

**Moray Firth Insurance Brokers
Limited**

Directors' report and financial
statements

Registered number SC201063

For the year ended 31 December 2011



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Directors' Report

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

Principal activities and business review

The results for Moray Firth Insurance Brokers Limited ("the Company") show a pre-tax profit of £322,025 (2010: £326,917) for the year and turnover of £939,065 (2010: £866,961). The Company has net assets of £872,599 (2010: £634,141).

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

Discussion on the consolidated results of Towergate Partnershipco Limited group of companies ("the Group"), which includes the Company, can be found in the Chairman's Statement and the Operating and Financial Review in the Group's annual report which does not form part of this report.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are now integrated with the principal risks of the Towergate Partnershipco Limited group and are not managed separately. Accordingly, the principal risks and uncertainties of the Towergate Partnershipco Limited, which include those of the company, are discussed in the group's annual report which does not form part of this report.

Key performance indicators

The directors of Towergate Partnershipco Limited manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Moray Firth Insurance Brokers Limited. The development, performance and position of Towergate Partnershipco Limited, which includes the Company, is discussed in the Group's annual report which does not form part of this report.

Political and charitable contributions

The Company made charitable contributions of £nil (2010: £nil) and political contributions of £nil (2010: £nil) during the year.

Proposed dividend

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

Directors' Report *(continued)*

Directors

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

PG Cullum (non-executive)		
AC Homer (non-executive)		
IWJ Patrick	<i>resigned</i>	<i>31 March 2012</i>
MS Hodges	<i>appointed</i>	<i>25 October 2011</i>
S Egan	<i>appointed</i>	<i>19 April 2012</i>
TD Philip		
WJ Adams		
RJ Jack		
D Scott		

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

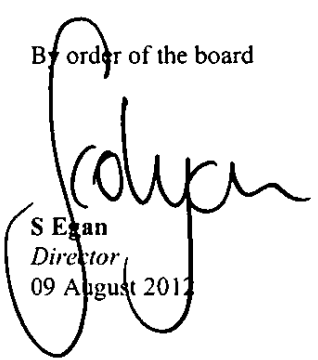
Disclosure of information to auditors

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 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 appointed and KPMG Audit Plc will therefore continue in office.

By order of the board



S Egan
Director
09 August 2012

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the

Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Moray Firth Insurance Brokers Limited

We have audited the financial statements of Moray Firth Insurance Brokers Limited for the year ended 31 December 2011 set out on pages 5 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 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 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Phil Merchant (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

9 August 2012

Profit and loss account
for the year ended 31 December 2011

	<i>Note</i>	2011 £	2010 £
Turnover	2	939,065	866,961
Administrative expenses		(618,319)	(542,023)
Operating profit		320,746	324,938
Interest receivable and similar income		1,279	2,285
Interest payable and similar charges		-	(306)
Profit on ordinary activities before taxation	3	322,025	326,917
Tax on profit on ordinary activities	6	(83,567)	(94,103)
Profit for the financial year	14	238,458	232,814

The Company has no recognised gains or losses other than the profits and losses shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 7 to 14 form part of these financial statements.

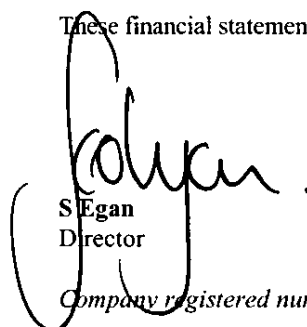
Moray Firth Insurance Brokers Limited
Directors' report and financial statements
For the year ended 31 December 2011

Balance sheet
at 31 December 2011

	<i>Note</i>	2011 £	£	2010 £	£
Fixed assets					
Intangible assets	7		104,141		113,287
Tangible assets	8		34,930		50,760
			<u>139,071</u>		<u>164,047</u>
Current assets					
Debtors	9	865,913		606,571	
Cash at bank and in hand		365,570		312,920	
		<u>1,231,483</u>		<u>919,491</u>	
Creditors: amounts falling due within one year	11	<u>(494,757)</u>		<u>(446,377)</u>	
Net current assets			<u>736,726</u>		<u>473,114</u>
Total assets less current liabilities			<u>875,797</u>		<u>637,161</u>
Provisions for liabilities and charges	12		<u>(3,198)</u>		<u>(3,020)</u>
Net assets			<u>872,599</u>		<u>634,141</u>
Capital and reserves					
Called up share capital	13		3,918		3,918
Share premium account	14		87,069		87,069
Other reserves	14		2,200		2,200
Profit and loss account	14		779,412		540,954
Equity shareholders' funds			<u>872,599</u>		<u>634,141</u>

The notes on pages 7 to 14 form part of these financial statements.

