Chorlton Cloughley Group Limited
Directors' report and financial statements

for the year ended 31 December 2012

Registered Number 03305013

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Officers and professional advisers

Directors

M P Rea
S T B Clark
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 directors' report and the audited financial statements for the period ended 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 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 £308,158 for the year (2011 £234,362) and turnover of £1,508,337 (2011 £1,543,215) The Company has net assets of £1 973,912 (2011 £1,743,213)

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 do not recommend the payment of a dividend (2011 Nil)

Directors' report *(continued)*

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	*(resigned 16 April 2012)*
S Egan	*(appointed 19 April 2012)*
G Barr	*(appointed 16 April 2012, resigned 8 August 2012)*
D J Bruce	*(appointed 8 August 2012)*
M Hodges	*(appointed 2 November 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 £725 (2011 £1,025)

Going concern

The Company is part of the Towergate Partnershipco 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 taking these into consideration, the directors believe the Company has sufficient resources to continue in operational existence for the foreseeable 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

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 Chorlton Cloughley Group Limited

We have audited the financial statements of Chorlton Cloughley Group Limited for the year ended 31 December 2012 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 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 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

11 September 2013

Profit and loss account
for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Turnover	*1*	**1,508,337**	1,543,215
Administrative expenses		**(1,203,341)**	(1,311,157)
Operating profit		**304,996**	232,058
Other interest receivable and similar income	*5*	**3,162**	2,321
Interest payable and similar charges	*6*	**-**	(17)
Profit on ordinary activities before taxation	*2*	**308,158**	234,362
Tax on profit on ordinary activities	*7*	**(77,459)**	(16,325)
Profit for the financial year		**230,699**	218,037

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 18 form part of these financial statements

Balance sheet
at 31 December 2012

	Note	At 31 December 2012		At 31 December 2011	
		£	£	£	£
Fixed assets					
Intangible fixed assets	*8*		**303,435**		229,389
Tangible fixed assets	9		**20,296**		28,724
			323,731		258,113
Current assets					
Debtors	*10*	**2,296,562**		2,314,115	
Cash at bank and in hand	*11*	**653,521**		691,398	
		2,950,083		3,005,513	
Creditors amounts falling due within one year	*12*	**(1,255,518)**		(1,483,850)	
Net current assets			**1,694,565**		1,521,663
Total assets less current liabilities			**2,018,296**		1,779,776
Provisions for liabilities	*13*		**(44,384)**		(36,563)
Net assets			**1,973,912**		1,743,213
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*		**1,928,712**		1,698,013
Equity shareholders' funds			**1,973,912**		1,743,213

The notes on pages 9 to 18 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

Registered number 3305013

Reconciliation of movements in shareholders' funds for the year ended 31 December 2012

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Retained profit for the financial period	**230,699**	218,037
Opening shareholders funds	**1,743,213**	1,525,176
Closing shareholders' funds	**1,973,912**	1,743,213

The notes on pages 9 to 18 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 13

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

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, 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 18

The Company is part of the Towergate Partnershipco 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 taking 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

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

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

Notes *(continued)*

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

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 Conduct 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 2012 £	Year ended 31 December 2011 £
Profit on ordinary activities before taxation is stated after charging		
Amortisation and other amounts written off intangible fixed assets	**17,844**	20,003
Depreciation and other amounts written off tangible fixed assets		
Owned	**9,658**	18,977
Hire of plant and machinery – operating leases	**25,200**	28,168
Rent of land and buildings	**76,200**	76,200

	Year ended 31 December 2012	Year ended 31 December 2011
Auditor's remuneration		
Audit of these financial statements	**17,267**	8,856
Amounts receivable by the auditor and their associates in respect of		
Other services pursuant to such legislation	-	3,185

3 Remuneration of directors

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Directors emoluments	**66,410**	65 800
Company contributions to money purchase pension schemes	**4,559**	4,514
	70,969	70,314

	Number of Directors	Number of Directors
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	**1**	1

The emoluments of Messrs Park, Clark, Egan, Bruce, Barr, Hodges and Rea are paid by Towergate Partnershipco 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 2012	Year ended 31 December 2011
Management	**4**	4
Broking	**17**	17
Administration	**2**	2
	23	23

The aggregate payroll costs, including directors, were as follows

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Wages and salaries	**671,949**	716,271
Social security costs	**72,984**	69,560
Other pension costs	**32,455**	28,856
	777,388	814,687

5 Interest receivable

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Bank interest	**3,162**	2,321

6 Interest payable and similar charges

	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Bank loans and overdrafts	**-**	17

