

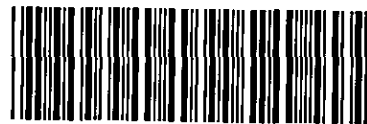
**Company Registration Number**  
**SC 246391**

**GILES HOLDINGS LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 August 2009**

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**GILES HOLDINGS LIMITED**

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

**CONTENTS**

	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report for the year ended 31 August 2009</b>	<b>2</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Balance sheet as at 31 August 2009</b>	<b>7</b>
<b>Notes to the financial statements for the year ended 31 August 2009</b>	<b>8</b>

# **GILES HOLDINGS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS FOR THE YEAR ENDED 31 AUGUST 2009**

### **DIRECTORS**

C M Giles  
P D Matson  
A G Hessett

### **COMPANY SECRETARY**

AG Hessett

### **REGISTERED OFFICE**

Floor 7  
Spectrum House  
55 Blythwood Street  
Glasgow  
G2 7AT

### **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  
Chartered Accountants and Statutory Auditors  
141 Bothwell Street  
Glasgow  
G2 7EQ

**GILES HOLDINGS LIMITED**  
**COMPANY REGISTRATION NUMBER: SC246391**

**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.

**RESULTS AND DIVIDENDS**

The company did not trade during the year and the financial position at the end of the year is shown in the balance sheet on page 7.

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 Operations 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.

**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.

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. In addition, as part of the group's banking facility, there are cross guarantees in place between this company and its fellow subsidiaries to provide each other with financial support should it be required. 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.

# **GILES HOLDINGS LIMITED**

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

### **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  
A G Hissett

### **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.

# **GILES HOLDINGS LIMITED**

## **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 Hessett  
**Company Secretary**

18<sup>th</sup> December 2009

## **GILES HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GILES HOLDINGS LIMITED**

We have audited the financial statements of Giles Holdings Limited for the year ended 31 August 2009 which comprise 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;
- 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.


## **GILES HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GILES HOLDINGS 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

18<sup>th</sup> December 2009



# GILES HOLDINGS LIMITED

## BALANCE SHEET

For the year ended 31 August 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Investments	4	57,281	57,281
<b>CREDITORS: amounts falling due within one year</b>	5	(52,560)	(52,560)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,721</u>	<u>4,721</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6	1	1
Share premium account	7	5,081	5,081
Profit and loss account	8	(361)	(361)
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u>4,721</u>	<u>4,721</u>

The company did not trade during the year and therefore no profit and loss account is included within the financial statements.

The financial statements on pages 7 to 12 were approved by the Board of Directors on 18<sup>th</sup> December 2009.

Signed on behalf of the Board of Directors



P D Matson

**Director**

# **GILES HOLDINGS LIMITED**

## **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 year, 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. The company's ultimate parent company's financial statements has taken advantage of Companies Act 2006 section 612 merger relief and recorded shares issued at their nominal value in the balance sheet.

### **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 members of the Board of Directors are listed on page 1 of these financial statements. The directors are remunerated by Giles Insurance Brokers Limited, a subsidiary of Giles Holdings Limited. Details of their emoluments are given in the financial statements of Giles Insurance Brokers Limited. The directors do not consider it practical to allocate the percentage of their remuneration to Giles Holdings Limited.

#### **Employees**

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

# GILES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) For the year ended 31 August 2009

### 4. INVESTMENTS

#### COST AND NET BOOK VALUE

Investments in  
subsidiaries  
£'000

At 31 August 2008 and 31 August 2009

57,281

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

At 31 August 2009 the company held share capital in the following companies:

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Giles Insurance Brokers Limited	Scotland	Ordinary shares	49%	Insurance brokers
MCIS Holdings Limited*	England	Ordinary shares	49%	Non trading
PDT Insurance Brokers Limited*	England	Ordinary shares	49%	Non trading
Kerwin Smith & Co. Limited*	England	Ordinary shares	49%	Non trading
Calvert Glover & Co. Limited*	England	Ordinary shares	49%	Non trading
Mill Hall Insurance Consultants Limited*	England	Ordinary shares	49%	Non trading
MCIS Limited*	England	Ordinary shares	49%	Non trading
Giles Insurance Brokers (South) Limited*	England	Ordinary shares	49%	Non trading
BJK Insurance Brokers Limited*	England	Ordinary shares	49%	Non trading
Giles Plus Services Limited*	Scotland	Ordinary shares	49%	Insurance advisory services
Giles Project Risks Limited	Scotland	Ordinary shares	100%	Non trading
Hedges and Rose Insurance Services limited *	England	Ordinary shares	49%	Non trading
Crosbie and Jack Insurance Services Limited*	Scotland	Ordinary shares	49%	Non trading
Lester, Bashford & Webb Insurance Brokers Limited*	England	Ordinary shares	49%	Non trading
Robinson Leslie Limited*	England	Ordinary shares	49%	Non trading
Robinson Leslie Management Limited*	England	Ordinary shares	49%	Non trading
D S Howell (Insurance Brokers) Limited*	England	Ordinary shares	49%	Non trading
Sutton Barnard Limited*	England	Ordinary shares	49%	Non trading
David Moore and Company (Insurance Brokers) Limited*	England	Ordinary shares	49%	Non trading
David Moore and Company (Newport) Limited*	England	Ordinary shares	49%	Non trading
Edge Tancred Limited*	England	Ordinary shares	49%	Non trading
Elliott Garden Limited*	England	Ordinary shares	49%	Non trading
Shephard Holdings Limited*	England	Ordinary shares	49%	Non trading
RD & PE Shephard Limited*	England	Ordinary shares	49%	Non trading
Shephard Herriot Limited*	England	Ordinary shares	49%	Non trading
Fiveshields Limited*	England	Ordinary shares	49%	Non trading

