

Walter Ainsbury & Son Limited
Directors' report and financial statements

Year ended 31 December 2012

Registered Number 00424757

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Officers and professional advisers

Directors

M P Rea
S T B Clark
S Egan
D J Bruce
M Hodges

Secretary

S T B Clark

Registered office

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

Auditor

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Directors' report

The directors present their report and the audited financial statements for the year to 31 December 2012

Business review and principal activities

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

The principal activity of the Company is insurance broking. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

During the year part of the business of the Company was sold to CCV Risk Solutions Limited, a fellow undertaking within the Towergate Partnershipco Limited group. The Company continued to trade after this transfer occurred.

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 £166,317 for the year (prior year £330,047) and turnover of £1,167,398 (prior year £1,535,529). The Company has net assets of £1,125,769 (2011 £1,016,075).

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

Future outlook

The insurance market experienced modest rate increases in 2012. It is anticipated that the Company will continue to perform satisfactorily.

Risks and Uncertainties

The Company has a strong emphasis on risk management which endeavours to identify and manage all business risks.

Market

The insurance market is cyclical and the rates charged for cover may rise or fall through the cycle. An extended period of flat or falling rates may impact the Company's income. The Company mitigates this risk by having a very wide client base and range of insurance products, both commercial and personal.

Underwriting Capacity

The Company is reliant on insurers providing products. A withdrawal of products may impact the Company's income. The Company manages this risk by maintaining a close relationship with a number of different insurance partners. In return, the Company focuses on generating profitable returns to its insurers.

Regulatory environment

The Company's insurance intermediary activities are regulated by the Financial Conduct Authority (FCA). Changes to regulations, interpretations of existing regulations or failure to obtain the required regulatory approvals could restrict the Company's ability to operate. By maintaining an open relationship with the FCA and having in place a dedicated compliance function, the Company ensures that all relevant regulations are kept under constant review.

Dividend

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

Directors' report (continued)

Directors and directors' interests

The directors who held office during the year were as follows

P Bridges (resigned 17 June 2013)
G Vanden Berg (resigned 17 June 2013)
M P Rea
S T B Clark
B Park (resigned 16 April 2012)
S Egan (appointed 19 April 2012)
G Barr (appointed 16 April 2012, resigned 8 August 2012)
D J Bruce (appointed 8 August 2012)
M Hodges (appointed 2 November 2012)

The interests of the directors who held office at the end of the financial year in the shares of group companies are disclosed in the financial statements of the ultimate parent Company

No directors have been granted share options in the shares of the Company or other group companies

Political and charitable contributions

The Company made charitable contributions during the current year of £nil (prior year £2,050)

Going concern

The Company is part of the Towergate Partnershipco group which has considerable financial resources. The group also has long term relationships with a number of customers and insurance companies. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors of the Company have considered resources within the group available to the Company and group, and having taken these into consideration, the directors believe the Company has sufficient resources to continue in operational existence for the foreseeable future.

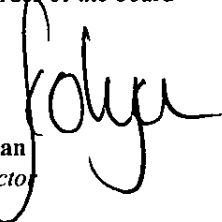
Disclosure of information to auditor

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 reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board


S Egan
Director

11 September 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 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 year. In preparing these financial statements, the directors are required to

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

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

Independent auditor's report to the members of Walter Ainsbury & Son Limited

We have audited the financial statements of Walter Ainsbury & Son Limited for the year ended 31 December 2012 set out on pages 6 to 16. 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 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 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 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 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.



John Ellacott (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

1 The Embankment

Neville Street

Leeds

LS1 4DW

11 September 2013

Profit and loss account for the year ended 31 December 2012

	<i>Note</i>	Year ended 31 December 2012	Year ended 31 December 2011
		£	£
Turnover	<i>1</i>	1,167,398	1,535,529
Administrative expenses		(1,001,500)	(1,205,450)
Operating profit		165,898	330,079
Interest receivable and similar income	<i>3</i>	740	1,032
Interest payable and similar charges	<i>6</i>	(321)	(1,064)
Profit on ordinary activities before taxation	<i>2</i>	166,317	330,047
Tax on profit on ordinary activities	<i>7</i>	(56,623)	(96,473)
Profit for the financial year		109,694	233,574

The Company's operating activities relate to continuing operations

There are no recognised gains and losses in either year other than the profit above

