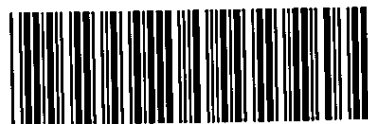


TOWRY LAW FINANCIAL SERVICES LIMITED
Company Registration Number: 607039

REPORT AND ACCOUNTS

31 December 2008

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COMPANIES HOUSE

TOWRY LAW FINANCIAL SERVICES LIMITED

Directors

A C Fisher
A J Cowan

Company Secretary

J A Gregory

Auditors

KPMG Audit Plc
One Canada Square
London
E14 5AG

Registered Office

Towry Law House
Western Road
Bracknell
RG12 1TL

Company registration number: 607039

TOWRY LAW FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting the Report and Accounts of Towry Law Financial Services Limited ("the Company") for the year ended 31 December 2008.

RESULTS AND DIVIDENDS

The loss for the financial year amounted to £541,000 (2007 – profit £5,756,000). The directors did not approve a dividend during the year (2007- £nil).

BUSINESS REVIEW

Principal activities

The Company provides independent financial advice and is regulated by the Financial Services Authority.

Clients of the Company include both individuals and corporate bodies. Individual clients are typically medium to high net worth individuals, having assets available to invest of £100,000 or more. Services offered to these clients include wealth management and holistic financial planning. Corporate clients are typically small and medium sized businesses, although the client base includes large multi-nationals. The service offered to these clients is a wide range of consultative advice on employee benefits.

Risk and uncertainties

The Company is exposed to financial risk through the financial assets and liabilities that it has. The main area of financial risk for the Company is credit risk, being the risk that a counterparty will be unable to pay amounts in full when they fall due.

The risk relating to collection of amounts due from clients is mitigated by the large and diverse client base that the Company has. In addition, the nature of the clients that the Company typically services, i.e. medium to high net worth individuals and corporate bodies, is such that the risk of default due to inability to pay is low.

The risk relating to amounts due from product manufacturers is managed by only recommending products that are offered by those that meet certain criteria, the most important of which is that they must be authorised by the FSA to write the appropriate class of business. The list of approved product manufacturers for each class of business is reviewed at least annually or more frequently if new information becomes available. Compliance with this policy is monitored by the Best Advice Panel Oversight Committee, which meets quarterly.

The Company's exposure to price risk, liquidity risk and cash flow risk is not considered material for the assessment of the assets, liabilities, financial position and profit of the Company.

Performance

The Company performed satisfactorily during 2008 considering the adverse economic climate.

The Company posted an operating loss of £287,000 in 2008 compared to an operating profit of £3,337,000 in 2007. The market place in which the Company operates has been severely hampered as result of the US sub prime lending crisis and its knock on effect on UK banks had a negative impact on stock markets, and resulted in considerable volatility. This in turn has had an adverse impact on investor confidence. The FTSE 100 closed the year at 4,434 down from 6,457 at 31 December 2007 which constitutes a decrease of 31.3% over the year; this follows five consecutive annual rises up to 31 December 2007.

TOWRY LAW FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

Future developments

The company will continue to offer a fee based service in 2008, with the business expected to grow through both organic growth and small acquisitions.

EMPLOYEES

Employee involvement

During 2008 the Company continued its policy of informing and involving employees on matters which concern them and in the achievement of its business goals.

The Company has a comprehensive system for consultation and communication involving regular meetings between management and employees, team briefings, opinion surveys and the issue of various bulletins and updates.

Employment of disabled persons

It is the Company's policy to give the same consideration to disabled persons as to others in regard to applications for employment, continuation of employment, training, career development and promotion having regard to their particular aptitudes.

CREDITOR PAYMENT POLICY

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

DIRECTORS AND THEIR INTERESTS

The directors of the Company during the year and subsequent changes are listed below

A C Fisher
A W Wardrop (resigned 2 January 2009)
A J Cowan (appointed 2 January 2009)

There are no directors' interests requiring disclosure under the Companies Act 1985.

AUDITORS

KPMG Audit Plc were appointed as auditors of the company on 27 June 2006. Following the passing of an elective resolution, the Company has dispensed with holding Annual General Meetings and the annual appointment of 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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board of Directors



J A Gregory
Secretary
23 April 2009

TOWRY LAW FINANCIAL SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

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

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TOWRY LAW FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOWRY LAW FINANCIAL SERVICES LIMITED

We have audited the financial statements of Towry Law Financial Services Limited for the period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

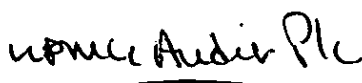
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
23 April 2009

TOWRY LAW FINANCIAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	35,352	32,497
Other income		1,197	724
Operating and administrative expenses		(37,435)	(29,884)
		<hr/>	<hr/>
Operating (loss)/profit	3	(886)	3,337
Other interest receivable and similar income		-	-
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(886)	3,337
Tax on loss on ordinary activities	6	345	2,419
		<hr/>	<hr/>
(Loss)/profit for the financial year	13	(541)	5,756
		<hr/>	<hr/>

The notes on pages 8 to 13 form an integral part of these financial statements.

