

Bishop Skinner Insurance Brokers Limited

Directors' report and financial statements

for the year to 31 December 2012

Registered Number 01121132



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Officers and professional advisers

Directors

P Gallagher
J Noone
S T B Clark
M Rea
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 period is set out on page 6

The principal activity of the Company is the sale of insurance policies. There have not been any significant changes in the Company's principal activities in the period under review. 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.

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

The results for the Company show a pre-tax profit of £868,383 for the year to 31 December 2012 (2011: £955,770) and turnover of £2,293,225 (2011: £3,676,078). The Company has net assets of £2,865,955 (2011: £2,163,658).

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

The directors have not proposed any ordinary dividends in respect of the current financial year (2011: £nil).

Political and charitable contributions

The Company made charitable contributions during the current period of £100 (prior period: £703).

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows

D J A Jones	<i>(resigned 9 February 2012)</i>
K Butcher	<i>(resigned 9 February 2012)</i>
P Gallagher	<i>(resigned 20 May 2013)</i>
J Noone	
S T B Clark	
M Rea	
B Park	<i>(resigned 16 April 2012)</i>
S Egan	<i>(appointed 19 April 2012)</i>
G Barr	<i>(appointed 16 April 2012, resigned 8 August 2012)</i>
D J Bruce	<i>(appointed 8 August 2012)</i>
M Hogdes	<i>(appointed 2 November 2012)</i>

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

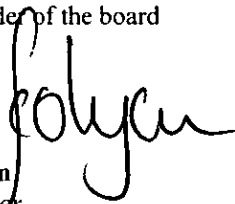
Disclosure of information to auditor

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 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 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 Bishop Skinner Insurance Brokers Limited

We have audited the financial statements of Bishop Skinner Insurance Brokers 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 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 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 period 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 period 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
The Embankment
Neville Street
Leeds
LS1 4DW

11 September 2013

Profit and loss account
for the year to 31 December 2012

		Year to 31 December 2012 £	18 Months to 31 December 2011 £
Turnover	<i>1</i>	2,293,225	3,676,078
Administrative expenses		(1,429,552)	(3,039,681)
Operating profit		863,673	636,397
Other interest receivable and similar income	<i>5</i>	4,710	1,415
Interest payable and similar charges	<i>6</i>	-	(969)
Profit on disposal of portfolio		-	318,927
Profit on ordinary activities before taxation	<i>2</i>	868,383	955,770
Tax on profit on ordinary activities	<i>7</i>	(166,086)	(325,511)
Profit for the period/financial year		702,297	630,259

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

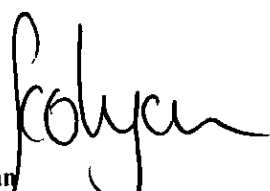
The Company's operating activities relate to continuing operations

**Balance sheet
at 31 December 2012**

	<i>Note</i>	At 31 December 2012	At 31 December 2011
		£	£
Fixed assets			
Intangible assets	8	-	-
Tangible fixed assets	9	37,741	42,553
		<hr/>	<hr/>
		37,741	42,553
Current assets			
Debtors	10	4,186,198	3,395,658
Cash at bank and in hand	11	546,702	1,064,721
		<hr/>	<hr/>
		4,732,900	4,460,379
Creditors amounts falling due within one year	12	(1,886,243)	(2,318,725)
		<hr/>	<hr/>
Net current assets		2,846,657	2,141,654
		<hr/>	<hr/>
Total assets less current liabilities		2,884,398	2,184,207
Creditors amounts falling due after more than one year		-	-
Provisions for liabilities	13	(18,443)	(20,549)
		<hr/>	<hr/>
Net assets		2,865,955	2,163,658
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	2,865,855	2,163,558
		<hr/>	<hr/>
Equity shareholders' funds		2,865,955	2,163,658
		<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 to 31 December 2012 £	18 Months to 31 December 2011 £
Profit for the financial period/ year	702,297	630,259
Retained profit for the financial period/ year	702,297	630,259
Opening shareholders' funds	2,163,658	1,533,399
Closing shareholders' funds	2,865,955	2,163,658

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

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 subsidiary, 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 17

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

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the directors report and financial statements

Goodwill

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 business combinations in respect of acquisitions is capitalised since incorporation 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 hardware & software	–	25% per annum
Furniture, fittings & equipment	–	25% per annum
Motor vehicles	–	25% per annum
Leasehold improvements	-	Over the period of the lease

Post-retirement benefits

The Company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents commissions received in respect of policies inception in the period. 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

2 Profit on ordinary activities before taxation

	Year to 31 December 2012 £	18 Months to 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	20,688	8,856
- other services pursuant to legislation	-	3,185
Amortisation of intangible assets	-	209,034
Depreciation on owned assets	8,412	37,561
Depreciation on assets on hire purchase contracts	-	6,062
Operating lease rentals	115,000	115,000
	<hr/>	<hr/>

Notes (continued)

3 Remuneration of directors

	Year to 31 December 2012 £	18 Months to 31 December 2011 £
Total remuneration of all directors		
Directors' emoluments	356,232	707,254
Company contributions to money purchase pension schemes	31,302	57,992
	<u>387,534</u>	<u>765,246</u>

	Year to 31 December 2012 £	18 Months to 31 December 2011 £
Remuneration of highest paid director		
Directors' emoluments	99,851	168,045
Company contributions to money purchase pension schemes	15,100	30,080
	<u>114,951</u>	<u>198,125</u>

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

Four directors accrued retirement benefits in money purchase schemes during the current year (prior period: five).