The notes on pages 9 to 16 form part of these financial statements

Balance sheet at 31 December 2012

	<i>Note</i>	31 December 2012 £	31 December 2011 £
Fixed assets			
Intangible fixed assets	<i>8</i>	294,390	291,886
Tangible fixed assets	<i>9</i>	14,998	20,357
Fixed asset investments	<i>10</i>	4,121	4,121
		<hr/>	<hr/>
		313,509	316,364
Current assets			
Debtors	<i>11</i>	1,193,465	1,044,557
Cash at bank and in hand	<i>12</i>	17,507	100,745
		<hr/>	<hr/>
		1,210,972	1,145,302
Creditors: amounts falling due within one year	<i>13</i>	(340,402)	(407,241)
		<hr/>	<hr/>
Net current assets		870,570	738,061
		<hr/>	<hr/>
Total assets less current liabilities		1,184,079	1,054,425
Provisions for liabilities	<i>14</i>	(58,310)	(38,350)
		<hr/>	<hr/>
Net assets		1,125,769	1,016,075
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>15</i>	835	835
Other reserves	<i>16</i>	469	469
Profit and loss account	<i>16</i>	1,124,465	1,014,771
		<hr/>	<hr/>
Shareholders' funds		1,125,769	1,016,075
		<hr/>	<hr/>

The notes on pages 9 to 16 form part of these financial statements

These financial statements were approved by the board of directors on 11 September 2013 and were signed on its behalf by


S Egan
Director

Reconciliation of movements in shareholders' funds for the year to 31 December 2012

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Retained profit for the financial year	109,694	233,574
Opening shareholders' funds	1,016,075	782,501
	<hr/>	<hr/>
Closing shareholders' funds	1,125,769	1,016,075
	<hr/>	<hr/>

The notes on pages 9 to 16 form part of these financial statements

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 with the exception of the disclosure of certain liabilities, the impact of which is described in more detail in note 14

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom (UK Generally Accepted Accounting Practice) 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

As the Company is a wholly owned subsidiary of Towergate Partnershipco Limited the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of Towergate Partnershipco Limited within which the Company is included, can be obtained from the address given in note 18

The Company is part of the Towergate Partnershipco group, which has considerable financial resources The group also has long term relationships with a number of customers and insurance companies As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook

The directors of the Company have considered resources within the group available to the Company and group, and having taking these into consideration, the directors believe the Company has the resources to continue in operational existence for the foreseeable future

Accordingly, the directors continue to adopt the going concern basis in preparing the Directors' report and 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 taken as 20 years

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 on a straight line basis over the expected useful economic lives of the assets concerned The principal annual rates used for this purpose are

Computer equipment	–	25% per annum
Fixtures, fittings and equipment	–	20% per annum
Leasehold	–	Over the life of the lease

Pensions

Walter Ainsbury & Son Limited operates 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 year

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases 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.

Taxation

The charge for taxation is based on the profit 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 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

Brokerage is recognised on the inception or renewal 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.

Turnover consists entirely of sales made in the United Kingdom.

Insurance transactions, client money and insurer money

The group 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 represent the aggregation of the money held for the benefit of the Company, client and insurers.

2 Profit on ordinary activities before taxation

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Profit on ordinary activities before taxation is stated after charging		
Fees payable to the Company's auditor		
- audit of the Company's financial statements	17,268	8,856
- other services pursuant to legislation	-	3,185
Amortisation of goodwill	16,846	15,534
Depreciation on owned assets	5,359	29,333
Operating lease rentals	57,504	57,504
	<hr/>	<hr/>

Notes (continued)

3 Interest receivable and similar income

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Bank interest	740	1,032

4 Remuneration of directors

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Total remuneration of all directors	£	£
Directors' emoluments	175,945	164,232
Company contributions to money purchase pension schemes	6,795	5,721
	182,740	169,953

The emoluments of Messrs Clark, Park, Egan, Barr, Bruce, Hodges and Rea are paid by Towergate Partnershipco Limited, which makes no recharge to the Company. All 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.

5 Staff numbers and costs

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

	Number of Employees Year ended 31 December 2012	Year ended 31 December 2011
	17	28

The aggregate payroll costs, including directors, were as follows:

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Wages and salaries	513,655	589,948
Social security costs	51,385	52,224
Other pension costs	14,839	16,904
	579,879	659,076

6 Interest payable and similar charges

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Bank interest	321	1,064

Notes (continued)

7 Tax on profit on ordinary activities

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
<i>UK corporation tax</i>		
Current tax on income for the year	46,636	104,146
Adjustment in respect of previous period	1,192	4,485
Total current tax	<u>47,828</u>	<u>108,631</u>
Deferred taxation	8,795	(12,158)
Tax on profit on ordinary activities	<u><u>56,623</u></u>	<u><u>96,473</u></u>

The current tax charge for the year is higher (2011: higher) than the standard rate of corporation tax in the UK of 24.5% (31 December 2011: 26.5%). The differences are explained below:

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Current tax reconciliation		
Profit on ordinary activities before taxation	166,317	330,047
Current tax at 24.5% (prior year: 26.5%)	40,748	87,440
Effects of:		
Expenses not deductible for tax purposes	2,070	11,299
Capital allowances in excess of depreciation	(310)	5,407
Amortisation	4,128	-
Adjustment to tax charge in respect of prior period	1,192	4,485
UK corporation tax charge on profit on ordinary activities for the year	<u><u>47,828</u></u>	<u><u>108,631</u></u>

