

**JW Group Limited**  
**Directors' report and financial statements**  
**for the period ended 30 June 2007**

**Registered number SC226865**

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## **Directors' report and financial statements**

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## **Officers and professional advisers**

### **Directors**

P Cullum  
A Homer  
I Patrick  
T Philip  
A Blanc  
K Davie  
K Whittle

### **Secretary**

J Reddi  
R Young

### **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 13 month period ended 30 June 2007

### **Business review and principal activities**

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

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

The results for the company show a pre tax profit of £4,664,893 for the period (prior year £126,161) and turnover of £247,100 (prior year £314,001) The company has net assets of £903,000 (2006 £7,513)

On 10 April 2007 the share capital of the company was purchased by Towergate Partnership Limited

On 30 June 2007 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. The consideration received comprised the sum of the book value of tangible assets and liabilities. On 6 August 2007 the accounting reference date was lengthened from 31 May to 30 June to include this sale.

The principal activity of the company is a holding company

### **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, which include those of the company from 10 April 2007, 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 JW Group Limited. The development, performance and position of Towergate Partnership Limited, which includes the company from 10 April 2007, is discussed in the group's annual report which does not form part of this report.

### **Dividend**

A final dividend of £4,593,627 was paid during the year (prior year £57,750)

## **Directors' report** *(continued)*

### **Directors and directors' interests**

The directors who held office during the period were as follows

P Cullum	(appointed 10 April 2007)
A Homer	(appointed 10 April 2007)
T Philip	(appointed 10 April 2007)
I Patrick	(appointed 10 April 2007)
A Blanc	(appointed 10 April 2007)
K Whittle	
K Davie	

The interests of the directors who held office at the end of the financial period in the shares of group companies are disclosed in the financial statements of the ultimate parent company

No directors have been granted share options in the shares of the company or other group companies

### **Political and charitable contributions**

The company made charitable contributions during the current year of £nil (prior period £1,168)

### **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**

Barrie Scott Limited resigned as auditors on 10 April 2007 KPMG Audit Plc were appointed as auditors at that date and have indicated their willingness to continue in office

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

19 May 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 they have elected to prepare the Group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent company and of the profit or loss 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 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 Group and the parent 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 parent 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 Group and to prevent and detect fraud and other irregularities.

## **Independent auditors' report to the members of JW Group Limited**

We have audited the financial statements of JW Group Limited for the 13 month period ended 30 June 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 30 June 2007 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*

*19 May 2008*

**Profit and loss account  
for the period ended 30 June 2007**

	<i>Note</i>	<b>Period ended 30 June 2007 £</b>	<b>Year ended 31 May 2006 £</b>
<b>Turnover – discontinued operations</b>	<b>2</b>	<b>247,100</b>	314,001
Administrative expenses		<b>(712,120)</b>	(53,416)
<b>Operating (loss)/profit – discontinued operations</b>		<b>(465,020)</b>	260,585
Interest receivable		<b>2,013</b>	1,158
Interest payable and similar charges	<b>6</b>	<b>(42,366)</b>	(135,582)
Income from shares in group companies		<b>5,170,266</b>	
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>4,664,893</b>	126,161
Tax on profit on ordinary activities	<b>7</b>	<b>(75,779)</b>	(75,970)
<b>Retained profit for the financial year</b>	<b>15</b>	<b>4,589,114</b>	50,191

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 period stated above, and their historical cost equivalents

