

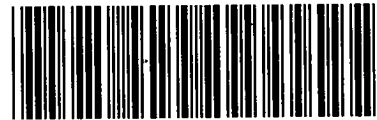
Registration number: 00991769

# Dawson Pennington & Company Limited

Financial Statements

for the Year Ended 31 December 2013

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**Dawson Pennington & Company Limited**  
**Company Information**

<b>Company secretary</b>	J Owens
<b>Registered office</b>	Towergate House Eclipse Park Sittingbourne Road Maidstone Kent ME14 3EN
<b>Auditors</b>	KPMG Audit Plc 15 Canada Square Canary Wharf London E14 5GL

## **Dawson Pennington & Company Limited**

### **Strategic Report for the Year Ended 31 December 2013**

The directors present their strategic report for the year ended 31 December 2013.

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

The results for Dawson Pennington & Company Limited ("the Company") show a pre-tax profit of £2,714,676 (2012: £Nil) for the year and turnover of £Nil (2012: £Nil). The Company has net assets of £1,547 (2012: £25,382).

The principal activity of the Company is that of a non trading holding company. On 30th September 2013 the trade together with the assets and liabilities of the Company's trading subsidiary, Chorlton Cloughley Group Limited, were sold to Towergate Underwriting Group Limited, a fellow undertaking within the Towergate PartnershipCo Limited group ("the Group"). The subsidiary company therefore ceased to trade on that date.

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

The Company's performance and value, as a holding company of the Group, is integrated with its investment in the Company's subsidiaries. As such from the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the group and are managed separately. Accordingly, the principal risks and uncertainties are discussed in the Group's annual report of Towergate PartnershipCo Limited.

A principal risk of this holding Company is the trading performance of its subsidiaries. Trading performance in subsidiaries could create the need for impairment leading to a reduction in net assets and distributable reserves of the Company. Each subsidiary sets performance targets for the year ahead and performance is reviewed regularly against these targets. Reasons for under performance are monitored and mitigating actions are taken. Investments are reviewed for impairment to ensure the appropriate carrying value for each investment in the holding company's accounts.

As both the trade, assets and liabilities of both the Company's subsidiaries were sold to a fellow Group company on 30th September 2013, the value of the investment was written down to the net asset value of each subsidiary.

On 19 November 2014 the unaudited consolidated financial statements for Towergate Holdings II Limited, an intermediate holding company, were published for the nine month period ended 30 September 2014. Those consolidated financial statements highlighted uncertainties over the group's operational cash flow and liquidity requirements in Q1 2015, a requirement to renegotiate financial covenants and the quantum, timing and recoveries of customer redress payments relating to historic advice given by the group's Towergate Financial businesses. Further consideration of this disclosure and the impact on the preparation of the Company's financial statements can be found in Note 1.

**Dawson Pennington & Company Limited**  
**Strategic Report for the Year Ended 31 December 2013**

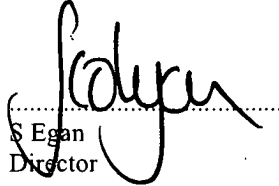
**Key performance indicators**

The directors of Towergate PartnershipCo Limited manage the group's operations on an individual basis. The development, performance and position of the Group which includes the Company, is discussed in the Group's annual report.

The key performance indicator for this company is the carrying value of its subsidiaries, as this is the main asset the Company. As discussed in the principal risks and uncertainties below, the performance of the subsidiary undertakings will determine whether an impairment to the carrying value is required and this is tested on a regular basis.

There was a loss on the sale of the assets and liabilities of Chorlton Cloughly Group Limited of £192,528 for the current year end.

Approved by the Board on 19 December 2014 and signed on its behalf by:

  
S Egan  
Director

**Dawson Pennington & Company Limited**  
**Directors' Report for the Year Ended 31 December 2013**

The directors present their report and the financial statements for the year ended 31 December 2013.

**Directors of the Company**

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

S Egan

M P Rea

S T B Clark (*resigned 8 October 2013*)

M S Hodges (*resigned 17 October 2014*)

D J Bruce (*resigned 17 January 2014*)

**Dividends**

The directors paid a final dividend payment of £2,738,511 in respect of the financial year ended 31 December 2013.

