

Company Registration Number
06475827

DMWSL 586 LIMITED

Annual Report and Financial Statements

For the year ended 31 August 2009

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DMWSL 586 LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2009**

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DMWSL 586 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS FOR THE YEAR ENDED 31 AUGUST 2009

DIRECTORS

C M Giles
P D Matson

COMPANY SECRETARY

AG Hessett

REGISTERED OFFICE

Birchin Court
3rd Floor
20 Birchin Lane
London
EC3V 9DU

BANKERS

Bank of Scotland plc
Bishopsgate Exchange
155 Bishopsgate
London
EC2M 3YB

SOLICITORS

Dickson Minto
Royal London House
22 – 25 Finsbury Square
London
EC2A 1DX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2009

The directors present their annual report and the audited financial statements of the company for the year ended 31 August 2009.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of an intermediate holding company, which held loan notes relating to the ultimate holding company, DMWSL 585 Limited

RESULTS AND DIVIDENDS

The results for the year and the company's financial position at the end of the year are shown in the profit and loss account and balance sheet on pages 7 and 8 respectively.

The loss after tax for the year ended 31 August 2009 was £15,150,000, relating principally to the accrued interest on the group loan notes.

No dividends were paid or proposed during the year.

CHARITABLE AND POLITICAL DONATIONS

No charitable or political donations were made during the year.

PRINCIPAL RISKS AND UNCERTAINTIES

Market Risk

The group, being DMWSL 585 Limited and subsidiary companies, is affected by the insurance market cycle. The current assessment is of soft market conditions with the group tackling this risk by both new business initiatives and ongoing supplier negotiations. A further market risk factor is the strength of the supply base. The group ensures the supply base is appropriate by regular monitoring and assessment of insurer credit ratings.

Regulatory Risk

The regulatory environment applicable to the group's main trading subsidiaries is set by the Financial Services Authority ("FSA"). The group operates a fully resourced compliance department reporting direct to the Finance Director. This compliance department monitors all regulatory developments with a particular focus on regular updates and meetings with the FSA.

Credit Risk

Credit risk is minimised by the group ensuring that it receives cash in respect of premiums from clients before paying these premiums to insurers.

Liquidity Risk

The group's main financing liabilities are a bank overdraft facility, term loans which accrue interest at variable rates and loan notes which accrue interest at a fixed rate. The directors manage and monitor the financing of the companies on a group basis to mitigate the liquidity risks. To manage the risk of interest rate movements relating to the group's variable rate borrowings, the group has entered into an interest rate swap arrangement. Further details are provided in the consolidated financial statements of the group.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2009 (CONTINUED)

GOING CONCERN

The company and the group's business activities, together with the factors likely to affect the future development, performance and position are set out in the business review above. This includes commentary on regulatory and market risk management objectives and exposure to credit risk and liquidity risk.

As at 31 August 2009, the company was in a net liability position. The company has the support of the ultimate holding company in providing adequate funds to meet its liabilities as they fall due.

In common with other companies in the sector, the company and the group are operating under difficult market conditions. However, the company and the group have access to considerable financial resources through bank funding available to be drawn down. As a consequence, the directors believe the group is well placed to manage its business risks successfully despite the current economic outlook.

The company and group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company and group should have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

DIRECTORS

The directors who served the company during the period and up to the date of signing the financial statements subsequently are as follows:

C M Giles
P D Matson

DIRECTORS' INDEMNITY PROVISIONS

The directors have benefitted from third party indemnity provisions in place during the financial year and to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2009 (CONTINUED)

DISCLOSURE OF INFORMATION TO AUDITORS

The directors at the date of approval of this report confirm that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of the Companies Act 2006.

PricewaterhouseCoopers LLP were appointed as auditors of the company during the year and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



A G Hessel
Company Secretary
18th December 2009

DMWSL 586 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DMWSL 586 LIMITED

We have audited the financial statements of DMWSL 586 Limited for the year ended 31 August 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 August 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with 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.

DMWSL 586 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DMWSL 586 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.



