

Chorlton Cloughley Group Limited
Directors' report and financial statements

for the year ended 31 December 2011

Registered Number 03305013

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Officers and professional advisers

Directors

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

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 directors' report and the audited financial statements for the period ended 31 December 2011

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 insurance broking. There have not been any significant changes in the Company's principal activities in the year 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 year and the Company's financial position at end of the year are shown in the attached financial statements.

The results for the Company show a pre-tax profit of £234,362 for the year (2010: £505,528) and turnover of £1,543,215 (2010: £1,550,566). The Company has net assets of £1,743,213 (2010: £1,525,176).

Discussion on the consolidated results of Cullum Capital Ventures 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 2011. 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 Services Authority (FSA). 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 FSA and having in place a dedicated compliance function, the Company ensures that all relevant regulations are kept under constant review.

Changes in group structure

On 11 February 2011 a new holding company, Towergate Partnershipco Limited, was created in which funds advised by Advent International invested £200,000,000. Towergate Partnershipco Limited acquired for a combination of new shares and cash all of the Ordinary share capital of Cullum Capital Ventures Limited. Towergate Partnershipco Limited also acquired Towergate Partnership Limited.

On 27 June 2012, Cullum Capital Ventures Limited's existing debt facilities were transferred to Towergate Insurance Limited in exchange for new shares.

These changes in group structure have resulted in Towergate Partnershipco Limited becoming the ultimate parent company and Cullum Capital Ventures Limited an intermediate holding company. Mr PG Cullum ceased to be the controlling party of the group.

Directors' report *(continued)*

Dividend

The directors do not recommend the payment of a dividend (2010 Nil)

Directors

The directors who held office during the year were as follows

J G Dolan *(resigned 31 March 2012)*
M P Rea
S T B Clark
B Park *(appointed 23 March 2011, resigned 16 April 2012)*

Directors appointed after the year end were as follows

S Egan *(appointed 19 April 2012)*
G Barr *(appointed 16 April 2012, resigned 08 August 2012)*
D J Bruce *(appointed 08 August 2012)*

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

Political and charitable contributions

The Company made political or charitable donations during the current year of £1 025 (2010 £300)

Going concern

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

The directors of the Company have considered resources within the group available to the Company and group, and having taken these into consideration the directors believe the Company has sufficient resources to continue in operational existence for the foreseeable future. The directors believe the continued expansion of CCV will be achieved through the use of current cash reserves and any further loan facilities obtained in the future.

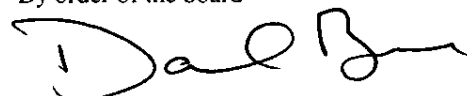
Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the board



D J Bruce
Director

25th September 2012

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 Chorlton Cloughley Group Limited

We have audited the financial statements of Chorlton Cloughley Group Limited for the year ended 31 December 2011 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (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 website at www.frc.org.uk/apb/scope/private.cfm

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 2011 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

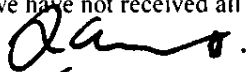
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion,

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



John Ellacott (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

Profit and loss account for the year ended 31 December 2011

	<i>Note</i>	Year ended 31 December 2011	Year ended 31 December 2010
		£	£
Turnover	<i>1</i>	1,543,215	1,550,566
Administrative expenses		(1,311,157)	(1,177,966)
Operating profit	<i>2</i>	232,058	372,600
Profit on disposal of assets		-	133,363
Profit on ordinary activities before interest		232,058	505,963
Other interest receivable and similar income	<i>5</i>	2,321	2,310
Interest payable and similar charges	<i>6</i>	(17)	(2,745)
Profit on ordinary activities before taxation		234,362	505,528
Tax on profit on ordinary activities	<i>7</i>	(16,325)	(176,337)
Profit for the financial year		218,037	329,191

There is no difference between the operating profit on ordinary activities before taxation and the retained profit for the financial period stated above, and their historical cost equivalents. The Company's operating activities relate to continuing operations.

The notes on pages 9 to 21 form part of these financial statements.

