

Rixon Matthews Appleyard Limited
Directors' report and financial statements
for the year ended 31 December 2009

Registered number 2890236

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Directors' report and financial statements

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Officers and professional advisers

Directors

PG Cullum	<i>(Appointed 08/10/2009)</i>
AC Homer	<i>(Appointed 08/10/2009)</i>
AJ Blanc	<i>(Appointed 08/10/2009)</i>
IWJ Patrick	<i>(Appointed 08/10/2009)</i>
TD Philip	<i>(Appointed 08/10/2009)</i>

Secretary

JD Mutch	<i>(Resigned 31/05/2009)</i>
PM Dickinson	<i>(Appointed 31/05/2009, resigned 08/10/2009)</i>
D Clark	<i>(Appointed 08/10/2009)</i>

Registered office

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2009

Business review and principal activities

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

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

The results for the company show a pre-tax profit of £2,171,398 for the year (2008 loss £324,891) and turnover of £1,774,802 (2008 £1,927,982). The company has net assets of £380,700 (2008 £413,729)

On 8 October 2009 Towergate Risk Solutions Limited (a subsidiary of Towergate Partnership Limited) purchased the entire issued share capital of Rixon Matthews Appleyard Limited

On 31 December 2009 the business of the company together with its assets and liabilities were sold to Towergate Underwriting Group Limited, a fellow subsidiary undertaking within the Towergate Partnership Limited group. The company therefore ceased to trade on that date. The consideration receivable comprised the sum of the book value of tangible assets and liabilities and the market value of goodwill, as estimated by the directors based on advice from the group's investment banking advisors.

Prior to 31 December 2009 the principal activity of the company was that of general insurance broking

Principal risks and uncertainties

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

Key performance indicators

The directors of Towergate Partnership Limited manage the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of Rixon Matthews Appleyard Limited. The development, performance and position of Towergate Partnership Limited, which includes the company, is discussed in the group's annual report which does not form part of this report.

Dividend

A final dividend of £2,132,888 was paid during the year (2008 £nil)

Directors' report *(continued)*

Directors

The directors who held office during the year and to the date of these financial statements were as follows

PG Cullum	<i>(Appointed 08/10/2009)</i>
AC Homer	<i>(Appointed 08/10/2009)</i>
AJ Blanc	<i>(Appointed 08/10/2009)</i>
IWJ Patrick	<i>(Appointed 08/10/2009)</i>
TD Philip	<i>(Appointed 08/10/2009)</i>
RN Gillingwater	<i>(Resigned 25/11/2009)</i>
I Laycock	<i>(Resigned 08/10/2009)</i>
A Morley	<i>(Appointed 01/05/2009, resigned 08/10/2009)</i>
J Whiteley	<i>(Resigned 08/10/2009)</i>

Political and charitable contributions

The company made charitable contributions during the year of £250 (2008 £809)

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information

Auditors

Barber Harrison & Platt resigned as auditor in 2009 KPMG Audit Plc were appointed as auditor for the year ending 31 December 2009 and have indicated their willingness to continue in office

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



T Philip
Director

27 September 2010

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

The financial statements are required by law to 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Rixon Matthews Appleyard Limited

We have audited the financial statements of Rixon Matthews Appleyard Limited for the year ended 31 December 2009 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2009 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.



Karen T Orr (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

27 September 2010

Profit and loss account
for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Turnover	2	1,774,802	1,927,982
Administrative expenses		(1,584,159)	(2,260,748)
Amortisation of goodwill		-	(27,000)
Operating profit/(loss)		190,643	(359,766)
Interest receivable and similar income	6	299	43,416
Interest payable and similar charges	7	(19,544)	(8,541)
Profit on disposal of portfolio	8	2,000,000	-
Profit/(loss) on ordinary activities before taxation	3	2,171,398	(324,891)
Tax on profit on ordinary activities	9	(71,539)	83,091
Profit/(loss) for the financial year	18	2,099,859	(241,800)

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

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

The notes on pages 9 to 18 form part of these financial statements

Balance sheet at 31 December 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Intangible fixed assets	11		-		-
Tangible fixed assets	12		-		96,899
Investments	13		-		692,739
			-		789,638
Current assets					
Debtors	14	380,700		968,191	
Cash at bank and in hand		-		663,044	
		380,700		1,631,235	
Creditors' amounts falling due within one year	15	-		(1,656,181)	
Net current assets			380,700		(24,946)
Total assets less current liabilities			380,700		764,692
Creditors' amounts falling after more than one year	16	-			(350,963)
Net assets			380,700		413,729
Capital and reserves					
Called up share capital	17		50,700		50,700
Other reserves	18		330,000		330,000
Profit and loss account	18		-		33,029
Equity shareholders' funds			380,700		413,729