There are no recognised gains and losses other than the loss attributable to the shareholders of the Company of £541,000 in the year ended 31 December 2008 (£5,756,000 profit in the year ended 31 December 2007).

TOWRY LAW FINANCIAL SERVICES LIMITED

BALANCE SHEET 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Intangible assets	7	3,074	3,422
Current assets			
Debtors	8	23,778	23,003
Cash at bank and in hand		281	652
		<u>24,059</u>	<u>23,655</u>
Creditors: amounts falling due within one year	9	(1,210)	(496)
		<u>22,849</u>	<u>23,159</u>
Net current assets			
		<u>25,923</u>	<u>26,581</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	10	-	(112)
Provisions for liabilities and charges	11	(30)	(35)
		<u>25,893</u>	<u>26,434</u>
Capital and reserves			
Called up share capital	12	21,933	21,933
Share premium account	13	35,000	35,000
Capital reserve	13	45	45
Profit and loss account	13	(31,085)	(30,544)
		<u>25,893</u>	<u>26,434</u>
Shareholders' funds attributable to equity interests		<u>25,893</u>	<u>26,434</u>

The notes on pages 8 to 13 form an integral part of these financial statements.

The accounts were approved by the Board of Directors on 23 April 2009 and were signed on its behalf by:



A C Fisher
Director

TOWRY LAW FINANCIAL SERVICES LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of preparation

The accounts and notes have been prepared in accordance with applicable accounting standards and under the historical cost convention.

(b) Goodwill

Goodwill arising on acquisitions, being the difference between the fair value of the purchase consideration and the fair value of the net assets acquired, is capitalised in the balance sheet and amortised on a straight line basis over its useful economic life up to a maximum of twenty years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

(c) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. The exception to this is that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(d) Leasing commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

(e) Cash flow statement

The Company has taken advantage of the exemption given by FRS 1 (revised 1996) to subsidiary undertakings where 90% or more of the voting rights are controlled within the group, by not preparing a cash flow statement. Details of the ultimate holding company are given in Note 16 of the accounts.

2. TURNOVER

Income relating to the provision of financial planning, pensions advisory services and material renewal and fee income is accounted for on an accruals basis. All turnover arises from business in the UK.

TOWRY LAW FINANCIAL SERVICES LIMITED

3. OPERATING PROFIT

	2008 £'000	2007 £'000
This is stated after charging:		
Operating lease charges		
- motor vehicles	68	172
Amortisation	375	324
	<u> </u>	<u> </u>

Audit fees for the year in relation to the Company are £28,000 (2007: £35,000) and those for other services pursuant to legislation are £6,000 (2007: £5,000). These amounts were settled by Towry Law Services Limited. A management charge of £37,060,000 (2007: £29,650,000) was rendered by a group company. Staff costs, including director's remuneration are not separately identifiable.

4. DIRECTORS' EMOLUMENTS

The emoluments of the director's are included in the accounts of Towry Law Services Limited, and it is not possible to allocate these amounts between the individual companies within the Group.

5. STAFF COSTS

All Group staff costs are now borne by Towry Law Services Limited who then include staff costs in their annual recharge to the Company.

6. TAXATION

	2008 £'000	2007 £'000
(a) Analysis of tax credit for the year		
The credit based on the loss for the year comprises:		
UK corporation tax charge:	-	-
Adjustment to prior year	-	(26)
	<u> </u>	<u> </u>
Total current tax	-	(26)
Deferred tax credit	(345)	(2,393)
	<u> </u>	<u> </u>
Tax credit on loss on ordinary activities	<u> </u>	<u> </u>
	(345)	(2,419)
	<u> </u>	<u> </u>

TOWRY LAW FINANCIAL SERVICES LIMITED

6. TAXATION (CONTINUED)

	2008 £'000	2007 £'000
(b) Factors affecting tax charge for the year		
(Loss)/profit on ordinary activities before tax	(886)	3,337
	<hr/>	<hr/>
(Loss)/profit on ordinary activities before tax at 28%	(248)	1,001
Permanent differences	76	96
Utilisation of losses brought forward	-	(1,036)
Group relief received for nil value	(147)	(374)
Adjustment to prior year	-	(26)
Movement in general provisions	(28)	(61)
Transfer pricing adjustment	347	374
	<hr/>	<hr/>
Total current tax	-	(26)
	<hr/>	<hr/>

(c) Factors that may affect future tax charges

A deferred tax asset has been recognised in relation to trading losses and other differences that are expected to be utilised against the taxable profits of the Company. An asset had not previously been recognised in full due to uncertainty regarding the timing and quantum of future profits. The total deferred tax asset that had not been recognised at the end of the year was £nil (2007: £nil).