Balance sheet at 31 December 2011

	<i>Note</i>	At 31 December 2011	At 31 December 2010 <i>restated</i>
		£	£
Fixed assets			
Intangible fixed assets	8	229,389	452,037
Tangible fixed assets	9	28,724	33,141
		<u>258,113</u>	<u>485,178</u>
Current assets			
Debtors	10	2,314,115	2,126,486
Cash at bank and in hand	11	691,398	689,545
		<u>3,005,513</u>	<u>2,816,031</u>
Creditors amounts falling due within one year	12	(1,483,850)	(1,763,657)
Net current assets		<u>1,521,663</u>	<u>1,052,374</u>
Total assets less current liabilities		<u>1,779,776</u>	<u>1,537,552</u>
Creditors amounts falling due after more than one year		-	-
Provisions for liabilities	13	(36,563)	(12,376)
Net assets		<u><u>1,743,213</u></u>	<u><u>1,525,176</u></u>
Capital and reserves			
Called up share capital	14	915	915
Share premium account	15	44,080	44,080
Other reserves	15	205	205
Profit and loss account	15	1,698,013	1,479,976
Equity shareholders' funds		<u><u>1,743,213</u></u>	<u><u>1,525,176</u></u>

The notes on pages 9 to 21 form part of these financial statements.

These financial statements were approved by the board of directors on 25 September 2012 and were signed on its behalf by



D J Bruce
Director

Reconciliation of movements in shareholders' funds for the year ended 31 December 2011

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
Retained profit for the financial period	218,037	329,191
Opening shareholders' funds	1,525,176	1,195,985
	<hr/>	<hr/>
Closing shareholders' funds	1,743,213	1,525,176
	<hr/>	<hr/>

The notes on pages 9 to 21 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements with the exception of the disclosure of certain liabilities, the impact of which is described in more detail in note 12

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

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 Cullum Capital Ventures Limited and 100% of the Company's voting rights are controlled within the group headed by Cullum Capital Ventures 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 Cullum Capital Ventures Limited within which the Company is included can be obtained from the address given in note 20.

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

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

Accordingly, the directors continue to adopt the going concern basis in preparing the Directors' report and financial statements.

In addition, the Company has a significant interCompany debtor balance due from its parent Company CCV. CCV as an individual undertaking is currently loss making and has net liabilities. If this amount was not recoverable, the Company would be left with net current liabilities. The directors have considered the disclosures in respect of going concern in the financial statements of CCV and have satisfied themselves that this interCompany debtor is recoverable.

In the prior year various provisions were disclosed on the face of the balance sheet in creditors due [more/less] than one year. In the current year these provisions have been disclosed on the face of the balance sheet as provisions for liabilities and charges, and the prior year balance sheet has also been reclassified to reflect this change.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Intangible fixed assets

The Company acquired the trade of DTE Financial Services Limited on 1st May 2010. DTE Financial Services Limited were previously a trading Company operating within the same market as CCG. The proceeds and related costs of sale are stated at cost price less amortisation, which is charged at the following rate:

Amortisation of goodwill	–	Straight line over 20 years
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Notes (continued)

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Plant and machinery	–	25% Reducing Balance Method
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Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

Chorlton Cloughley Group Limited operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Company in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

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 brokerage and fees for services provided. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Insurance transactions, client money and insurer money

The group records on its balance sheet amounts due to and from clients and insurers, and money held on behalf of clients and insurers in relation to the insurance transactions that the Company handles on behalf of those parties. In accordance with the requirements of the Financial Services Authority, client money is held in bank accounts governed by Trust Deeds established for the benefit of such clients. Insurer money is held in accordance with the agreements in place between the insurer and the Company. Amounts held in trust cannot be called upon on insolvency of the Company, however interest received on all of these cash balances is recognised and reflected as revenue in these financial statements as the Company has the right to such interest in accordance with the terms of business agreed with clients and insurers. The cash at bank balances presented in these financial statements represent the aggregation of the money held for the benefit of the Company, client and insurers.

Employee share incentive plans

The Company's employee share incentive plans entitle certain directors and employees to benefit upon the sale or a listing of the Company.

The cash-settled share appreciation rights, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the estimated vesting period. The fair value is measured based on management's estimate of the Company's share value. The liability is revalued at each balance sheet date and the vesting period reviewed with any changes to fair value being recognised in the profit and loss account.