Notes *(continued)*

7 Taxation

Analysis of charge in year

	Year ended 31 December 2012		Year ended 31 December 2011	
	£	£	£	£
UK corporation tax				
Current tax on income for the year	**81,172**		75,488	
Adjustments in respect of prior periods	**(3,321)**		(49,706)	
Total current tax		**77,851**		25,782
Deferred tax				
Origination/reversal of timing differences	**(392)**		(9,457)	
Total deferred tax		**(392)**		(9,457)
Tax on profit on ordinary activities		**77,459**		16,325

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2011 lower) than the standard rate of corporation tax in the UK 24 5% (2011 26 5%) The differences are explained below

	Year ended 31 December 2012	Year ended 31 December 2011
	£	£
Current tax reconciliation		
Profit on ordinary activities before taxation	**308,158**	234 362
Current tax at 24 5% (2011 26 5%)	**75,499**	62,090
Effects of		
Expenses not deductible for tax purposes	**1,128**	5,133
Capital allowances in excess of depreciation	**649**	2,964
Amortisation	**4,371**	5,301
Short term timing differences	**(475)**	-
Adjustments to tax charge in respect of previous periods	**(3,321)**	(49 706)
Total current tax charge (see above)	**77,851**	25,782

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

Notes *(continued)*

8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2012	264,980
Additions	91,890
At 31 December 2012	**356,870**
Amortisation	
At 1 January 2012	35,591
Charge for period	17,844
At 31 December 2012	**53,435**
Net book value	
At 31 December 2012	**303,435**
At 31 December 2011	229,389

9 Tangible fixed assets

	Plant and machinery £
Cost	
At 1 January 2012	110,003
Additions	1,230
Disposals	(520)
At 31 December 2012	**110,713**
Depreciation	
At 1 January 2012	81,279
Charge for period	9,658
Disposals	(520)
At 31 December 2012	**90,417**
Net book value	
At 31 December 2012	**20,296**
At 31 December 2011	28,724

Notes *(continued)*

10 Debtors

	31 December 2012	31 December 2011
	£	£
Insurance debtors	**740,831**	781,450
Amounts due from group undertakings	**1,535,514**	1 493,968
Deferred tax asset	**8,128**	7 736
Other debtors	**7,316**	1,970
Prepayments and accrued income	**4,773**	28,991
	2,296,562	2,314,115

11 Cash at bank and in hand

	31 December 2012	31 December 2011
	£	£
Cash at bank and in hand	**337**	21,011
Client money	**653,184**	670 387
	653,521	691,398

12 Creditors: amounts falling due within one year

	31 December 2012	31 December 2011
	£	£
Insurance creditors	**1,022,645**	1,233,492
Amounts owed to group undertakings	**71,917**	-
Taxation and social security	**17,463**	21,832
Other creditors	**4,057**	32,298
Accruals and deferred income	**56,402**	82,014
Corporation Tax	**81,173**	114 214
Bank overdraft	**1,861**	-
	1,225,518	1,483,850

13 Provisions for liabilities

	Provision for share based payments	Errors & Omissions	Provision for cancellations and lapsed policies	Total
	£	£	£	£
At beginning of year	26,700	1,750	8,113	36,563
Charge to profit and loss account in the period	7 773	(1,750)	1,798	7,821
As at 31 December 2012	**34,473**	**-**	**9,911**	**44,384**

Notes *(continued)*

14 Called up share capital

	31 December 2012	31 December 2011
	£	£
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

15 Share premium and reserves

	Share premium account	Other reserves	Profit and loss account
	£	£	£
At the beginning of the period	44,080	205	1,698,013
Profit for the year	-	-	230,699
At end of the year	**44,080**	**205**	**1,928,712**

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

	2012	2011
	£	£
Provision for share appreciation rights	**7,773**	20,470
Provision for social security costs	-	2,825
	7,773	23 295

Notes *(continued)*

16 Share-based payments *(continued)*

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

	2012	2011
	£	£
Liability at the beginning of the year	**26,700**	3,405
Granted and charged to profit and loss during the year	**7,773**	20,470
Increase in provision for social security costs	-	2,825
	34,473	26,700

17 Commitments

Annual commitments under non-cancellable operating leases are as follows

	31 December 2012		31 December 2011	
	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**	-	76,200	-
	76,200	-	76,200	28,168

18 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

Notes *(continued)*

19 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 charge of £71 917 with a creditor balance at the year end of £71,917 (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 £13,959 of which a debtor balance of £1,455,982 (2011 £1,442 023) was outstanding at the year end

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 £27,587 of which a debtor balance of £76,087 (2011 £48,500) 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 of which a debtor balance of £3,466 (2011 £3,446) was outstanding at year end