Michael Timar (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Glasgow

18th December 2009

DMWSL 586 LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 August 2009

	Note	2009 £'000	Period from 17 January 2008 to 31 August 2008 £'000
Interest receivable		610	306
Interest payable	4	<u>(15,760)</u>	<u>(7,417)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(15,150)	(7,111)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(15,150)</u>	<u>(7,111)</u>

All of the activities of the company classed as continuing.

There are no recognised gains and losses for the current financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

DMWSL 586 LIMITED

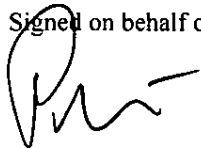
BALANCE SHEET

For the year ended 31 August 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Investments	6	<u>12,236</u>	<u>12,236</u>
CURRENT ASSETS			
Debtors	7	125,113	124,287
CREDITORS: amounts falling due within one year	8	<u>(12,452)</u>	<u>(12,236)</u>
NET CURRENT ASSETS		112,661	112,051
TOTAL ASSETS LESS CURRENT LIABILITIES		124,897	124,287
CREDITORS: amounts falling due after more than one year	9	<u>(147,158)</u>	<u>(131,398)</u>
NET LIABILITIES		<u>(22,261)</u>	<u>(7,111)</u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	11	<u>(22,261)</u>	<u>(7,111)</u>
TOTAL SHAREHOLDERS' DEFICIT	12	<u>(22,261)</u>	<u>(7,111)</u>

The financial statements on pages 7 to 15 were approved by the Board of Directors on 18th December 2009.

Signed on behalf of the Board of Directors



P D Matson
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards and accounting policies which have been consistently applied.

Going concern

The financial statements have been prepared under the going concern concept as discussed in the directors' report.

Consolidation

The company was, at the end of the period, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with the Companies Act 2006, is not required to produce consolidated accounts. These accounts therefore reflect the position of the company as an entity and not of the group.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard ("FRS") 1 "Cash Flow Statements (Revised 1996)" from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent company's financial statements includes a consolidated cash flow statement.

Investments in subsidiaries

Investments in subsidiary companies are recorded at cost less any provision for impairment. Provision for impairment is made when required. In the period ended 31 August 2009, the company took advantage of Companies Act 2006 section 612 merger relief and recorded shares issued at their nominal value in the company balance sheet.

Current taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that will result in an obligation to pay more, or a right to pay less tax, in the future. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Loan notes

Interest on the Unsecured Loan Notes is accrued at a rate of 12% per annum and 5% per annum on the DMWSL 587 Rollover Loan Notes. Interest on both will be paid / received on the redemption date of 2 March 2018.

DMWSL 586 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2009

2. AUDIT FEES

The total remuneration payable, excluding VAT, to its auditors in respect of the audit of these accounts is £3,000 (2008: £3,000), and in respect of taxation services is £2,000 (2008: £2,000). These costs have been borne and paid for by Giles Insurance Brokers Limited, a fellow subsidiary undertaking.

3. DIRECTORS AND EMPLOYEES

Directors Emoluments

The directors are listed on page 1 of these financial statements. The directors are remunerated by Giles Insurance Brokers Limited, a fellow subsidiary undertaking. Details of their emoluments are given in the financial statements of the ultimate parent company. The directors do not consider it practical to allocate the percentage of their remuneration to DMWSL 586 Limited.

Employees

No staff, other than the directors, are employed directly by DMWSL 586 Limited in either financial year.

4. INTEREST PAYABLE

	2009 £'000	Period from 17 January 2008 to 31 August 2008 £'000
Loan note interest	(15,760)	(7,417)

5. TAXATION

a) Analysis of tax charge in the year / period

	2009 £'000	Period from 17 January 2008 to 31 August 2008 £'000
UK Corporation tax based on the loss for the year / period at 28% (2008: 28%)	-	-
Adjustments in respect of the prior period	-	-
Total current tax	-	-

DMWSL 586 LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2009

5. TAXATION (CONTINUED)

b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year / period is higher (2008: higher) than the rate of corporation tax applicable to the group of 28% for the following reasons:

	2009 £'000	Period from 17 January 2008 to 31 August 2008 £'000
Loss on ordinary activities before taxation	(15,150)	(7,111)
Loss on ordinary activities by rate of tax	(4,242)	(2,074)
Expenses not deductible for tax purposes	2,461	2,163
Other timing differences	4,413	
Group relief claimed	(2,632)	(89)
	-	-
Total current tax (note 5(a))		

There is an unrecognised deferred tax asset at the end of the year of £4,412,872 (2008: £2,077,000).