Notes (continued)

2 Profit on ordinary activities before taxation

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Profit on ordinary activities before taxation is stated after charging		
Amortisation and other amounts written off intangible fixed assets	20,003	15,588
Depreciation and other amounts written off tangible fixed assets		
Owned	18,977	4,403
Hire of plant and machinery – operating leases	28,168	6,851
Rent of land and buildings	76,200	74,612
	<u> </u>	<u> </u>
	Year ended 31 December 2010	Year ended 31 December 2010
<i>Auditor's remuneration</i>		
Audit of these financial statements	8,856	8,543
Amounts receivable by the auditor and their associates in respect of Other services pursuant to such legislation	3,185	2,997
	<u> </u>	<u> </u>

3 Remuneration of directors

	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Directors' emoluments	65,800	133,454
Company contributions to money purchase pension schemes	4,514	13,277
	<u>70,314</u>	<u>146,731</u>
	Number of Directors	Number of Directors
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	<u>1</u>	<u>1</u>

The emoluments of Messrs Park, Clark and Rea are paid by Cullum Capital Ventures Limited, which makes no recharge to the Company. All are directors of the ultimate parent Company and / or a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the financial statements of the ultimate parent Company.

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company during the period analysed by category, was as follows

	Number of employees	
	Year ended 31 December 2011	Year ended 31 December 2010
Management	4	6
Broking	17	14
Administration	2	3
	<u>23</u>	<u>23</u>

The aggregate payroll costs including directors were as follows

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
Wages and salaries	716,271	643,595
Social security costs	69,560	72,651
Other pension costs	28,856	37,713
	<u>814,687</u>	<u>753,959</u>

5 Interest receivable

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
Bank interest	<u>2,321</u>	<u>2,310</u>

6 Interest payable and similar charges

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
Interest on overdue corporation tax	-	2,745
Bank loans and overdrafts	17	-
	<u>17</u>	<u>2,745</u>

Notes (continued)

7 Taxation

Analysis of charge in year

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	75,488	140,409
Adjustments in respect of prior periods	(49,706)	35,928
Total current tax	25,782	176,337
<i>Deferred tax (see note 14)</i>		
Origination/reversal of timing differences	(9,457)	-
Total deferred tax	(9,457)	-
Tax on profit on ordinary activities	16,325	176,337

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (prior period higher) than the standard rate of corporation tax in the UK 26.5% (2010 28%). The differences are explained below

	Year ended 31 December 2011	Year ended 31 December 2010
	£	£
Current tax reconciliation		
Profit on ordinary activities before taxation	234,362	505,528
Current tax at 26.5% (prior period 28%)	62,090	141,548
<i>Effects of</i>		
Expenses not deductible for tax purposes	10,434	3,274
Capital allowances in excess of depreciation	2,964	-
Income not allowable for tax purposes	-	(4,413)
Adjustments to tax charge in respect of previous periods	(49,706)	35,928
Total current tax charge (see above)	25,782	176,337

Factors affecting future tax charges

The Finance Act 2011 enacted the reduction in corporation tax rate to 26% with effect from April 2011 and 25% from April 2012. The UK Government announced at the Budget 2012 on 21 March 2012 that the corporation tax rate would instead reduce to 24% from April 2012 with two further annual 1% cuts to 22% by April 2014. Other than the enacted changes to 26% and 25% the effects of the announced changes are not reflected in the financial statements for the year ended 31 December 2011 as they were not substantively enacted at the balance sheet date.

Notes (continued)

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2011	467,625
Disposals	(202,645)
	<hr/>
At 31 December 2011	264,980
	<hr/>
Amortisation	
At 31 December 2010	15,588
Charge for period	20,003
	<hr/>
At 31 December 2011	35,591
	<hr/>
Net book value	
At 31 December 2011	229,389
	<hr/>
At 31 December 2010	452,037
	<hr/>

Disposals relate to deferred consideration on the DTE Financial Services Limited portfolio. Goodwill arising on acquisition is amortised over 20 years.

9 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2011	95,443
Additions	14,560
	<hr/>
At 31 December 2011	110,003
	<hr/>
Depreciation	
At 31 December 2010	62,302
Charge for period	18,977
	<hr/>
At 31 December 2011	81,279
	<hr/>
Net book value	
At 31 December 2011	28,724
	<hr/>
At 31 December 2010	33,141
	<hr/>

Notes (continued)

10 Debtors

	31 December 2011 £	31 December 2010 £
Insurance debtors	781,450	843,780
Amounts due from group undertakings	1,493,968	1,183,232
Deferred tax asset	7,736	-
Other debtors	1,970	2,436
Prepayments and accrued income	28,991	97,038
	<u>2,314,115</u>	<u>2,126,486</u>

