

Country Mutual Insurance Brokers Limited
Directors' report and financial statements
for the year ended 31 December 2007

Registered number 3643783

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Directors' report and financial statements

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Officers and professional advisers

Directors

P Cullum
A Homer
A Blanc
T Philip

Secretary

J Reddi

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 report and the audited financial statements for the year ended 31 December 2007

Business review and principal activities

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

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

The results for the company show a pre-tax profit of £631,960 for the year (2006 £14,746,638) The company has net assets of £26,000,000 (2006 £26,000,000)

On 30 September 2006 the business of the company together with its assets and liabilities were sold to Towergate Underwriting Group Limited, a fellow subsidiary undertaking within the Towergate Partnership Limited Group The company therefore ceased to trade on that date

Future outlook

The company ceased trading on 30 September 2006 and there are no plans to resume trading in the foreseeable future

Principal risks and uncertainties

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

Key performance indicators

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

Dividend

A final dividend of £631,960 was paid during the year (2006 £4,467,488)

Directors' report *(continued)*

Directors

The directors who held office during the year were as follows

P Cullum
A Homer
A Blanc
T Philip

Political and charitable contributions

The company made no political or charitable contributions during the current year (2006 £nil)

Disclosure of information to auditors

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

Auditors

In accordance with sections 379A and 386 of the Companies Act 1985, the company has dispensed with the resolution to appoint auditors annually

By order of the board



T Philip
Director

8 July 2008

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Under applicable law the directors are also responsible for preparing a Directors' report that complies with that law.

Independent auditors' report to the members of Country Mutual Insurance Brokers Limited

We have audited the financial statements of Country Mutual Insurance Brokers Limited for the year ended 31 December 2007 which comprise the Profit and Loss account, the Balance Sheet, 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 4.

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 2007 and of its profit for the year 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

7 August 2008

Profit and loss account
for the year ended 31 December 2007

	<i>Note</i>	2007 £	2006 £
Turnover – discontinued operations	2	-	10,153,231
Administrative expenses		-	(10,610,462)
Operating loss – discontinued operations		-	(457,231)
Interest receivable	6	-	149,307
Income from shares in group companies		631,960	12,056,512
Profit on disposal of discontinued operations		-	12,236,386
Impairment of investments		-	(9,238,336)
Profit on ordinary activities before taxation	3	631,960	14,746,638
Tax on profit on ordinary activities	7	-	(161,348)
Retained profit for the financial year	11	631,960	14,585,290

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

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

The notes on pages 9 to 13 form part of these financial statements

**Balance sheet
at 31 December 2007**

	<i>Note</i>	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Investments	8		1,137,869		1,137,869
			<hr/>		<hr/>
			1,137,869		1,137,869
Current assets					
Debtors	9	24,862,131		24,862,131	
		<hr/>		<hr/>	
Net current assets			24,862,131		24,862,131
			<hr/>		<hr/>
Net assets			26,000,000		26,000,000
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	10		26,000,000		26,000,000
Profit and loss account	11		-		-
			<hr/>		<hr/>
Shareholders' funds			26,000,000		26,000,000
			<hr/>		<hr/>

The notes on pages 9 to 13 form part of these financial statements

These financial statements were approved by the board of directors on 8 July 2008 and were signed on its behalf by



T Philip
Director

**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2007**

	2007 £	2006 £
Retained profit for the financial year	631,960	14,585,290
Dividends	(631,960)	(4,467,488)
	<hr/>	<hr/>
Net movement in shareholders' funds	-	10,117,802
Opening shareholders' funds	26,000,000	15,882,198
	<hr/>	<hr/>
Closing shareholders' funds	26,000,000	26,000,000
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

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

As the company is a wholly owned subsidiary of Towergate Partnership Limited the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Towergate Partnership Limited within which the company is included, can be obtained from the address given in note 12

Group financial statements are not prepared since 100% of the company's voting rights are controlled by Towergate Partnership Limited, which prepares consolidated financial statements. The company has therefore taken advantage of the exemption provided under section 228 of the Companies Act 1985. The financial statements present information about the company as an individual undertaking and not about the group

Subsidiary undertakings

Investments in subsidiary undertakings are stated in the balance sheet of the company at cost less any provision for impairment of value

Pensions

Towergate Partnership 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 year

Taxation

Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

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

2 Turnover

Turnover consists entirely of sales made in the United Kingdom

Notes (continued)

3 Profit / (loss) on ordinary activities before taxation

	2007 £	2006 £
Profit / (loss) on ordinary activities before taxation is stated after charging / crediting:		
Auditors' remuneration fees for the audit of the company	3,084	10,000
Depreciation on owned assets	-	433,853
Amortisation of goodwill	-	639,606
Loss / (profit) on disposal of fixed assets	-	176,252
Operating lease costs – land and buildings	-	186,258
	<u> </u>	<u> </u>

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

4 Remuneration of directors

The directors received no emoluments from the company in the current or prior year

The emoluments of Messrs Cullum, Homer, Blanc and Philip are paid by Towergate Partnership Limited, which makes no recharge to the company. All four directors 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.