6. INVESTMENTS

	Investments in subsidiaries £'000
Cost and net book value:	
At 31 August 2008 and 31 August 2009	12,236

The directors consider that the value of the investments are supported by their underlying assets.

At 31 August 2009 the company held the entire issued share capital of DMWSL 587 Limited. The remaining investments below are held by fellow subsidiary companies.

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
DMWSL 587 Limited	England	Ordinary shares	100%	Holding company
DMWSL 588 Limited	England	Ordinary shares	100%	Holding company
Quillco 226 Limited	Scotland	Ordinary shares	100%	Holding company
Quillco 227 Limited	Scotland	Ordinary shares	100%	Holding company
Dallas Kirkland (Professions) Limited	England	Ordinary shares	100%	Insurance brokers
Giles Holdings Limited	Scotland	Ordinary shares	100%	Holding company
Giles Insurance Brokers Limited	Scotland	Ordinary shares	100%	Insurance brokers
MCIS Holdings Limited	England	Ordinary shares	100%	Non trading
PDT Insurance Consultants Limited	England	Ordinary shares	100%	Non trading
Kerwin Smith & Co. Limited	England	Ordinary shares	100%	Non trading
Calvert Glover & Co. Limited	England	Ordinary shares	100%	Non trading

DMWSL 586 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2009

6. INVESTMENTS (CONTINUED)

Mill Hall Insurance Consultants Limited	England	Ordinary shares	100%	Non trading
INK Underwriting Agencies Limited	England	Ordinary shares	100%	Insurance brokers
MCIS Limited	England	Ordinary shares	100%	Non trading
Giles Insurance Brokers (South) Limited	England	Ordinary shares	100%	Non trading
BJK Insurance Brokers Limited	England	Ordinary shares	100%	Non trading
Giles Plus Services Limited	Scotland	Ordinary shares	100%	Insurance advisory services
Giles Project Risks Limited	Scotland	Ordinary shares	100%	Non trading
Hedges and Rose Insurance Services limited	England	Ordinary shares	100%	Non trading
Crosbie and Jack Insurance Services Limited	Scotland	Ordinary shares	100%	Non trading
Lester, Bashford & Webb Insurance Brokers Limited	England	Ordinary shares	100%	Non trading
Robinson Leslie Limited	England	Ordinary shares	100%	Non trading
Robinson Leslie Management Limited	England	Ordinary shares	100%	Non trading
D S Howell (Insurance Brokers) Limited	England	Ordinary shares	100%	Non trading
Sutton Barnard Limited	England	Ordinary shares	100%	Non trading
David Moore and Company (Insurance Brokers) Limited	England	Ordinary shares	100%	Non trading
David Moore and Company (Newport) Limited	England	Ordinary shares	100%	Non trading
Edge Tancred Limited	England	Ordinary shares	100%	Non trading
Elliott Garden Limited	England	Ordinary shares	100%	Non trading
Shephard Holdings Limited	England	Ordinary shares	100%	Non trading
RD & PE Shephard Limited	England	Ordinary shares	100%	Non trading
Shephard Herriot Limited	England	Ordinary shares	100%	Non trading
Fiveshields Limited	England	Ordinary shares	100%	Non trading
Professional Indemnity Marketing Limited	England	Ordinary shares	100%	Non trading
Paul Murphy Insurance Services Limited	England	Ordinary shares	100%	Non trading
Hancock General Insurance Services Limited	England	Ordinary shares	100%	Non trading
Carrick Neill & Co. Limited	Scotland	Ordinary shares	100%	Non trading
Archibald Reid (Insurance Brokers) Limited	England	Ordinary shares	100%	Non trading
AGM (Insurance Brokers) Limited	England	Ordinary shares	100%	Non trading
Henley Risk Management Limited	England	Ordinary shares	100%	Non trading
Dickson Insurance Brokers Limited	England	Ordinary shares	100%	Non trading
NG Insurance Services Group Limited	England	Ordinary shares	100%	Non trading
NG Insurance Services Limited	England	Ordinary shares	100%	Non trading

