

MI Limited

**Directors' report and financial
statements**

Registered number 3534865
For the year ended 31 May 2011



Contents

Directors' report	1
Statement of directors' responsibilities in respect of the directors' report and the financial statements	2
Independent auditor's report to the members of MI Limited	3
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2011

Principal activity

The principal activity of the company is the design and development of technology solutions to major insurers and brokers operating in the London insurance markets

Business review

The business has performed satisfactory during the year. The directors are confident, given the recent investment in the sales and business development teams, the trading position of the company will improve over the coming year.

Results and dividends

The results for the period are set out in the profit and loss account on page 5. The profit for the financial year of £119,000 (2010 £343,000) has been transferred to reserves.

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

Directors

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

DS Bailey
IWJ Patrick
AC Homer
PG Cullum
JM Carruthers (resigned 22 June 2011)
CCH Guillaume

Disclosure of information to auditors

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

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



CCH Guillaume
Director

Buckholt Drive
Warndon
Worcester
WR4 9SR

21 July 2011

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.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of MI Limited

We have audited the financial statements of MI Limited for the year ended 31 May 2011 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 2, 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 web-site 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 May 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.

Independent auditor's report to the members of MI Limited *(continued)*

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



X Timmermans (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

21 July 2011

Profit and loss account
for the year ended 31 May 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	<i>1,2</i>	1,905	2,303
Cost of sales		(126)	(160)
		<hr/>	<hr/>
Gross profit		1,779	2,143
Administrative expenses		(1,641)	(1,710)
		<hr/>	<hr/>
Operating profit		138	433
Interest receivable and similar income	<i>6</i>	18	14
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>3</i>	156	447
Tax on profit on ordinary activities	<i>7</i>	(37)	(104)
		<hr/>	<hr/>
Profit on ordinary activities after taxation and for the financial year	<i>14</i>	119	343
		<hr/>	<hr/>

The results for the current year and prior period reflect trading from continuing operations. There are no gains and losses for the year other than the profit for the financial year above.

Balance sheet
at 31 May 2011

	<i>Note</i>	2011 £000	2010 £000	£000
Fixed assets				
Tangible assets	8	20	3	
Current assets				
Debtors	9	2,117	1,805	
Cash at bank and in hand		95	67	
		<u>2,212</u>	<u>1,872</u>	
Creditors Amounts falling due within one year	10	<u>(646)</u>	<u>(551)</u>	
Net current assets		1,566	1,321	
Total assets less current liabilities		1,586	1,324	
Deferred income	11	(584)	(441)	
Net assets		1,002	883	
Capital and reserves				
Called up share capital	13	751	751	
Profit and loss account	14	251	132	
Equity shareholders' funds	15	1,002	883	

These financial statements were approved by the board of directors on 21 July 2011 and were signed on its behalf by



CCH Guillaume
Director

Company registered number 3534865

Notes (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 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

The Company has taken advantage of the exemption contained in FRS 8 and has, therefore, not disclosed transactions of balances with wholly-owned subsidiaries which form part of the Broomco (4105) Limited sub-group

Going concern

The directors have prepared the financial statements of the company on the going concern basis as the directors are satisfied that the company and, as the company is party to a cross guarantee, the group, have sufficient funds to continue trading for the foreseeable future. Funding arrangements between the group's sponsoring bank and the ultimate holding company were renewed on 16 April 2009, amended on 11 February 2011, and will remain in place until 30 April 2013

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows

Computer equipment	-	2 years
Furniture, fittings and equipment	-	4 years

Revenue recognition

Turnover represents amounts invoiced to customers (net of value added tax) for goods and services from the company's principle activity. Revenue from systems is recognised upon delivery to a customer where there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue is recognised on a percentage of completion basis over the period from delivery of the product to customer acceptance. The degree of completion of a contract is measured using milestones reached or actual effort against expected effort, depending upon the nature of the individual contract and the most appropriate measure of the percentage of completion.

Service revenue comprises revenues for maintenance, transaction processing and professional services. Maintenance and support contracts are recognised rateably over the period of the contract. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

Deferred income

Deferred income represents amounts invoiced in advance in respect of contracts for the provision of maintenance and support services, together with amounts invoiced in respect of system sales for which the revenue recognition criteria have yet to be satisfied.

Taxation

The charge for taxation is based on the result for the year 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.

Notes (continued)

1 Accounting policies (continued)

Leasing

Rentals paid/received under operating leases are charged/credited to the profit and loss account on a straight line basis over the lease term

Research and development

Development expenditure is capitalised only where there is a clearly defined project, the expenditure is separately identifiable, the outcome of the project can be assessed with reasonable certainty, aggregate costs are expected to be exceeded by future sales and adequate resources exist to enable the project to be completed

Pensions

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.

2 Turnover

Turnover represents goods and services supplied during the year, excluding value added tax, and is attributable to the principal activities of the company.

