Chorlton Cloughley Group Limited

Directors' report and financial statements

for the period to 31 December 2008

Registered Number 3305013

Contents

Officers and professional advisers

Directors

W F Maloney
J Dolan
F McGroggan
I Kells
R Brown (appointed 23 January 2008)
T Johnson (appointed 23 January 2008)

Secretary

F McGroggan (resigned 22 January 2008)
S Clark (appointed 23 January 2008)

Registered office

2 County Gate
Staceys Street
Maidstone
Kent
ME14 1ST

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Directors' report

The directors present their directors' report and financial statements for the period ended 31 December 2008.

Business review and principal activities

The profit and loss account for the period is set out on page 8.

The principal activity of the company is insurance broking. 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 results for the company show a pre-tax profit of £571,015 for the period (prior period 1 April 2007 to 22 January 2008: £215,912) and turnover of £1,541,333 (Prior period: £989,630). The company has net assets of £795,098 (22 January 2008: £390,020).

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 rate reductions in 2008. We are starting to see rate hardening and expect this to continue for the next year. We anticipate the company will continue to perform satisfactorily in this period.

Proposed dividend

The directors do not recommend the payment of a dividend.

Change in accounting year end

On 5 January 2009, the company changed its accounting year end from 23 January to 31 December. The profit and loss account and reconciliation of movements in shareholders' funds, as well as notes to the financial statements, relate to the profit and loss for the period ended 31 December 2008, and are hence not comparable to the period ended 22 January 2008.

Directors

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

W F Maloney
J Dolan
F McGroggan
I Kells
R Brown (appointed 23 January 2008)
T Johnson (appointed 23 January 2008)

Third Party Indemnity Provisions

The Company did not provide qualifying third party indemnity provisions to any of its Directors during the period. No provisions were in force at the date these accounts were approved.

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period.

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Champion & Co resigned as auditors on 23 January 2008.

KPMG Audit Plc were appointed as auditors on 29 April 2009 and have indicated their willingness to continue in office.

By order of the board

R Brown
Director

30 October 2009

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).

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 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 proper accounting records that 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 1985. 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 CHORLTON CLOUGHLEY GROUP LIMITED

We have audited the financial statements of Chorlton Cloughley Group Limited for the period ended 31 December 2008, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders Funds, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

30 October 2009

Profit and Loss Account
for the period ended 31 December 2008

	Note	**Period from 23 January 2008 to 31 December 2008 £**	Restated Period from 1 April 2007 to 22 January 2008 £
Turnover	*2,3*	**1,541,333**	989,630
Administrative expenses	*3*	**(997,501)**	(804,781)
Operating profit	*2*	**543,832**	184,849
Other interest receivable and similar income	*5*	**27,183**	32,193
Interest payable and similar charges	*6*	**-**	(1,130)
Profit on ordinary activities before taxation	*2-7*	**571,015**	215,912
Tax on profit on ordinary activities	*7*	**(165,937)**	(61,764)
Profit for the financial period		**405,078**	154,148

Balance Sheet
At 31 December 2008

	Note	At 31 December 2008		Restated At 22 January 2008	
		£	£	£	£
Fixed assets					
Tangible assets	*8*		**19,237**		25,284
Investments	*9*		**44,208**		44,208
			63,445		69,492
Current assets					
Debtors	*10*	**1,481,751**		544,544	
Cash at bank and in hand		**411,654**		509,684	
		1,893,405		1,054,228	
Creditors: amounts falling due within one year	*11*	**(1,158,010)**		(728,347)	
Net current assets			**735,395**		325,881
Total assets less current liabilities			**798,840**		395,373
Provisions for liabilities	*12*		**(3,742)**		(5,353)
Net assets			**795,098**		390,020
Capital and reserves					
Called up share capital	*13*		**915**		915
Share premium account	*14*		**44,080**		44,080
Other reserves	*14*		**205**		205
Profit and loss account	*14*		**749,898**		344,820
Shareholders' funds			**795,098**		390,020

These financial statements were approved by the board of directors on 30 October 2009 and were signed on its behalf by:

R Brown
Director

Statement of Total Recognised Gains and Losses
for the period ended 31 December 2008

	Period from 23 January 2008 to 31 December 2008	Restated Period from 1 April 2007 to 22 January 2008
	£	£
Total recognised gains and losses relating to the financial period	**405,078**	154,148
Prior year adjustment (as explained in note (19)	107,545	
Total gains and losses recognised since last annual report	**512,623**	

Reconciliation of Movements in Shareholders' Funds
for the period ended 31 December 2008

	Period from 23January 2008 to 31 December 2008	Restated Period from 1 April 2007 to 22 January 2008
	£	£
Profit for the financial period	**405,078**	154,148
Opening shareholders' (originally £282,475 restated for prior year adjustment of £107,545 2007 originally £106,334 restated for prior year adjustment of £129,538)	**390,020**	235,872
Closing shareholders' funds	**795,098**	390,020

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. They have been applied consistently except the recognition of income which was changed from a received to an accruals basis during the period. The comparative figures have been restated accordingly and further detail of the prior year adjustment has been provided in note 19.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the 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 Cullum Capital Limited as 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 this Company is included, can be obtained from the address given in note 17.