**Going concern**

The financial statements of the Company set out on pages 8 to 16 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due. Further details of this assessment can be found in Note 1 to these financial statements.

**Directors liabilities**

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

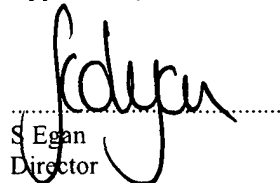
**Disclosure of information to the auditors**

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

**Reappointment of auditors**

Our auditor, KPMG Audit Plc, has instigated an orderly wind down of business. The board has decided to put KPMG LLP forward to be appointed as auditors and the resolution concerning their appointment will be put forward for approval at the forthcoming board meeting.

Approved by the Board on 19 December 2014 and signed on its behalf by:

  
S Egan  
Director

## **Dawson Pennington & Company Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting 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 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.

## **Independent Auditor's Report to the members of Dawson Pennington & Company Limited**

We have audited the financial statements of Dawson Pennington & Company Limited for the year ended 31 December 2013, set out on pages 8 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the 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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the reliance of the Company on the Towergate Group to enable it to continue as a going concern. Note 1 discloses the need for the Directors of the Towergate Group successfully to manage the material uncertainties referred to in that note in order for the Group to continue as a going concern. This condition gives rise in turn to material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

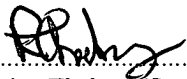
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent Auditor's Report to the members of Dawson Pennington & Company Limited**

### **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.



.....  
Rajan Thakrar (Senior Statutory Auditor)  
For and on behalf of KPMG Audit Plc, Statutory Auditor

15 Canada Square  
Canary Wharf  
London  
E14 5GL

19 December 2014



**Dawson Pennington & Company Limited**  
**Profit and Loss Account for the Year Ended 31 December 2013**

	Note	2013 £	2012 £
Turnover		-	-
Administrative expenses		<u>(192,528)</u>	<u>-</u>
Operating loss	2	(192,528)	-
Income from shares in group undertakings		<u>2,907,204</u>	<u>-</u>
Profit on ordinary activities before taxation		<u>2,714,676</u>	<u>-</u>
Profit for the financial year	10	<u><u>2,714,676</u></u>	<u><u>-</u></u>

Turnover and operating profit derive wholly from discontinued operations.

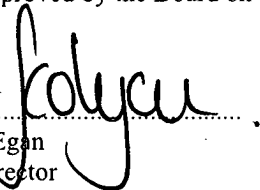
The Company has no recognised gains or losses for the year other than the results above.

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.

**Dawson Pennington & Company Limited**  
**(Registration number: 00991769)**  
**Balance Sheet as at 31 December 2013**

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Investments	6	200,505	238,028
<b>Current assets</b>			
Debtors	7	1,547	-
Creditors: Amounts falling due within one year	8	<u>(200,505)</u>	<u>(212,646)</u>
Net current liabilities		<u>(198,958)</u>	<u>(212,646)</u>
Net assets		<u>1,547</u>	<u>25,382</u>
<b>Capital and reserves</b>			
Called up share capital	9	1,547	1,547
Profit and loss account	10	<u>-</u>	<u>23,835</u>
Shareholders' funds	11	<u>1,547</u>	<u>25,382</u>

Approved by the Board on 19 December 2014 and signed on its behalf by:

  
 .....  
 S Egan  
 Director

**Dawson Pennington & Company Limited**  
**Notes to the Financial Statements**

**1 Accounting policies**

***Basis of preparation***

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

***Exemption from preparing a cash flow statement***

The Company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the Group.

***Exemption from preparing group accounts***

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts.

The consolidated financial statements of Towergate PartnershipCo Limited within which the Company is included, can be obtained from the address given in note 11.

## **Dawson Pennington & Company Limited**

### **Notes to the Financial Statements**

#### ***Going concern***

The financial statements of the Company set out on pages 9 to 16 have been prepared on a going concern basis. The directors believe the going concern basis to be appropriate following their assessment of the Company's financial position and its ability to meet its obligations as and when they fall due as described below.