DMWSL 586 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2009

6. INVESTMENTS (CONTINUED)

Peter Adams (Insurance Brokers) Limited	England	Ordinary shares	100%	Non trading
SBP Group Limited	England	Ordinary shares	100%	Non trading
Simon Brooke & Partners Limited	England	Ordinary shares	100%	Non trading
SBP Chapman Stevens Limited	England	Ordinary shares	100%	Non trading
Spencer Moray Limited	England	Ordinary shares	100%	Non trading
Actual Creation Limited	England	Ordinary shares	100%	Non trading
Arnott Marine (Holdings) Limited	England	Ordinary shares	100%	Non trading
Arnott Marine Limited	England	Ordinary shares	100%	Non trading
Arnott Commercial Insurance Services Limited	England	Ordinary shares	100%	Non trading
LRG Insurance Services Limited	England	Ordinary shares	100%	Non trading

The company also owns 1,223,646,541 DMWSL 587 Rollover Loan Notes 2018 of £0.01 each.

7. DEBTORS

	2009 £'000	2008 £'000
Amounts owed by group undertakings	123,981	123,981
Other debtors	1,132	306
	<u>125,113</u>	<u>124,287</u>

Amounts owed by group undertakings are repayable on demand and are on an interest free basis.

Other debtors principally relate to interest receivable on the investment in DMWSL 587 Rollover Loan Notes. The interest for the period to 31 August 2009 together with subsequent interest is due on the redemption date of 2 March 2018.

8. CREDITORS: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	<u>12,452</u>	<u>12,236</u>

Amounts owed to group undertakings are payable on demand and are on an interest free basis.

DMWSL 586 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2009

9. CREDITORS: amounts falling due after more than one year

	2009 £'000	2008 £'000
Loan notes	123,981	123,981
Accrued loan note interest	23,177	7,417
	<u>147,158</u>	<u>131,398</u>

The loan notes were issued on 3 March 2008 and are repayable on 2 March 2018. The Unsecured Loan Notes of £123,940,000 accrue interest at a rate of 12% per annum and the DMWSL 586 Rollover Loan Notes accrue interest at a rate of 5% per annum. The interest for the period to 31 August 2009 together with subsequent interest will be paid on the redemption date of 2 March 2018.

10. CALLED UP SHARE CAPITAL

Authorised share capital:	2009 £	2008 £
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
 Allotted, called up and fully paid:		£
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. PROFIT AND LOSS ACCOUNT

	2009 £'000	2008 £'000
Balance brought forward	(7,111)	-
Loss for the financial year	<u>(15,150)</u>	<u>(7,111)</u>
At 31 August 2009	<u>(22,261)</u>	<u>(7,111)</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2009 £'000	2008 £'000
Opening shareholders' deficit	(7,111)	-
Loss for the financial year	<u>(15,150)</u>	<u>(7,111)</u>
Closing shareholders' deficit	<u>(22,261)</u>	<u>(7,111)</u>

DMWSL 586 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2009

13. PARENT AND ULTIMATE HOLDING COMPANY

The immediate parent and ultimate holding company is DMWSL 585 Limited, which is incorporated in Great Britain and registered in England and Wales, and is the parent company of the smallest and largest group to consolidate these financial statements. A copy of the consolidated financial statements is available from DMWSL 585 Limited, Birchin Court, 3rd Floor, 20 Birchin Lane, London, EC3V 9DU. The ultimate controlling party is Charterhouse Capital Partners LLP.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available to subsidiary undertakings in FRS 8 "Related Party Disclosures" not to report transactions with other group companies on the basis that consolidated financial statements are available for the ultimate parent company.

At 31 August 2009 the company owed loan note balances to the following individual. The table below shows the value of these loan notes excluding interest. The terms of these loan notes are detailed in note 9. Loan note interest of £1,889,000 (2008: £889,000) was accrued in the year.

	2009	2008
	£'000	£'000
C M Giles	<u>14,850</u>	<u>14,850</u>