The notes on pages 9 to 18 form part of these financial statements

These financial statements were approved by the board of directors on 27 September 2010 and were signed on its behalf by



TD Philip
Director
Company registered number 2890236

**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2009**

	2009 £	2008 £
Profit/(loss) for the financial year	2,099,859	(241,800)
Dividend (note 10)	(2,132,888)	-
	<hr/>	<hr/>
	(33,029)	(241,800)
Opening equity shareholders' funds	413,729	655,529
	<hr/>	<hr/>
Closing equity shareholders' funds	380,700	413,729
	<hr/>	<hr/>

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 company's financial statements

Basis of preparation

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

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

As the company is a wholly owned subsidiary of Towergate Partnership 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 Partnership Limited within which the company is included, can be obtained from the address given in note 18

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 acquisition is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life This is taken as twenty years Amortisation commences in the financial year following acquisition

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

Fixtures and equipment	-	10% to 25% per annum on a straight line basis
Computer equipment	-	25% per annum on a straight line basis
Motor vehicles	-	25% per annum on a reducing balance basis

Leases

Assets obtained under finance leases are capitalised in the balance sheet and depreciated over their estimated useful lives The interest element of these obligations is charged to the profit and loss account over the relevant period The capital element of the future payments is treated as a liability

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Pensions

Towergate Partnership Limited and Rixon Matthews Appleyard Limited operate 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)

Taxation

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

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Profit on ordinary activities before taxation

	2009 £	2008 £
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration fees for the audit of the company	3,891	13,599
Depreciation on owned assets	21,262	26,325
Depreciation on leased assets	4,488	12,925
Operating leases – other assets	27,161	12,939
Operating leases – land and buildings	80,113	84,705
Loss on disposal of fixed assets	31,321	30,864
Impairment of investments	6,550	-
Amortisation of goodwill	-	27,000
	<u> </u>	<u> </u>

£1,791 of the £3,891 audit fee in 2009 relates to the prior year audit and was payable to Barber Harrison & Platt.

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

Notes (continued)

4 Remuneration of directors

	2009 £	2008 £
Total remuneration of all directors		
Directors' emoluments	133,833	159,618
Company contributions to money purchase pension schemes	7,245	5,900
	<u>141,078</u>	<u>165,518</u>

	2009	2008
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	<u>4</u>	<u>4</u>

The emoluments of Messrs Cullum, Homer, Blanc, Patrick and Phillip are paid by Towergate Partnership Limited, which makes no recharge to the company. All 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, analysed by category, was as follows

	2009	2008
Administration	<u>26</u>	<u>29</u>

The aggregate payroll costs of these persons were as follows

	2009 £	2008 £
Wages and salaries	836,201	1,115,599
Social security costs	84,858	127,509
Other pension costs	47,629	82,203
	<u>968,688</u>	<u>1,325,311</u>

Notes (continued)

6 Interest receivable

	2009 £	2008 £
Bank interest received	299	43,416
	<u>299</u>	<u>43,416</u>

7 Interest payable and similar charges

	2009 £	2008 £
Interest payable on bank loans and overdrafts	4,044	8,541
Interest payable to group companies pre-acquisition	15,500	-
	<u>19,544</u>	<u>8,541</u>

8 Profit on disposal of portfolio

	2009 £	2008 £
Profit on disposal of portfolio	2,000,000	-
	<u>2,000,000</u>	<u>-</u>

The profit on disposal of portfolio relates to the sale of the business of the company to Towergate Underwriting Group Limited on 31 December 2009

The net assets disposed of were as follows

	£
Tangible fixed assets	41,588
Net current assets	339,112
	<u>380,700</u>
Net assets	380,700
Satisfied by	
Consideration receivable	2,380,700
Profit on disposal	(2,000,000)
	<u>380,700</u>

Notes (continued)

9 Taxation

	2009 £	2008 £
UK corporation tax		
Current tax charge on profit for the year	82,318	(81,000)
Adjustments in respect of prior years	-	(91)
	<hr/>	<hr/>
UK Corporation tax charge/(credit) on ordinary activities for the year	82,318	(81,091)
Deferred taxation	(10,779)	(2,000)
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>71,539</u>	<u>(83,091)</u>

The current tax charge for the year is lower (2008: lower) than the standard rate of corporation tax in the UK (28%, 2008: 28%). The differences are explained below:

	2009 £	2008 £
Current tax reconciliation		
Profit/loss on ordinary activities before taxation	2,171,398	(324,891)
	<hr/>	<hr/>
Current tax at 28% (2008: 28%)	607,991	(95,658)
Effects of:		
Expenses not deductible for tax purposes	6,186	11,378
Profit on disposal of subsidiary	(560,000)	-
Movements in general provisions	19,519	-
Capital allowances in excess of depreciation	(1,982)	(5,808)
Loss on disposal of fixed assets	10,604	9,087
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>82,318</u>	<u>(81,000)</u>

There are no known factors that might affect future tax charges.