At 31 December 2013, the Company has net assets of £1,547 (2012:£25,382) and net current liabilities of £198,958 (2012:£212,646). The net assets include an inter-company debtor balance of £1,547 (2012: £Nil) an inter-company creditor of £200,505 (2012: £212,646) and investments in Group companies of £200,505 (2012: £238,028).

The Company's inter-company creditors are subject to a conditional arrangement that has been made between certain group undertakings that states it is not the present intention to seek repayment of amounts due in respect of these inter-company loans for a period of 12 months from the date of approval of these financial statements. The arrangement has made on the basis of updated balances at 30 November 2014 which amounted to an inter-company creditor balance of £200,205. The arrangement represents a statement of present intention and could be subject to change in respect of actions deemed appropriate by the Group undertaking including (i) a sale of all or part of the Towergate Group or any of its assets, (ii) a financial restructuring of the Group or any of its members; and/or (iii) any other measures to improve the Group's liquidity.

In reaching their view on preparation of the Company's financial statements on a going concern basis, the Directors have therefore considered significant uncertainties facing the wider Towergate Group, which were disclosed on 19 November 2014 in the consolidated financial statements of Towergate Holdings II Limited, an intermediate parent company, for the period ended 30 September 2014. Those consolidated financial statements highlighted uncertainties over the Group's operational cash flow and liquidity requirements in Q1 2015 and respective management actions some of which require the agreement of third parties, the successful renegotiation of the Group's financial covenant attaching to a fully drawn £85m Revolving Credit Facility and the quantum, timing and recoveries of customer redress payments relating to historic advice given by the Group's Towergate Financial businesses. Due to the uncertainties facing the Group, it has to be recognised that there is material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and, if the assumptions underpinning the Group's remedial plans are not realised, the Group maybe unable to realise its assets and discharge its liabilities in the normal course of business.

In light of the uncertainties facing the Towergate Group highlighted above, and the net current liability position of the Company, the Directors have considered the requirement for ongoing support from the group for the foreseeable future, the possibility that the inter-company creditor balance may be called, the recoverability of the inter-company debtor balance and the realisation of investments in other Group companies. Whilst the Directors have no reason to believe that Group support would not be forthcoming for the foreseeable future, given the significant uncertainties facing the Group noted above, there is uncertainty over the ability of the Group to provide support to the Company. In addition if the intercompany debtor was not recoverable, the investment balance could not be realised or the inter-company creditor was called the Company would require additional support from the Group to continue as a going concern. It has to be recognised that the significant uncertainties facing the group give rise to a material uncertainty for the Company that may cast significant doubt over its ability to continue as a Going concern and that it may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, the Directors of the Company have considered the conclusions reached by the Directors of Towergate Holdings II Limited regarding the Group's going concern position and believe that the Company will have adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly the Directors have continued to adopt the going concern basis in preparing the financial statements.

#### ***Fixed asset investments***

Fixed asset investments are stated at historical cost less provision for any diminution in value.

## Dawson Pennington & Company Limited

### Notes to the Financial Statements

#### 2 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2013	2012
	£	£
Loss on sale of investment	<u>192,528</u>	<u>-</u>

Audit fees for the Company are borne by other companies within the Towergate PartnershipCo Limited Group and no recharge is made to the Company.

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.

On 30 September 2013 the business of Chorlton Cloughley Group Limited, a subsidiary of the Company, together with its assets and liabilities were sold to Towergate Underwriting Limited, a fellow undertaking within the Towergate PartnershipCo Limited Group. The consideration receivable comprised the sum of the fair value of tangible assets and liabilities and the market value of goodwill as estimated by the directors. The investment in Chorlton Cloughley Group was impaired by £192,528 at this time.

#### 3 Particulars of employees

The Company had no employees in the current year or the preceding year. All administration is performed by employees of the Group.

#### 4 Directors' remuneration

The emoluments of Messrs Hodges, Rea, Bruce, Clark and Egan are paid by other Group companies, which make no recharge to the Company. These 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.