On 5 January 2009, the company changed its accounting year end from 23 January to 31 December. The profit and loss account and reconciliation of movements in shareholders' funds, as well as notes to the financial statements, relate to the profit and loss for the period ended 31 December 2008, and are hence not comparable to the period ended 22 January 2008.

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.

The company has a significant intercompany debtor balance due from its parent company Cullum Capital Ventures Limited ("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 around going concern in the financial statements of CCV and have satisfied themselves that the funding position with CCV does not impact their assessment of going concern. The directors believe they will continue to support the activities of CCV for the foreseeable future and therefore believe any balances due from CCV to be recoverable.

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.

Intangible fixed assets and amortisation

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Investments

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

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:

Fixtures and fittings	-	15% reducing balance
Plant and machinery	-	25% reducing balance

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.

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 to the profit and loss account represents the contributions payable to the scheme 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 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.

Notes *(continued)*

2 Notes to the profit and loss account

	Period from 23 January 2008 to 31 December 2008 £	Period from 1 April 2007 to 22 January 2008 £
Profit on ordinary activities before taxation is stated after charging/(crediting:)		
Depreciation and other amounts written off tangible fixed assets:		
Owned	**6,047**	5,496
Hire of plant and machinery – operating leases	**11,442**	20,101

Auditors' remuneration:

	Period from 23 January 2008 to 31 December 2008 £	Period from 1 April 2007 to 22 January 2008 £
Audit of these financial statements	**8,475**	13,589
Amounts receivable by the auditors and their associates in respect of:		
Other services pursuant to such legislation	2,875	-

Notes *(continued)*

3 Remuneration of directors

	Period from 23 January 2008 to 31 December 2008	Period from 1 April 2007 to 22 January 2008
	£	£
Directors' emoluments	**166,619**	176,861
Company contributions to money purchase pension schemes	**22,179**	33,210
	188,798	210,071

	Number of directors	
	Period from 23 January 2008 to 31 December 2008	Period from 1 April 2007 to 22 January 2008
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**4**	4

The emoluments of Messrs Johnson, and Brown are paid by Cullum Capital Ventures Limited, which makes no recharge to the company. Both are directors of the ultimate parent company and 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 (including directors) during the, analysed by category, was as follows:

	Number of employees	
	Period from 23 January 2008 to 31 December 2008	Period from 1 April 2007 to 22 January 2008
Management	**2**	1
Broking	**17**	14
Administration	**2**	6
	21	21

The aggregate payroll costs of these persons were as follows:

	Period from 23 January 2008 to 31 December 2008	Period from 1 April 2007 to 22 January 2008
	£	£
Wages and salaries	**504,155**	431,265
Social security costs	**49,027**	41,576
Other pension costs	**51,380**	55,926
	604,562	528,767

5 Interest receivable

	Period from 23 January 2008 to 31 December 2008	Period from 1 April 2007 to 22 January 2008
	£	£
Bank interest	**27,183**	32,193

6 Interest payable and similar charges

	Period from 23 January 2008 to 31 December 2008	Period from 1 April 2007 to 22 January 2008
	£	£
Corporation tax interest	**-**	1,130

Notes *(continued)*

7 Taxation

Analysis of charge in period

	Period from 23 January 2008 to 31 December 2008		Period from 1 April 2007 to 22 January 2008	
	£	**£**	£	£
UK corporation tax				
Current tax on income for the period	**213,639**		71,248	
Adjustment in respect of prior periods	**(46,091)**		(9,426)	
Adjustments in respect of prior periods	-		(1,284)	
Total current tax		**167,548**		60,538
Deferred tax (see note 12)				
Origination/reversal of timing differences	**(1,611)**		1,226	
Total deferred tax		**(1,611)**		1,226
Tax on profit on ordinary activities		**165,937**		61,764

Factors affecting the tax charge for the current period

The current tax charge for the period is higher *(Prior period: lower)* than the standard rate of corporation tax in the UK 28.4%, *(Prior period :28.1 %)*. The differences are explained below.

	Period from 23 January 2008 to 31 December 2008	Period from 1 April 2007 to 22 January 2008
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	**571,015**	215,912
Current tax at 28.4% *(Prior period : 28.1 %)*	**162,148**	60,760
Effects of:		
Expenses not deductible for tax purposes	**6,593**	268
Capital allowances for period in excess of depreciation	**1,273**	794
Adjustments to tax charge in respect of previous periods	**(2,466)**	(1,284)
Total current tax charge (see above)	**167,548**	60,538

Notes *(continued)*

8 Tangible fixed assets

	Plant and machinery £
Cost	
At beginning of period	68,396
Additions	-
Disposals	-
At end of period	68,396
Depreciation	
At beginning of period	43,112
Charge for period	6,047
On disposals	-
At end of period	49,159
Net book value	
At 31 December 2008	**19,237**
At 22 January 2008	25,284