Notes (continued)

10 Dividends

	2009 £	2008 £
Final dividends on equity shares	2,116,329	-

11 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2009	61,000
Sold to Towergate Underwriting Group Limited	(61,000)
At 31 December 2009	-
Amortisation	
At 1 January 2009	61,000
Sold to Towergate Underwriting Group Limited	(61,000)
At 31 December 2009	-
Net book value	
At 31 December 2009	-
At 31 December 2008	-

Goodwill related to businesses previously acquired by the company and had been fully written down in 2008

Notes (continued)

12 Tangible fixed assets

	Fixtures and equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2009	245,105	36,000	281,105
Additions	1,760	-	1,760
Disposals	(159,407)	(17,500)	(176,907)
Sold to Towergate Underwriting Group Limited	(87,458)	(18,500)	(105,958)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	-	-
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2009	168,779	15,427	184,206
Charge for year	21,262	4,488	25,750
Disposals	(133,741)	(11,845)	(145,586)
Sold to Towergate Underwriting Group Limited	(56,300)	(8,070)	(64,370)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2009	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2008	76,326	20,573	96,899
	<hr/>	<hr/>	<hr/>

Included above are assets held under finance leases and hire purchase contracts as follows

	2009 £	2008 £
Net book value		
Fixtures and equipment	-	26,105
Motor vehicles	-	14,260
	<hr/>	<hr/>
	-	40,365
	<hr/>	<hr/>
Depreciation charged during the year		
Fixtures and equipment	-	8,685
Motor vehicles	4,488	4,240
	<hr/>	<hr/>
	4,488	12,925
	<hr/>	<hr/>

Notes (continued)

13 Investments

	2009 £	2008 £
Investment in subsidiaries		
Cost at 1 January	692,739	692,739
Impairment of investments	(6,550)	
Sold to Towergate Underwriting Group Limited	(686,189)	-
	<hr/>	<hr/>
At 31 December	-	692,739
	<hr/>	<hr/>

Prior to the sale, the company held 100% of the ordinary share capital of the following dormant company which is incorporated in the United Kingdom

Subsidiary Undertaking	Principal Activity	Shareholding
Penmarch Limited	Dormant	100%

14 Debtors

	2009 £	2008 £
Insurance debtors	-	797,746
Amounts due from group undertakings	380,700	79,976
Other debtors	-	12,355
Prepayments and accrued income	-	78,114
	<hr/>	<hr/>
	380,700	968,191
	<hr/>	<hr/>

15 Creditors: amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	-	293,969
Insurance and trade creditors	-	1,144,704
Amounts due to group undertakings	-	2,764
Corporation tax	-	9,000
Taxation and social security	-	26,771
Obligations under finance leases and hire purchase contracts	-	18,603
Accruals and deferred income	-	160,370
	<hr/>	<hr/>
	-	1,656,181
	<hr/>	<hr/>

Notes (continued)

16 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Obligations under finance leases and hire purchase contracts	-	10,566
Amounts due to group undertakings	-	340,397
	<u>-</u>	<u>350,963</u>

Obligations under operating leases and hire purchase contracts are repayable as follows

	2009 £	2008 £
Within one year	-	18,603
In two to five years	-	10,566
	<u>-</u>	<u>29,169</u>

17 Called up share capital

	2009 £	2008 £
Allotted, called up and fully paid		
35,490 Ordinary shares of £1 each	35,490	35,490
15,210 'A' Ordinary shares of £1 each	15,210	15,210
	<u>50,700</u>	<u>50,700</u>

Notes (continued)

18 Reserves

	Capital redemption reserve £	Profit and loss account £
At 1 January 2009	330,000	33,029
Profit for the financial year	-	2,099,859
Dividends paid	-	(2,132,888)
	<hr/>	<hr/>
At 31 December 2009	330,000	-
	<hr/> <hr/>	<hr/> <hr/>

19 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows

	2009 Other £	2008 Other £
Operating leases which expire		
Within one year	-	12,939
Within two to five years	-	84,705
	<hr/>	<hr/>
	<hr/>	<hr/>
	-	97,644
	<hr/> <hr/>	<hr/> <hr/>

20 Parent undertaking and controlling party

The company's immediate parent undertaking is Towergate Risk Solutions Limited and ultimate parent undertaking is Towergate Partnership Limited.

Both the immediate and ultimate parent companies are incorporated in England and Wales. The consolidated financial statements of the ultimate parent company are available to the public and may be obtained from

Towergate House
Eclipse Park
Sittingbourne Road
Maidstone
Kent
ME14 3EN

P Cullum, the Chairman of the ultimate parent company, is the controlling party by virtue of his controlling interest in the ultimate parent company's equity capital