The notes on pages 9 to 15 form part of these financial statements



**Balance sheet**  
**at 30 June 2007/31 May 2006**

	<i>Note</i>	2007 £	2006 £
<b>Fixed assets</b>			
Investments	8	602,000	1,233,192
Intangible assets	9		704,455
		<u>602,000</u>	<u>1,937,647</u>
<b>Current assets</b>			
Debtors	10	301,000	24,500
Cash at bank and in hand			33,329
		<u>301,000</u>	<u>57,829</u>
<b>Creditors</b> , amounts falling due within one year	11		(241,047)
<b>Net current assets/(liabilities)</b>		<u>301,000</u>	<u>(183,218)</u>
<b>Total asset less current liabilities</b>		<u>903,000</u>	<u>1,754,429</u>
<b>Creditors</b> : amounts falling due after more than one year	12		(1,746,916)
<b>Net assets</b>		<u>903,000</u>	<u>7,513</u>
<b>Capital and reserves</b>			
Called up share capital	14	903,000	3,000
Profit and loss account	15		4,513
<b>Equity shareholders' funds</b>		<u>903,000</u>	<u>7,513</u>

The notes on pages 9 to 15 form part of these financial statements

These financial statements were approved by the board of directors 19 May 2008 and were signed on its behalf by



**T Philip**  
*Director*

## Reconciliation of movements in shareholders' funds for the period ended 30 June 2007

	2007 £	2006 £
<b>Retained profit for the financial period/year</b>	<b>4,589,114</b>	50,191
Dividends	(4,593,627)	(57,750)
	<hr/> (4,513)	<hr/> (7,559)
Increase in share capital	<b>900,000</b>	
<b>Net movement in shareholders' funds</b>	<b>895,487</b>	(7,559)
Opening shareholders' funds	<b>7,513</b>	15,072
<b>Closing shareholders' funds</b>	<b>903,000</b>	7,513

## **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 16

#### **Subsidiary undertakings**

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

#### **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 management fees receivable from subsidiary companies

#### **Intangible assets**

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on acquisition is capitalised Positive goodwill is amortised to nil by equal monthly instalments over its estimated useful life This is generally taken as twenty years

### **2 Turnover**

Turnover consists entirely of fees charged in the United Kingdom

## Notes (Continued)

### 3 Profit on ordinary activities before taxation

	2007	2006 £
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Auditors' remuneration		
Fees for the audit of the company	3,875	2,521
Amortisation	<u>71,438</u>	<u>41,438</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

	2007	2006 £
<b>Total remuneration of all directors</b>		
Directors' emoluments		
Company contributions to money purchase pension schemes	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

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

The emoluments of Messrs Whittle and Davie are paid by JW Insurance and Risk Management Limited, a subsidiary company, which makes no recharge to the company.

### 5 Staff numbers and costs

There were no employees during the period other than the directors (2006 nil)

### 6 Interest payable and similar charges

	2007 £	2006 £
Loan interest	42,366	45,582
Finance charges on redeemable preference shares classified as financial liabilities		90,000
	<u>42,366</u>	<u>135,582</u>

## Notes (continued)

### 7 Taxation

	2007 £	2006 £
<b>UK corporation tax</b>		
Current tax charge on profit for the period/year	75,779	73,471
Under provision re prior year		2,499
	<hr/>	<hr/>
<b>UK corporation tax charge on profit on ordinary activities for the period/year</b>	<b>75,779</b>	<b>75,970</b>
Deferred taxation		
	<hr/>	<hr/>
<b>Tax on profit on ordinary activities</b>	<b>75,779</b>	<b>75,970</b>
	<hr/>	<hr/>

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

	2007 £	2006 £
<b>Current tax reconciliation</b>		
Profit on ordinary activities before taxation	241,494	126,161
	<hr/>	<hr/>
<b>Current tax at 30%</b>	<b>72,448</b>	<b>37,848</b>
Effects of		
Expenses not deductible for tax purposes	3,331	39,551
Utilisation of tax losses		(3,928)
	<hr/>	<hr/>
<b>UK corporation tax charge on profit on ordinary activities for the period/year</b>	<b>75,779</b>	<b>73,471</b>
	<hr/>	<hr/>

