>40,668</u>
Deferred tax	-	-
Adjustments in respect of prior periods	867	-
Tax on profit on ordinary activities	<u>49,650</u>	<u>40,668</u>

The current tax charge for the year is higher (8 months to 31 December 2008: higher) than the standard rate of corporation tax in the UK (28%, prior period: 28%). The differences are explained below.

	Year ended 31 December 2009 £	8 months to 31 December 2008 £
Current tax reconciliation		
Profit on ordinary activities before taxation	116,879	133,269
Current tax at 28% (prior period: 28%)	<u>32,726</u>	<u>37,315</u>
Effects of:		
Expenses not deductible for tax purposes	1,013	2,073
Movements in general provisions	13,622	-
Depreciation in excess of capital allowances	1,422	1,280
UK corporation tax charge on profit on ordinary activities for the year/period	<u>48,783</u>	<u>40,668</u>

There are no known factors that may affect future tax charges.

Notes (continued)

7 Tangible fixed assets

	Improvements to property £	Motor Vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost					
At 1 January 2009	27,991	22,190	28,071	76,955	155,207
Additions	-	-	-	638	638
Disposals	-	-	-	(16,333)	(16,333)
At 31 December 2009	27,991	22,190	28,071	61,260	139,512
Depreciation					
At 1 January 2009	9,402	12,020	22,224	67,106	110,752
Charge for year	3,003	5,554	4,203	2,207	14,967
Disposals	-	-	-	(16,333)	(16,333)
At 31 December 2009	12,405	17,574	26,427	52,980	109,386
Net book value					
At 31 December 2009	15,586	4,616	1,644	8,280	30,126
At 31 December 2008	18,589	10,170	5,847	9,849	44,455

8 Debtors

	31 December 2009 £	31 December 2008 £
Amounts due from group undertakings	328,540	16,606
Other debtors	-	7,696
Prepayments and accrued income	17,573	10,367
Trade debtors	56,963	55,279
	403,076	89,948

9 Creditors: amounts falling due within one year

	31 December 2009 £	31 December 2008 £
Amount due to group undertakings	306,532	55,049
Corporation tax	90,446	56,969
Other taxation and social security	15,585	47,860
Other creditors	4,864	-
Accruals and deferred income	187,110	115,641
	604,537	275,519

Notes (continued)

10 Called up share capital

	31 December 2009 £	31 December 2008 £
Authorised		
45,000 Ordinary shares of £1 each	45,000	45,000
	<u>45,000</u>	<u>45,000</u>
Allotted, called up and fully paid		
45,000 Ordinary shares of £1 each	45,000	45,000
	<u>45,000</u>	<u>45,000</u>

11 Reserves

	Profit and loss account £
At 1 January 2009	187,208
Profit for the financial year	67,229
	<u>254,437</u>
At 31 December 2009	

12 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	Land & buildings 31 December 2009 £	Other 31 December 2009 £	Land & buildings 31 December 2008 £	Other 31 December 2008 £
Operating leases which expire:				
In two to five years	-	7,489	-	7,489
	<u>-</u>	<u>7,489</u>	<u>-</u>	<u>7,489</u>

Notes (continued)

13 Parent undertaking

The company's immediate parent undertaking is Towergate Financial (Scotland) Holdings Limited, a company incorporated in Scotland.

The company's ultimate parent undertaking is Towergate Partnership Limited, a company incorporated in England and Wales.

The consolidated accounts 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

14 Controlling party

P Cullum, the Chairman, is the controlling party by virtue of his controlling interest in the ultimate parent company's equity capital.

15 Related party transactions

During the year the company conducted business, on an arms length basis, with Towergate Partnership Ltd, which is the company's ultimate parent undertaking. The transactions represent recharges of expenses from central support to the company and vice versa. The movement during the year was a net charge of £224,640 (2008: nil), the creditor balance at the year end was £274,757 (2008: £50,117).

The inter company balance with SFT Realisations Limited (previously Towergate Financial Services Intermediate Limited) was transferred to Towergate Financial (Group) Limited which is a fellow group undertaking. The debtor balance transferred during the year totalled £328,540 (2008: £nil) of which a debtor balance of £328,540 (2008: £nil) was outstanding at year end.

The company conducted business, on an arms length basis, with Towergate Underwriting Group Limited which is a fellow subsidiary. The amounts received by the company during the year totalled £30,397 (2008: £nil) of which a creditor balance £30,397 (2008: £nil) was outstanding at year end.

The company conducted business, on an arms length basis, with Towergate Financial (West) Limited which is a fellow subsidiary. The amounts received by the company during the year totalled £1,378 (2008: £nil) of which a creditor balance of £1,378 (2008: £nil) was outstanding at year end.