5 Staff numbers and costs

The average number of persons employed by the company during the year, analysed by category, was as follows

	Number of employees 2007	Number of employees 2006
Administration	-	222
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows

	2007 £	2006 £
Wages and salaries	-	4,897,466
Social security costs	-	499,266
Pension costs	-	155,459
	<u> </u>	<u> </u>
	-	5,552,191
	<u> </u>	<u> </u>

6 Interest receivable

	2007 £	2006 £
Bank interest	-	149,307
	<u> </u>	<u> </u>

Notes (continued)

7 Taxation

	2007 £	2006 £
UK corporation tax		
Current tax charge on profit for the year	-	161,348
	<hr/>	<hr/>
UK corporation tax charge on profit on ordinary activities for the year	-	161,348
Deferred taxation	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	161,348
	<hr/>	<hr/>

The current tax charge for the year is lower (2006 lower) than the standard rate of corporation tax in the UK 30% (2006 30%). The differences are explained below

	2007 £	2006 £
Current tax reconciliation		
Profit on ordinary activities before taxation	631,960	14,746,638
	<hr/>	<hr/>
Current tax at 30%	189,588	4,423,991
Effects of		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	-	200,850
Depreciation in excess of / (less than) capital allowances	-	52,876
Profit on disposal of discontinued operations	-	(3,670,916)
Impairment of investments	-	2,771,501
Income from shares in group companies	(189,588)	(3,616,954)
	<hr/>	<hr/>
UK corporation tax charge on profit on ordinary activities for the year	-	161,348
	<hr/>	<hr/>

There are no known factors that may affect future tax charges (2006 none)

Notes (continued)

8 Investments

Shares in subsidiary undertakings

	£
Cost	
At 1 January 2007 & 31 December 2007	10 376,205
Amounts provided	
At 1 January 2007 & 31 December 2007	9,238,336
At 31 December 2007	1,137,869
At 31 December 2006	1,137,869

The directors consider the following companies, incorporated in Great Britain and registered in England and Wales, to be subsidiary undertakings of the company

Subsidiary undertaking	Principal activity	Shareholding in ordinary share capital
The Beckett Group Limited	Holding company	100%
Beckett Risk Management Limited *	Non trading	100%
Medical Plan Managers Limited *	Dormant	100%
Bird Warwick Brown Limited	Dormant	100%
North Norfolk Insurance Agency Limited	Dormant	100%
Lloyd Edwards Limited	Dormant	100%
Barnett Rawlinson Bentley Limited	Dormant	100%
Grays Court Underwriting Agencies Limited	Dormant	100%
Findlay Littler Limited	Dormant	100%
Spencer Meakin and Newbroad Limited	Dormant	100%
Dixon Chalmers Limited	Dormant	100%
Dixon Chalmers (Midlands) Limited	Dormant	100%
Tredray and Company (Insurance Services) Limited	Dormant	100%
Jackson Emms and Co Limited	Dormant	100%
Beckett Boreham Limited	Dormant	100%
Gardner Watts and Beckett Limited	Dormant	100%
Gardner & Co (Insurances) Limited	Dormant	100%
Beckett Healthcare Limited	Dormant	100%
Beckett Credit Insurance Management Limited	Dormant	100%
Beckett Commercial Insurance Services Limited	Dormant	100%
Beckett Personal Insurance Services Limited	Dormant	100%
Beckett Remington Collins Limited	Dormant	100%

* These companies are 100% subsidiaries of The Beckett Group Limited

Notes (continued)

9 Debtors

	2007 £	2006 £
Amounts due from group undertakings	24,862,131	24,862,131
	<u>24,862,131</u>	<u>24,862,131</u>

10 Called up share capital

	2007 £	2006 £
Authorised		
50,000 000 Ordinary shares of £1 each	50,000,000	50,000,000
	<u>50,000,000</u>	<u>50,000,000</u>
Allotted, called up and fully paid		
26 000 000 Ordinary shares of £1 each	26,000,000	26,000,000
	<u>26,000,000</u>	<u>26,000,000</u>

11 Reserves

	Profit and loss account £
At 1 January 2007	-
Profit for the financial year	631,960
Dividends	(631,960)
	<u>-</u>
At 31 December 2007	-

12 Parent undertaking and related party disclosures

The company's immediate and ultimate parent undertaking is Towergate Partnership Limited, a company incorporated in England and Wales

The consolidated accounts of the ultimate parent company are available to the public and may be obtained from

2 County Gate
 Staceys Street
 Maidstone
 Kent
 ME14 1ST

Beckett Eastward Limited, a subsidiary of the company, was sold at arms length to CCV Limited, a company controlled by P Cullum, on 8 January 2007

13 Controlling party

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