Notes *(continued)*

9 Fixed asset investments

	Shares In group undertakings £
Cost	
At 23 January 2008	44,208
At 31 December 2008	**44,208**
At 22 January 2008	44,208

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal Activity
Subsidiary undertakings		
CCG Financial Services Limited	England and Wales	Financial Advisors

10 Debtors

	At 31 December 2008 £	At 22 January 2008 £
Insurance debtors	**524,863**	311,467
Amounts owed by group undertakings	**746,285**	3,696
Other debtors	**470**	470
Directors Loan Accounts	**181,115**	181,458
Prepayments and accrued income	**29,018**	47,453
	1,481,751	544,544

11 Creditors: amounts falling due within one year

	At 31 December 2008 £	At 22 January 2008 £
Insurance creditors	**736,073**	610,386
Amounts owed to group undertakings	**41,364**	-
Taxation and social security	**16,309**	33,248
Other creditors	**22,517**	-
Accruals and deferred income	**75,632**	39,028
Corporation Tax	**266,115**	45,685
	1,158,010	728,347

Notes *(continued)*

12 Provisions for liabilities

	Deferred taxation £
At beginning of period	5,353
Credit to the profit and loss for the period	(1,611)
At end of period	3,742

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

The elements of deferred taxation are as follows:

	At 31 December 2008 £	At 22 January 2008 £
Difference between accumulated depreciation and amortisation and capital allowances	**3,742**	5,353
Deferred tax liability	**3,742**	5,353
	3,742	5,353

13 Called up share capital

	At 31 December 2008 £	At 22 January 2008 £
Authorised		
1,000 Ordinary A shares of £1 each	**1,000**	1,000
100 Ordinary B shares of £1 each	**100**	100
	1,100	1,100
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)*

14 Share premium and reserves

	Share premium account £	Other reserves £	Profit and loss account £
At beginning of period	44,080	205	344,820
Profit for the period	-	-	405,078
At end of period	**44,080**	**205**	**749,898**

15 Contingent 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 2008 was £56,972,994 (2007: £15,626,278). 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:

Cullum Capital Ventures Limited
CCV Risk Solutions Limited
Roundcroft Limited
Richard V Wallis & Co Limited
Moffatt & Co Limited
Fenton Insurance Solutions Limited
Milburn Insurance Services Limited
Arthur Marsh & Son Limited
Knowmaster Limited
Managing Agents Reference Assistance Services Limited
Oyster Property Insurance Specialists Limited
Dawson Pennington & Company Ltd (and subsiduaries)
Berkeley Alexander Limited
Protectagroup Holdings Limited
Protectagroup Acquisitions Limited
Hodge Insurance Brokers Limited
Protectagroup Limited
Protectagroup Club Card Limited
Four Counties Finance Limited
Four Counties Insurance Brokers Limited
Cox Lee & Co Limited
Chorlton Cloughley Group Limited
CCG Financial Services Limited
Culver Insurance Brokers Limited
CCV Letting Agents Solutions Limited

Notes *(continued)*

16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	31 December 2008		22 January 2008	
	Land and buildings	**Other**	Land and Buildings	Other
	£	**£**	£	£
Operating leases which expire:				
Within one year	-	**6,108**	-	3,209
In the second to fifth years inclusive	-	**6,912**	-	21,875
Over five years	**74,616**	-	**74,613**	-
	74,616	**13,020**	**74,613**	25,084

17 Ultimate parent company

The Company is a subsidiary undertaking of Cullum Capital Ventures Limited which is the ultimate parent company. The Company is exempt from the requirement to prepare group accounts under section 228A of the Companies Act 1985. These financial statements provide information about the Company as an individual undertaking and not about its group.

The consolidated financial statements of the group are available to the public and may be obtained from:

2 County Gate

Staceys Street

Maidstone

Kent

ME14 1ST

18 Related party disclosures

The Company is controlled by Cullum Capital Ventures Limited. The ultimate controlling party is Mr P G Cullum by virtue of his controlling interest in the ultimate parent company's equity capital.

The Company conducted business, on an arms length basis, with Towergate Underwriting Group Limited, a company in which Mr PG Cullum currently has a significant interest. The total of commission receivable from Towergate Underwriting Group was £351,569 (Prior period: £40,689) and non insurance related receipts were £nil. Insurance creditors payable at the period end were £89,387 (Prior period end: £14,483).

Notes *(continued)*

19 Prior year adjustment

As described in note 1, during the period ended 31 December 2008, a change in accounting policy was made to recognise income on an accrual basis whereas previously it was recognised on a received basis. A prior year adjustment has been made to this period to reflect the change in accounting policy. This has resulted in a change to the company's accounting policy in respect of turnover.

The effect on the current year's profits is to increase profit before tax by £26,064 and the retained reserves by £126,311. In respect of the period ended 22 January 2008, the application of the prior year adjustment has decreased the pre tax profit by £31,419 and increased the retained reserves for the period by £107,545.

Applying the change in accounting policy to all years, the effect on shareholders funds as at 31 December 2008 have been increased by £126,311 and shareholders' funds as at 22 January 2008 have been increased by £107,545 to £390,020.