3 Profit on ordinary activities before taxation

	2011 £000	2010 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation of owned assets	3	15
Operating leases		
Other assets	87	89
	<u> </u>	<u> </u>
<i>Fees payable to the company's auditors</i>		
Audit of these financial statements	12	12
	<u> </u>	<u> </u>

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2011	2010
Programming and engineering staff	20	21
Administrative and management staff	8	9
	<u> </u>	<u> </u>
	28	30
	<u> </u>	<u> </u>

Notes (continued)

4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Wages and salaries	1,051	1,126
Social security costs	122	134
Other pension costs	42	40
	<u>1,215</u>	<u>1,300</u>

5 Remuneration of directors

The remuneration of the directors of the company has been borne by Open GI Limited, a fellow group undertaking, and Towergate Partnership Limited

6 Interest receivable and similar income

	2011 £000	2010 £000
Group interest	18	14
	<u>18</u>	<u>14</u>

7 Taxation

Analysis of charge in the period

	2011 £000	2010 £000
<i>UK corporation tax</i>		
Current tax on income for the year	36	4
Adjustment in respect of prior years	(3)	1
	<u>33</u>	<u>5</u>
Total current tax	33	5
<i>Deferred tax (see note 12)</i>		
Origination/reversal of timing differences	4	99
	<u>4</u>	<u>99</u>
Tax on profit on ordinary activities	<u>37</u>	<u>104</u>

Notes (continued)

7 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2010 lower) than the standard rate of corporation tax in the UK of 27.67% (2010 28%). The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	156	447
	<hr/>	<hr/>
Current tax at 27.67% (2010 28%)	43	125
<i>Effects of</i>		
Additional tax credit for research and development	-	(13)
Capital allowances less than depreciation	(3)	-
Non-deductible expenditure	1	2
Utilisation of tax losses carried forward	-	(94)
Increase/(decrease) in other timing differences	1	(12)
Non-taxable income	(6)	(4)
Adjustment to tax charge in respect of prior years	(3)	1
	<hr/>	<hr/>
Total current tax charge (see above)	33	5
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax asset at 31 May 2011.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% 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 Tangible fixed assets

	Computer equipment	Furniture, fittings and equipment	Total
	£000	£000	£000
Cost			
At beginning of year	142	19	161
Additions	20	-	20
	<hr/>	<hr/>	<hr/>
At end of year	162	19	181
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	140	18	158
Charge for year	3	-	3
	<hr/>	<hr/>	<hr/>
At end of year	143	18	161
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 May 2011	19	1	20
	<hr/>	<hr/>	<hr/>
At 31 May 2010	2	1	3
	<hr/>	<hr/>	<hr/>

9 Debtors

	2011 £000	2010 £000
Trade debtors	366	224
Amounts owed by group undertakings	1,512	1,359
Deferred tax asset (note 12)	11	15
Prepayments and accrued income	228	207
	<hr/>	<hr/>
	2,117	1,805
	<hr/>	<hr/>

10 Creditors. Amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	86	60
Amounts owing to group undertakings	348	295
Corporation tax	36	4
Other taxation and social security	66	58
Other creditors	3	-
Accruals	107	134
	<hr/>	<hr/>
	646	551
	<hr/>	<hr/>

Amounts owing to Group undertakings are unsecured, incur interest at LIBOR + 0.25% and are repayable on demand

Notes (continued)

11 Deferred income

	2011 £000	2010 £000
To be recognised within one year	584	441

12 Deferred taxation

The movements in deferred tax assets during the year are as follows

	Deferred tax asset £000
At beginning of year	15
Charge to the profit and loss account in the year (note 7)	(4)
At end of year	11

The elements of deferred tax are as follows

	2011 £000	2010 £000
Accelerated capital allowances	11	15

At 31 May 2011 and 31 May 2010 there was no unprovided deferred tax

13 Called up share capital

	2011 £000	2010 £000
<i>Authorised, allotted and fully paid</i> 751,000 ordinary shares of £1 each	751	751

14 Reserves

	Profit and loss account £000
At beginning of year	132
Profit for the financial year	119
At end of year	251

Notes (continued)

15 Reconciliation of shareholders' funds

	2011 £000	2010 £000
Profit for the financial year	119	343
Opening shareholders' funds	883	540
	<hr/>	<hr/>
Closing shareholders' funds	1,002	883
	<hr/>	<hr/>

16 Financial commitments

The annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other	
	2011 £000	2010 £000	2011 £000	2010 £000
Operating leases which expire				
Between two and five years	-	-	1	-
After five years	87	87	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	87	87	1	-
	<hr/>	<hr/>	<hr/>	<hr/>

17 Pensions

The company provided its own stakeholder pension scheme during the year. The pension charge for the year was £42,000 (2010 £40,000). The amount accrued at the year end and included in creditors is £3,000 (2010 £Nil).

18 Related party disclosures

On 11 February 2011, Countrywide Insurance Management Limited and Powerplace Insurance Services Limited were sold by Broomco (4099) Limited, the company's ultimate parent company, to the Towergate Partnership Limited group. On the same day, Mr PG Cullum's shareholding in the Towergate Partnership Limited group was reduced such that he no longer had a controlling interest.

From 11 February 2011 onwards, the company no longer treated transactions with companies in the Towergate Partnership Limited group as transactions within the scope of FRS 8 'Related Party Disclosures' and as such, the company is not required to disclose transactions between 11 February 2011 and 31 May 2011 nor balances outstanding with those companies as at 31 May 2011.

During the period to 11 February 2011, the company participated in the following related party transactions:

The company conducted business totalling £742,267 (2010 £829,000) on an arms' length basis with various companies within the Towergate Partnership Limited group, controlled by Mr PG Cullum. The balance owing to Open GI Limited as at 31 May 2010 was £1,000.

Notes *(continued)*

19 Ultimate parent company and controlling party

The company's ultimate parent company is Broomco (4099) Limited, a company incorporated in Great Britain

For the year ended 31 May 2011, the only group in which the results of the company were consolidated was that headed by Broomco (4099) Limited

Copies of the group financial statements, incorporating those of the company, are available from the company's registered address at Broomco (4099) Limited, Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent ME14 3EN

The company's ultimate controlling party is Mr PG Cullum