# GILES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2009

### 4. INVESTMENTS (CONTINUED)

Professional Indemnity Marketing Limited*	England	Ordinary shares	49%	Non trading
Paul Murphy Insurance Services Limited*	England	Ordinary shares	49%	Non trading
Hancock General Insurance Services Limited*	England	Ordinary shares	49%	Non trading
Carrick Neill and Company Limited*	England	Ordinary shares	49%	Non trading
Archibald Reid (Insurance Brokers) Limited*	England	Ordinary shares	49%	Non trading
AGM (Insurance Brokers) Limited*	England	Ordinary shares	49%	Non trading
Henley Risk Management Limited*	England	Ordinary shares	49%	Non trading
Dickson Insurance Brokers Limited*	England	Ordinary shares	49%	Non trading
NG Insurance Services Group Limited*	England	Ordinary shares	49%	Non trading
NG Insurance Services Limited*	England	Ordinary shares	49%	Non trading
Peter Adams (Insurance Brokers) Limited*	England	Ordinary shares	49%	Non trading
SBP Group Limited*	England	Ordinary shares	49%	Non trading
Simon Brooke & Partners Limited*	England	Ordinary shares	49%	Non trading
SBP Chapman Stevens Limited*	England	Ordinary shares	49%	Non trading
Spencer Moray Limited*	England	Ordinary shares	49%	Non trading
Actual Creation Limited*	England	Ordinary shares	49%	Non trading
Arnott Marine (Holdings) Limited*	England	Ordinary shares	49%	Non trading
Arnott Marine Limited*	England	Ordinary shares	49%	Non trading
Arnott Commercial Insurance Services Limited*	England	Ordinary shares	49%	Non trading
LRG Insurance Services Limited*	England	Ordinary shares	49%	Non trading

\* = held indirectly through Giles Insurance Brokers Limited, which owns 100% of the share capital of each company.

### 5. CREDITORS: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	52,556	52,556
Accruals and deferred income	4	4
	<u>52,560</u>	<u>52,560</u>

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

# GILES HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 August 2009

### 6. SHARE CAPITAL

Authorised share capital:

2009  
£'000

2008  
£'000

10,000,000 ordinary shares of £0.001 each

10

10

Allotted, called up and fully paid:

2009  
No. (000s) £'000

2008  
No. (000s) £'000

Ordinary shares of £0.001 each

1,000

1

1,000

1

### 7. SHARE PREMIUM ACCOUNT

£'000

As at 31 August 2008 and 31 August 2009

5,081

### 8. PROFIT AND LOSS ACCOUNT

£'000

As at 31 August 2008 and 31 August 2009

(361)

### 9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

£'000

As at 31 August 2008 and 31 August 2009

4,721

### 10. CONTINGENCIES AND COMMITMENTS

The Group has a £320,000,000 Senior Credit Agreement ('the Debt Agreement') with Bank of Scotland plc to fund the acquisition of the entire share capital of Quillco 226 Limited and its subsidiary companies.

The Company has a deed of accession as a Guarantor to this Agreement and an intercreditor deed whereby the Company will agree certain ranking and priority arrangements relating to the Debt and a Debenture whereby the Company will create a first ranking fixed and floating charge over its assets, property and undertaking and assign by way of security all their rights, interest, title and benefit in their present and future assets to the Bank of Scotland plc.

The Company also has a share pledge to be granted by the Company in favour of Bank of Scotland plc in its capacity as Security Agent pursuant to which the Company would pledge and assign to the Security Agent its whole right, title and interest and to all the shares held by the Company in Giles Insurance Brokers Limited.

In respect of this share pledge, Quillco 227 Limited, the sole shareholder of the Company, pledges in favour of the Bank of Scotland plc and transfers to its nominee company, HSDL Nominees Limited, its entire shareholding of the Company at 3 March 2008, being 1,000,000 ordinary shares of £0.001 each.

## **GILES HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 August 2009**

#### **11. PARENT COMPANY AND ULTIMATE HOLDING COMPANY**

The company is a direct subsidiary of Quillco 227 Limited. The ultimate holding company is DMWSL 585 Limited, which is incorporated in Great Britain and registered in England and Wales, and is the parent undertaking 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, 3<sup>rd</sup> Floor, 20 Birchin Lane, London, EC3V 9DU. The ultimate controlling party is Charterhouse Capital Partners LLP.

#### **12. 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 undertaking.

#### **13. POST BALANCE SHEET EVENTS**

In the opinion of the directors there have been no significant post balance sheet events.