11 Cash at bank and in hand

	31 December 2011 £	31 December 2010 £
Cash at bank and in hand	21,011	14,320
Client money	670,387	675,225
	<u>691,398</u>	<u>689,545</u>

12 Creditors, amounts falling due within one year

	31 December 2011 £	31 December 2010 <i>restated</i> £
Insurance creditors	1,233,492	1,176,999
Amounts owed to group undertakings	-	8,000
Taxation and social security	21,832	26,850
Other creditors	32,298	272,377
Accruals and deferred income	82,014	138,814
Share appreciation rights	-	-
Corporation Tax	114,214	140,617
	<u>1,483,850</u>	<u>1,763,657</u>

In the prior year various provisions were disclosed on the face of the balance sheet in creditors due less than one year. The items disclosed as provisions are estimates based on information available at 31 December 2011. It is therefore felt more appropriate to disclose these items as provisions instead of creditors. In the current year these provisions have been disclosed on the face of the balance sheet as provisions for liabilities and charges, and the prior year balance sheet has also been reclassified to reflect this change.

Notes (continued)

13 Provisions for liabilities

	Provision for share based payments	Deferred taxation	Errors & Omissions	Provision for cancellations and lapsed policies	Total
	£	£	£	£	£
At beginning of year (<i>restated</i>)	3,405	1,721	-	7,250	12,376
Charge to profit and loss account in the period	23,295	(9,457)	1,750	864	16,452
Transferred to deferred tax asset account	-	7,736	-	-	7,736
As at 31 December 2011	26,700	-	1,750	8,114	36,564

The deferred tax provision relates to the timing differences between accumulated depreciation and amortisation and capital allowances.

In the prior year various provisions were disclosed on the face of the balance sheet in creditors due more/less than one year. In the current year these provisions have been disclosed on the face of the balance sheet as provisions for liabilities and charges and the prior year balance sheet has also been reclassified to reflect this change.

14 Called up share capital

	31 December 2011 £	31 December 2010 £
Allotted, called up and fully paid		
815 Ordinary A shares of £1 each	815	815
100 Ordinary B shares of £1 each	100	100
	915	915

Both A and B ordinary share holders have equal rights to capital income and voting.

Notes (continued)

15 Share premium and reserves

	Share premium account £	Other reserves £	Profit and loss account £
At the beginning of the period	44,080	205	1,479,976
Profit for the year	-	-	218,037
	<hr/>	<hr/>	<hr/>
At end of the year	44,080	205	1,698,013
	<hr/>	<hr/>	<hr/>

16 Share-based payments

Share appreciation rights

The Company operates a share appreciation rights plan which is restricted to employees and directors of Chorlton Cloughley Group Limited. Participants are selected on a discretionary basis and upon vesting receive a benefit based on the sales price of shares in the Company. The vesting conditions of the award are an exit, defined as a 90% sale of shares or a listing of CCV. The timing of such an event is uncertain but for the purposes of accounting for the plan, the awards have been deemed to vest in 2014. In accordance with the requirements of FRS 20 for cash-settled share-based payment transactions, the cost of the awards granted to the employees and directors is initially measured at fair value at the grant date and spread over the vesting period. The fair value of the amount payable, including the Company's liability to related social security costs, is recognised as an expense with a corresponding increase in liabilities. The liability is revalued at each balance sheet date, with any change to fair value being recognised in the profit and loss account.

The total expense recognised for the year and the total liabilities recognised at the end of the year arising from employee share schemes are as follows:

	2011 £	2010 £
Provision for share appreciation rights	20,470	2,992
Provision for social security costs	2,825	413
	<hr/>	<hr/>
	23,295	3,405
	<hr/>	<hr/>

The movement in provisions for cash-settled share-based payments are as follows:

	2011 £	2010 £
Liability at the beginning of the year	3,405	-
Granted and charged to profit and loss during the year	20,470	2,992
Increase in provision for social security costs	2,825	413
	<hr/>	<hr/>
	26,700	3,405
	<hr/>	<hr/>

Notes *(continued)*

17 Contingent assets and liabilities

A guarantee and debenture have been granted over the shares and the assets of the Company in favour of the Lloyds Banking Group (previously Bank of Scotland Plc), under the terms of which all monies due or which may become due from the Company, or other group companies listed below, to the Lloyds Banking Group, are guaranteed. The amount due by group companies at 31 December 2011 was £47,754,261 (2010 £52,726,940). Further details of the aggregate liabilities due by group companies to the Lloyds Banking Group are set out in the financial statements of the parent Company. The group companies involved include principally