**Dawson Pennington & Company Limited**  
**Notes to the Financial Statements**

**5 Taxation**

**Tax on profit on ordinary activities**

	2013 £	2012 £
Total tax on profit on ordinary activities	<u>-</u>	<u>-</u>

**Factors affecting current tax charge for the year**

The tax on profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK (2012 -the same as the standard rate of corporation tax in the UK ) of 23.25% (2012 - 24.5%).

The differences are reconciled below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>2,714,676</u>	<u>-</u>
Corporation tax at standard rate	631,162	-
Non-tax deductible amortisation of goodwill and impairment	44,763	-
Dividends from UK companies	<u>(675,925)</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

**Factors that may affect future tax charges**

The Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by April 2015. A reduction in the rate from 25% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and a further reduction to 21% (effective from 1 April 2014) and then 20% (effective 1 April 2015) was enacted on 17 July 2013.

This will reduce the Company's future current tax charge accordingly.

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.

**6 Investments held as fixed assets**

	2013 £	2012 £
Shares in group undertakings and participating interests	<u>200,505</u>	<u>238,028</u>

**Dawson Pennington & Company Limited**  
**Notes to the Financial Statements**

**Shares in group undertakings and participating interests**

	<b>Subsidiary undertakings £</b>
<b>Cost</b>	
At 1 January 2013	238,028
Additions	<u>155,305</u>
At 31 December 2013	<u>393,333</u>
<b>Provision for impairment</b>	
Eliminated on disposal	<u>192,828</u>
At 31 December 2013	<u>192,828</u>
<b>Net book value</b>	
At 31 December 2013	<u>200,505</u>
At 31 December 2012	<u>238,028</u>

On 30 September 2013 the trade together with the assets and liabilities of Chorlton Cloughley Group Limited and CCV Limited, subsidiary companies of Dawson Pennington Limited, were sold to Towergate Underwriting Group Limited.

The investment in Chorlton Cloughley Group Limited was written down to the net asset value of its subsidiary, represented by its share capital and other reserves of £200,205, resulting in an impairment of £192,828 being made.

The investment in CCV Limited was already represented by its net asset value of £300 so no impairment was made.

**Details of undertakings**

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

<b>Undertaking</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights and shares held</b>	<b>Principal activity</b>
Chorlton Cloughley Group Limited	England	Ordinary	100%	Dormant
CCV Limited	England	Ordinary	100%	Dormant

**Dawson Pennington & Company Limited**  
**Notes to the Financial Statements**

**7 Debtors**

	2013	2012
	£	£
Amounts owed by group undertakings	<u>1,547</u>	<u>-</u>

**8 Creditors: Amounts falling due within one year**

	2013	2012
	£	£
Amounts owed to group undertakings	<u>200,505</u>	<u>212,646</u>

Amounts owed to group undertakings are subject to a conditional arrangement between certain group companies. Further details are set out in Note 1.

**9 Share capital**

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

	No.	2013 £	No.	2012 £
'A' Ordinary Shares of £1 each	1,417	1,417	1,417	1,417
'B' Ordinary Shares of £1 each	130	130	130	130
	<u>1,547</u>	<u>1,547</u>	<u>1,547</u>	<u>1,547</u>

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

**10 Reserves**

	Profit and loss account £
At 1 January 2013	23,835
Profit for the year	2,714,676
Dividends	<u>(2,738,511)</u>
At 31 December 2013	<u>-</u>



**Dawson Pennington & Company Limited**  
**Notes to the Financial Statements**

**11 Reconciliation of movement in shareholders' funds**

	2013 £	2012 £
Profit attributable to the members of the Company	2,714,676	-
Dividends	<u>(2,738,511)</u>	<u>-</u>
Net reduction to shareholders funds	(23,835)	-
Shareholders' funds at 1 January	<u>25,382</u>	<u>25,382</u>
Shareholders' funds at 31 December	<u><u>1,547</u></u>	<u><u>25,382</u></u>

**12 Related party transactions**

The Company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the Group.

**13 Control**

The parent of the largest Group in which results are consolidated is Towergate PartnershipCo Limited.

Consolidated financial statements are available from:

Towergate House  
Eclipse Park  
Sittingbourne Road  
Maidstone  
Kent ME14 3EN

The ultimate parent company is Towergate PartnershipCo Limited.