These financial statements were approved by the board of directors on 09 August 2012 and were signed on its behalf by:


S Egan
 Director

Company registered number: SC201063

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The amendment to FRS 8 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.

Intangible assets

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on acquisition is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. This is generally taken as twenty years.

Fixed assets and depreciation

Depreciation is provided by the Company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer equipment	- 25% per annum on a straight line basis
Fixtures and fittings	- 15% per annum on a reducing balance basis

Leases

Assets acquired under finance leases and similar hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits

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

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. 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.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Turnover

Turnover represents brokerage and fees for services provided. Brokerage is recognised on the inception or renewal date of a risk, with an element of brokerage deferred to match any significant post placement obligations. Profit or volume based commission, which is received periodically, is recognised when the amount can be measured with reasonable certainty, which is typically the earlier of confirmation of the amount with the relevant provider or receipt of cash.

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 relation 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 of 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 balances presented in these financial statements represents the aggregation of the money held for the benefit of the company, clients and insurers.

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Profit on ordinary activities before taxation

	2011 £	2010 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditor's remuneration:		
- Audit of these financial statements	5,131	9,733
Depreciation:		
- Owned	13,027	8,051
(Profit)/Loss on disposal of fixed assets	(350)	581
Operating lease rentals		
- Land and buildings	17,940	17,816
Amortisation of intangible assets	9,146	9,146

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

Notes *(continued)*

4 Remuneration of directors

	2011 £	2010 £
Total remuneration of all directors not paid by other group companies		
Directors' emoluments	161,381	160,850
Company contributions to money purchase pension schemes	9,224	9,000
	<u>170,605</u>	<u>169,850</u>

The emoluments of Messrs Cullum, Homer, Hodges, Patrick and Philip are paid by other group companies, which make 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.

Three directors accrued retirement benefits in money purchase schemes during the current year (2010: three).

5 Staff numbers and costs

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

	Number of employees 2011	Number of employees 2010
Administration	<u>13</u>	<u>12</u>

The aggregate payroll costs of these persons were as follows:

	2011 £	2010 £
Wages and salaries	386,454	323,320
Social security costs	36,411	30,533
Other pension costs	20,148	18,842
	<u>443,013</u>	<u>372,695</u>

6 Taxation

Analysis of credit in period:

	2011 £	2010 £
UK corporation tax		
Current tax on profit for the year	86,375	93,599
Adjustments in respect of prior year	(2,986)	(1,951)
	<hr/>	<hr/>
Total current tax	83,389	91,648
Deferred tax on profit for the year (<i>note 12</i>)	178	2,455
	<hr/>	<hr/>
Tax on profit on ordinary activities	83,567	94,103
	<hr/>	<hr/>

Factors affecting the tax charge for the current year

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

	2011 £	2010 £
Profit on ordinary activities before tax	322,025	326,917
	<hr/>	<hr/>
Current tax at 26.5% (<i>2010: 28%</i>)	85,337	91,537
Expenses not deductible for tax purposes	2,668	3,357
Movements in general provisions	-	28
Depreciation (less than)/ in excess of capital allowances	(1,630)	(1,323)
	<hr/>	<hr/>
Current tax charge for the year	86,375	93,599
	<hr/>	<hr/>

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

Notes *(continued)*

7 Intangible fixed assets

	Goodwill £
<i>Cost</i>	
At beginning of year	182,928
Disposals	-
	<hr/>
At end of year	182,928
	<hr/>
<i>Amortisation</i>	
At beginning of year	69,641
Charge for year	9,146
	<hr/>
At end of year	78,787
	<hr/>
<i>Net book value</i>	
At 31 December 2011	104,141
	<hr/> <hr/>
At 31 December 2010	113,287
	<hr/> <hr/>