Arthur Marsh & Son Limited
Amsbury (Insurance Brokers) Limited
Berkeley Alexander Limited
Bishop Skinner Acquisitions Limited
Bishop Skinner Client Services Limited
Bishop Skinner Insurance Brokers Holdings Limited
Bishop Skinner Insurance Brokers Limited
Brian Potter & Associates Limited
CCV Risk Solutions Limited
Chorlton Cloughley Group Limited
Cox Lee & Co Limited
Crawford Davis Insurance Consultants Limited
Cullum Capital Ventures Limited
Dawson Pennington & Company Limited
Fenton Insurance Solutions Limited
Four Counties Finance Limited
Four Counties Insurance Brokers Limited
HLI (UK) Limited
Hodge Insurance Brokers Limited
Infinity Sports And Leisure Limited
Just Insurance Brokers Limited
Knowmaster Limited
Milburn Insurance Services Limited
Moffatt & Co Limited
Oyster Property Insurance Specialists Limited
Portishead Insurance Management Limited
Protectagroup Limited
Protectagroup Services Limited
Protectagroup Acquisitions Limited
Protectagroup (CIB) Limited
(formerly known as Culver Insurance Brokers Limited)
Protectagroup Club Card Limited
Protectagroup Holdings Limited
Rhodepark Limited
Richard V Wallis & Co Limited
Roundcroft Limited
Topcrest Insurance Brokers Limited
Walter Ainsbury & Son Limited
BIB Underwriters Limited
BIBU Acquisitions Limited
BIB (Darlington) Limited
BIB (Darlington) Acquisitions Limited
Goodwood Insurance Services Limited
Antur Insurance Services Limited
Antur (West Wales) Limited

Notes (continued)

18 Commitments

Annual commitments under non-cancellable operating leases are as follows

	31 December 2011		31 December 2010	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire				
Within one year	-	2,968	-	-
In the second to fifth years inclusive	-	25,200	-	-
Over five years	76,200	-	76,206	-
	<u>76,200</u>	<u>28,168</u>	<u>76,206</u>	<u>-</u>

19 Parent undertaking

The Company is a subsidiary undertaking of Cullum Capital Ventures Limited which was the intermediate parent Company at year end

On 11 February 2011 a new holding Company, Towergate Partnershipco Limited was created in which funds advised by Advent International invested £200,000,000. Towergate Partnershipco Limited has acquired for a combination of new shares and cash all of the Ordinary share capital of Cullum Capital Ventures Limited. Towergate Partnershipco Limited has also acquired Towergate Partnership Limited.

This change in group structure has resulted in Towergate Partnershipco Limited being the ultimate parent Company and Cullum Capital Ventures Limited an intermediate holding Company. Mr PG Cullum ceased to be the controlling party of the group.

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

20 Related party disclosures

The Company conducted business, on an arms length basis, with Towergate Underwriting Group Limited a Company in which Mr P G Cullum currently has a significant interest. The total of commission payable to Towergate Underwriting Group was £750,619 (prior period £394,619) and non insurance related receipts were £6,000. Insurance creditors payable at the year end were £1,511,465 (prior period end £190,790). The amount due from Cullum Capital Ventures Limited at 31 December 2011 was £1,442,023 (2010 £1,179,537).

The Company conducted business, on an arms length basis, with CCV Risk Solutions Limited which is a fellow subsidiary. The amounts charged by the Company during the year totalled £56,500 (prior period £nil) of which a debtor balance of £48,500 (2010 creditor balance £8,000) was outstanding at year end.

The Company conducted business, on an arms length basis, with Dawson Pennington & Company Limited which is the immediate holding company. The amounts charged by the Company during the year totalled £nil (prior period £nil) of which a debtor balance of £3,446 (2010 £3,446) was outstanding at year end.

Notes *(continued)*

21 Post balance sheet event

On 27th June 2012, Cullum Capital Ventures Limited issued 265,061 new Ordinary £1 shares. The transfer to Towergate Insurance Limited of Cullum Capital Ventures Limited's existing debt facilities was made in exchange for these new shares. Towergate Insurance Limited became the immediate parent company of Cullum Capital Ventures Limited. Towergate Partnershipco Limited remained the ultimate parent company.