There are no known factors that may affect future tax charges

## Notes (continued)

### 8 Investments

#### Shares in subsidiary undertakings at 30 June 2007

	£
<b>Cost</b>	
At 1 June 2006	1,233,192
Disposals	(631,192)
	<hr/>
<b>At 30 June 2007</b>	<b>602,000</b>
	<hr/>
<b>Amounts provided</b>	
At 1 June 2006	
Provision write back	
	<hr/>
<b>At 30 June 2007</b>	
	<hr/>
<b>Net book value</b>	
<b>At 30 June 2007</b>	<b>602,000</b>
	<hr/>
	<hr/>
At 31 May 2006	1,233,192
	<hr/>
	<hr/>

The directors consider the following company, incorporated and registered in Scotland, to be a subsidiary undertaking of the company. The capital is wholly owned and is in ordinary shares.

Subsidiary undertaking	Principal activity
------------------------	--------------------

JW Group Insurance & Risk Managers Limited	Insurance services
--------------------------------------------	--------------------

Investments in the following companies (incorporated and registered in Scotland) which were previously considered to be subsidiary undertakings of the company, were disposed of in the period. Unless otherwise shown, the capital of these companies was wholly owned and was in ordinary shares.

Subsidiary undertakings	Principal activity
-------------------------	--------------------

JW Group Investment Strategies Limited	Provision of financial services
JW Group Lowland Insurance Brokers Limited	General insurance brokers
JW Group Inspection Services Limited (71% owned)	Inspection services

## Notes (continued)

### 9 Intangible assets

	Goodwill £	Total £
<b>Cost</b>		
At 1 June 2006	828,769	828,769
Disposal	(828,769)	(828,769)
	<hr/>	<hr/>
At 30 June 2007	<hr/>	<hr/>
<b>Amortisation</b>		
At 1 June 2006	124,314	124,314
Charge for the year	71,438	71,438
Disposal	(195,752)	(195,752)
	<hr/>	<hr/>
	<hr/>	<hr/>
At 30 June 2007	<hr/>	<hr/>
At 31 May 2006	704,455	704,455
	<hr/>	<hr/>

### 10 Debtors

	2007 £	2006 £
Amounts due from group undertakings	301,000	
Other debtors		20,000
Prepayments and accrued income		4,500
	<hr/>	<hr/>
	301,000	24,500
	<hr/>	<hr/>

### 11 Creditors, amounts falling due within one year

	2007 £	2006 £
Bank overdraft*		871
Bank loan*		123,815
Insurance and trade creditors		1,234
Corporation tax		73,470
Amounts owed to group undertaking		28,783
Accruals and deferred income		12,874
	<hr/>	<hr/>
		241,047
	<hr/>	<hr/>

## Notes (continued)

### 12 Creditors' amounts falling due after more than one year

	2007 £	2006 £
Bank loan*		846,916
Redeemable preference shares*		900,000
	<hr/>	<hr/>
		1,746,916
	<hr/>	<hr/>

### 13 Analysis of net debt

Analysis of debt (Being those items in notes 11 and 12 marked by *)	2007 £	2006 £
Debt can be analysed as falling due		
In one year or less, or on demand		124,686
Between one and two years		144,275
Between two and five years		496,768
Over 5 years		1,105,873
	<hr/>	<hr/>
Total debt		1,871,602
	<hr/>	<hr/>

### 14 Called up share capital

	2007 £	2006 £
<b>Authorised</b>		
Ordinary shares of £1 each	903,000	3,000
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	903,000	3,000
	<hr/>	<hr/>

During the period 900,000 £1 preference shares were converted onto Ordinary £1 shares. The preference shares were classed as liabilities for the year ended 31 May 2006.

### 15 Reserves

	Profit and loss account £
At 1 June 2006	4,513
Profit for the financial year	4,589,144
Dividends	(4,593,627)
	<hr/>
<b>At 30 June 2007</b>	<hr/>



**Notes** *(continued)*

**16 Parent undertaking**

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

**17 Controlling party**

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