There are no deferred tax liabilities.

7. GOODWILL

	£'000
Cost or Valuation:	
At 1 January 2008	4,834
Additions	27
	<hr/>
At 31 December 2008	4,861
	<hr/>
Amortisation and impairment:	
At 1 January 2008	1,412
Charge for the year	375
	<hr/>
At 31 December 2008	1,787
	<hr/>
Net book value at 31 December 2008	3,074
	<hr/>
Net book value at 1 January 2008	3,422
	<hr/>

The goodwill acquired in the year relates to client relationships.

TOWRY LAW FINANCIAL SERVICES LIMITED

8. DEBTORS

	2008 £'000	2007 £'000
Trade debtors	785	680
Amounts due from group undertakings	17,583	17,317
Deferred tax asset	4,089	3,737
Prepayments and accrued income	1,321	1,269
	<u>23,778</u>	<u>23,003</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Corporation tax	-	74
Other creditors	249	422
Accruals and deferred income	961	-
	<u>1,210</u>	<u>496</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £'000	2007 £'000
Deferred consideration	-	112
	<u>-</u>	<u>112</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Commission clawback £'000
At 1 January 2008	35
Utilised	(101)
Transferred in	96
	<u>30</u>
At 31 December 2008	<u>30</u>

The commission clawback provision relates to the potential clawback of commissions on business sold on indemnity terms, and is based on projected lapse rates using past experience.

TOWRY LAW FINANCIAL SERVICES LIMITED

12. SHARE CAPITAL

	2008 Number	2007 Number	2008 £'000	2007 £'000
Authorised capital, equity shares				
Preference shares of £1 each	2,000	2,000	2	2
Ordinary shares of £1 each	1,600	1,600	2	2
'A' Ordinary shares of £1 each	22,929,400	22,929,400	22,929	22,929
	<u>22,933,000</u>	<u>22,933,000</u>	<u>22,933</u>	<u>22,933</u>

	2008 Number	2007 Number	2008 £'000	2007 £'000
Issued capital, fully paid, equity shares				
Preference shares of £1 each	2,000	2,000	2	2
Ordinary shares of £1 each	1,600	1,600	2	2
'A' Ordinary shares of £1 each	21,929,400	21,929,400	21,929	21,929
	<u>21,933,000</u>	<u>21,933,000</u>	<u>21,933</u>	<u>21,933</u>

The Ordinary shares and 'A' Ordinary shares rank the same upon winding up and the issue of any dividends; however 'A' Ordinary shares have no voting rights. The Preference shares have priority upon winding up but have no dividend rights.

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Capital reserve £'000	Profit & loss account £'000	Total £'000
At 1 January 2007	21,933	35,000	45	(36,300)	20,678
Profit attributable to members	-	-	-	5,756	5,756
At 31 December 2007	21,933	35,000	45	(30,544)	26,434
Loss attributable to members	-	-	-	(541)	(541)
At 31 December 2008	21,933	35,000	45	(30,003)	25,893

TOWRY LAW FINANCIAL SERVICES LIMITED

14. OPERATING LEASE COMMITMENTS

The Company has annual commitments under non-cancellable operating leases that expire as follows:

	Motor vehicles	
	2008	2007
	£'000	£'000
Within one year	37	38
In two to five years	44	101
After more than five years	-	-
	<hr/>	<hr/>
	81	139
	<hr/>	<hr/>

All land and building property costs are now paid by Towry Law Services Limited who then include land and building costs in the annual recharge made to Group companies.

15. RELATED PARTY DISCLOSURE

The Company has taken advantage of the exemption given by FRS 8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

There are no other related party transactions requiring disclosure.

16. PARENT UNDERTAKINGS

The Company's immediate parent undertaking is Towry Law Finance Company Limited whose registered office is Towry Law House, Western Road, Bracknell, RG12 1TL.

The Company's ultimate parent undertaking is Towry Law Holdings Limited, a company incorporated in England and Wales.