8 Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>			
At beginning of year	6,623	50,789	57,412
Additions	-	-	-
Disposals	-	(3,153)	(3,153)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	6,623	47,636	54,259
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At beginning of year	2,277	4,375	6,652
Charge for year	899	12,128	13,027
Disposals	-	(350)	(350)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	3,176	16,153	19,329
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2011	3,447	31,483	34,930
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 December 2010	4,346	46,414	50,760
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

9 Debtors

	2011 £	2010 £
Trade debtors	165,855	108,699
Amounts owed by group undertakings	683,967	479,671
Other debtors	10,777	13,525
Prepayments and accrued income	5,314	4,676
	<u>865,913</u>	<u>606,571</u>

10 Cash at bank and in hand

Cash at bank includes £77,840 (2009: £102,281) which constitutes client money and is not available to pay the general debts of the group.

11 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	213,656	171,311
Amounts owed to group undertakings	158,780	133,366
Corporation tax	86,038	93,395
Taxation and social security	11,067	9,287
Other creditors	7,341	4,737
Accruals and deferred income	17,875	34,281
	<u>494,757</u>	<u>446,377</u>

12 Provisions for liabilities and charges

	Deferred taxation £
At beginning of year	3,020
Charged to profit and loss in the year	178
Provision at 31 December 2011	<u>3,198</u>

Notes (continued)

13 Called up share capital

			2011 £	2010 £
<i>Allotted, called up and fully paid</i>				
3,525	'A' Ordinary shares	of £ 1 each	3,525	3,525
393	'B' Ordinary shares	of £ 1 each	393	393
			<hr/>	<hr/>
			3,918	3,918
			<hr/>	<hr/>

'B' shareholders have no entitlement to dividends or voting.

14 Reserves

	Share premium account	Other reserves	Profit and loss account £
At beginning of year	87,069	2,200	540,954
Profit for the financial year	-	-	238,458
	<hr/>	<hr/>	<hr/>
At end of year	87,069	2,200	779,412
	<hr/>	<hr/>	<hr/>

15 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	238,458	232,814
Dividends	-	-
	<hr/>	<hr/>
Net addition to/ (decrease in) shareholders' funds	238,458	232,814
Shareholders' funds at beginning of year	634,141	401,327
	<hr/>	<hr/>
Shareholders' funds at end of year	872,599	634,141
	<hr/>	<hr/>

Notes (continued)

16 Commitments under operating leases

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

	2011 Land & buildings £	2010 Land & Buildings £
Operating leases which expire:		
Within one year	12,000	12,000
Within two to five years	5,940	5,940
	<hr/> 17,940 <hr/>	<hr/> 17,940 <hr/>

17 Parent undertaking

The Company's immediate parent company is Towergate Risk Solutions Limited and its ultimate parent company is Towergate Partnershipco Limited. Both the immediate and ultimate parent companies are incorporated in England and Wales.

The consolidated financial statements of Towergate Partnershipco Limited are available to the public and may be obtained from:

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent ME14 3EN

18 Controlling party

At 31 December 2011 Mr PG Cullum, the Chairman of the ultimate parent company, was the controlling party by virtue of his controlling interest in the parent company's equity capital. Mr PG Cullum ceased to be the controlling party on 11 February 2011. There was no controlling party at 31 December 2011.

19 Related party disclosures

During the year the Company conducted business, on an arms length basis, with Towergate Partnership Limited. The transactions represent recharges of expenses from central support to the Company and vice versa. The movement during the year was a net receipt of £479,671 (2010: £186,716), the debtor balance at the year end was £Nil (2010: £479,671).

During the year the Company conducted business, on an arms length basis, with Towergate Insurance Limited. The transactions represent recharges of expenses from central support to the Company and vice versa. The movement during the year was a net recharge of £683,967 (2010: £Nil), the debtor balance at the year end was £683,967 (2010: £Nil).

The Company conducted business, on an arms length basis, with Towergate Underwriting Group Limited, which is a fellow group undertaking. The amounts received by the Company during the year totalled £25,414 (2010: £105,166) of which a creditor balance of £158,780 (2010: £133,366) was outstanding at year end.

The company rented premises on an arm's length basis with D Scott, who is a company director. The total rent payable to D Scott was £12,000 (2010: £12,000).