4 Staff numbers and costs

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

	Year to 31 December 2012 Number of Employees 36	18 Months to 31 December 2011 Number of Employees 38
	<u>36</u>	<u>38</u>

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

	Year to 31 December 2012 £	18 Months to 31 December 2011 £
Wages and salaries	1,033,515	1,661,409
Social security costs	104,169	162,996
Other pension costs	62,972	101,009
	<u>1,200,656</u>	<u>1,925,414</u>

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £62,972 (2011: £101,009).

Notes (continued)

5 Other interest receivable and similar income

	Year to 31 December 2012 £	18 Months to 31 December 2011 £
Bank interest	4,710	1,415

6 Interest payable and similar charges

	Year to 31 December 2012 £	18 Months to 31 December 2011 £
Bank loans and overdrafts	-	969

7 Tax on profit on ordinary activities

Analysis of charge in period

	Year to 31 December 2012 £	18 Months to 31 December 2011 £
UK corporation tax		
Current tax on income for the period/year	216,754	326,824
Over provision in prior year	(59,560)	-
Total current tax	157,194	326,824
Deferred tax		
Origination/reversal of timing differences	8,892	(1,313)
Total deferred tax	8,892	(1,313)
Tax on profit on ordinary activities	166,086	325,511

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (prior year higher) than the standard rate of corporation tax in the UK which is 24.5% (2011 26.5%). The differences are explained below

	Year to 31 December 2012 £	18 Months to 31 December 2011 £
Current tax reconciliation		
Profit on ordinary activities before taxation	868,383	955,770
	<hr/>	<hr/>
Current tax at 24.5% (26.5%)	212,755	258,040
Effects of		
Expenses not deductible for tax purposes	1,647	62,438
Capital allowances in excess of depreciation	2,061	6,346
Short term timing differences	291	-
Adjustment to tax charge in respect of prior period	(59,560)	-
	<hr/>	<hr/>
UK corporation tax charge on profit on ordinary activities for the period	157,194	326,824
	<hr/> <hr/>	<hr/> <hr/>

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.

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2012 and 31 December 2012	365,808
	<hr/>
Amortisation	
At 1 January 2012 and 31 December 2012	365,808
	<hr/>
Net book value	
At 31 December 2012	-
	<hr/> <hr/>
At 31 December 2011	-
	<hr/> <hr/>

Notes (continued)

9 Tangible fixed assets

	Leasehold Improvements £	Furniture & Equipment £	Motor Vehicles £	Computer equipment £	Total £
Cost					
At 1 January 2012	-	242,825	17,040	38,557	298,422
Additions	3,000	-	-	600	3,600
Disposals	-	(386)	-	-	(386)
At 31 December 2012	3,000	242,439	17,040	39,157	301,636
Depreciation					
At 1 January 2012	-	211,633	10,503	33,733	255,869
Charge for period	-	3,190	3,697	1,525	8,412
Disposals	-	(386)	-	-	(386)
At 31 December 2012	-	214,437	14,200	35,258	263,895
Net book value					
At 31 December 2012	3,000	28,002	2,840	3,899	37,741
At 31 December 2011	-	31,192	6,537	4,824	42,553

10 Debtors

	31 December 2012 £	31 December 2011 £
Insurance debtors	984,934	1,108,198
Amounts due from group undertakings	3,065,360	1,915,773
Prepayments and accrued income	21,733	47,818
Deferred tax asset	-	1,313
Other debtors	114,171	322,556
	4,186,198	3,395,658

11 Cash at bank and in hand

The balance of cash at bank and in hand at 31 December 2012 was £546,702 (2011 £1,064,721). Cash at bank includes £535,590 (2011 £1,049,353) which constitutes client money and is not available to pay the general debts of the Company.

12 Creditors: amounts falling due within one year

	31 December 2012 £	31 December 2011 £
Insurance creditors	1,282,146	2,049,878
Corporation tax	322,341	127,715
Other taxation and social security	20,225	30,623
Other creditors, accruals and deferred income	96,815	106,656
Amounts owed to group undertakings	164,716	3,853
	1,886,243	2,318,725

Notes (continued)

13 Provisions for liabilities

	Errors & Omissions £	Provision for cancellations and lapsed policies £	Deferred tax £	Total £
At beginning of period	7,500	13,049	-	20,549
Charge to profit and loss account in the period	(7,500)	(2,185)	7,579	(2,106)
As at 31 December 2012	-	10,864	7,579	18,443

In the normal course of business, the company may receive claims in respect of errors and omissions. A provision has been made for cancellations and lapsed policies.

14 Called up share capital

	31 December 2012 £	31 December 2011 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100
	100	100

15 Reserves

	Profit and loss account £
At 1 January 2012	2,163,558
Retained profit for the period	702,297
At 31 December 2012	2,865,855

16 Commitments

Annual commitments under non-cancellable operating leases are as follows

	31 December 2012 £	31 December 2011 £
Land & buildings		
Operating leases which expire in the second to fifth years inclusive	115,000	115,000
	115,000	115,000

Notes *(continued)*

17 Parent undertaking

Towergate Partnershipco Limited is the ultimate parent company and Cullum Capital Ventures Limited an 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

18 Related party disclosures

During the year the company conducted business, on an arms length basis, with Towergate Insurance Limited, which is an associated company. 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 £161,676, with a creditor balance at the year end of £161,676 (2011: £nil).

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 £1,149,586 of which a debtor balance of £3,059,148 (2011: £1,909,562) was outstanding at the year end.

The Company conducted business, on an arms length basis, with Bishop Skinner Client Services Limited, which is an associated company. The amounts charged by the Company during the year totalled £814 of which a creditor balance of £3,039 (2011: £3,853) was outstanding at the year end.

The Company conducted business, on an arms length basis, with Bishop Skinner Brokers Holdings Limited, which is an associated company. The amounts charged by the Company during the year totalled £nil of which a debtor balance of £6,211 (2011: £6,211) was outstanding at the year end.