Factors affecting future tax charges

The Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. 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. The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes (continued)

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2012	389,300
Additions	19,350
At 31 December 2012	408,650
Amortisation	
At 1 January 2012	97,414
Charge for the year	16,846
At 31 December 2012	114,260
Net book value	
At 31 December 2012	294,390
At 31 December 2011	291,886

9 Tangible fixed assets

	Computer equipment £	Fixture, fittings & equipment £	Leasehold improvement £	Total £
Cost				
At 1 January 2012	158,275	142,919	6,357	307,551
Disposals	(144,617)	(133,864)	-	(278,481)
At 31 December 2012	13,658	9,055	6,357	29,070
Depreciation				
At 1 January 2012	148,168	136,716	2,310	287,194
Charge for year	3,365	430	1,564	5,359
Disposals	(144,617)	(133,864)	-	(278,481)
At 31 December 2012	6,916	3,282	3,874	14,072
Net book value				
At 31 December 2012	6,742	5,773	2,483	14,998
At 31 December 2011	10,107	6,203	4,047	20,357

Notes (continued)

10 Fixed asset investments

	Investments £
Cost	
At 1 January 2012	4,121
At 31 December 2012	<u>4,121</u>
Net book value	
At 31 December 2012	<u>4,121</u>
At 31 December 2011	<u>4,121</u>

The above investment is for shares in Broker Direct Development Plc

11 Debtors

	31 December 2012 £	31 December 2011 £
Insurance debtors	192,491	86,363
Amounts due from group undertakings	947,016	855,934
Deferred tax asset	3,260	12,055
Prepayments and accrued income	50,698	90,205
	<u>1,193,465</u>	<u>1,044,557</u>

12 Cash at bank and in hand

	31 December 2012 £	31 December 2011 £
Cash at bank and in hand	1,211	14,709
Client money	16,296	86,036
	<u>17,507</u>	<u>100,745</u>

Notes (continued)

13 Creditors, amounts falling due within one year

	31 December 2012 £	31 December 2011 £
Trade creditors	84,890	96,228
Amounts due to group undertakings	90,319	117,136
Hire purchase	143	1,505
Other taxation and social security	14,412	16,078
Other creditors, accruals and deferred income	87,312	48,134
Corporation tax payable	61,627	128,160
Overdrafts	1,699	-
	<u>340,402</u>	<u>407,241</u>

14 Provisions for liabilities

	Provision for share based payments £	Provision for errors and omissions £	Provision for cancellations and lapsed policies £	Total £
At beginning of year	31,037	3,815	3,498	38,350
Charge/(credit) to profit and loss account in the year	2,932	6,592	10,436	19,960
As at 31 December 2012	<u>33,969</u>	<u>10,407</u>	<u>13,934</u>	<u>58,310</u>

15 Called up share capital

	31 December 2012 £	31 December 2011 £
Allotted, called up and fully paid 835 ordinary shares of £1 each	835	835

16 Reserves

	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2012	469	1,014,771	1,015,240
Retained profit for the year	-	109,694	109,694
At 31 December 2012	<u>469</u>	<u>1,124,465</u>	<u>1,124,934</u>

Notes (continued)

17 Commitments

Annual commitments under non-cancellable operating leases are as follows

	31 December 2012	31 December 2011
	Land and buildings £	Land and buildings £
Operating leases which expire		
Within one year	-	26 640
In the second to fifth years inclusive	30,000	30,000
Over 5 years	27,504	-
	<hr/>	<hr/>

18 Parent undertaking

The Company is a 100% subsidiary undertaking of Ainsbury (Insurance Brokers) Limited, Towergate Partnershipco Limited is the ultimate parent company and Cullum Capital Ventures Limited is the intermediate holding company

The largest group in which the results of the Company are consolidated is that headed by Towergate Partnershipco Limited

The consolidated financial statements of the group are available to the public and may be obtained from

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

19 Related party disclosures

The Company conducted business on an arms length basis, with Cullum Capital Ventures Limited, which is an associated company. The amounts charged by the Company during the year totalled £208,219 of which a debtor balance of £91,083 (2011 creditor of £117,136) was outstanding at the year end

The Company conducted business, on an arms length basis, with Ainsbury (Insurance Brokers) Limited, which is an associated company. The amounts charged by the Company during the year totalled £nil of which a debtor balance of £855,933 (2011 £855,933) was outstanding at the year end

The Company conducted business, on an arms length basis, with Towergate Insurance Limited, which is an associated company. The amounts charged by the Company during the year totalled £90,319 of which a creditor balance of £90,319 (2011 £nil) was outstanding at the year end