BrokerDirect Plc
A better way to insure

annual report and accounts 2017

2017

Contents

Company registration number:
02958427

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Directors:
R Green
I J Gray
T E Stanley
J K Rhodes
J A Golder
B Bradshaw

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Chairman's Report

Introduction

The Group has experienced a relatively steady year of revenues and profit, improving the balance sheet and laying the foundations for what we hope will be a significant year of change in 2018.

On similar turnover to 2016, there was a minor decrease in percentage cost of sales primarily due to changes in mix, as the Group continues to increase the proportion of its business arising from household insurance. Profits increased despite investment in the CPD venture described in my last report (see more below).

CPD Underwriting Solutions Ltd ('CPD') a new underwriting agency founded by Chris Dixon [formerly Director of UK Division at Chaucer Insurance and Chaucer Insurance Services Ltd] was incorporated on 31 August 2016 and in which Broker Direct has a 30% capital rights shareholding. Broker Direct has an agreement to service all of CPD's business which comprises production from both Broker Direct's and CPD's agents. Negotiations are in the final stages at time of writing. Investment in preparation, made by Broker Direct in 2017 and early 2018, should give the venture a flying start. Some other small MGA contracts will go into run-off this year when the associated production is expected to transfer to CPD capacity.

A new third party administration contract was won which is giving the Company the opportunity to service state of the art Insurtech (insurance technology) products. Elsewhere as usual, volumes varied due to market competition faced by individual partners.

At BDElite (our accident management subsidiary) turnover and profits grew as investments made in 2016 bore fruit. Continued investment was made for future growth and the Company's emphasis on quality of service is attracting both large and small brokers. The effect of the minority shareholding held by the management of BDElite (reported in the 2016 accounts) is shown in additional accounting items labelled "non-controlling interests".

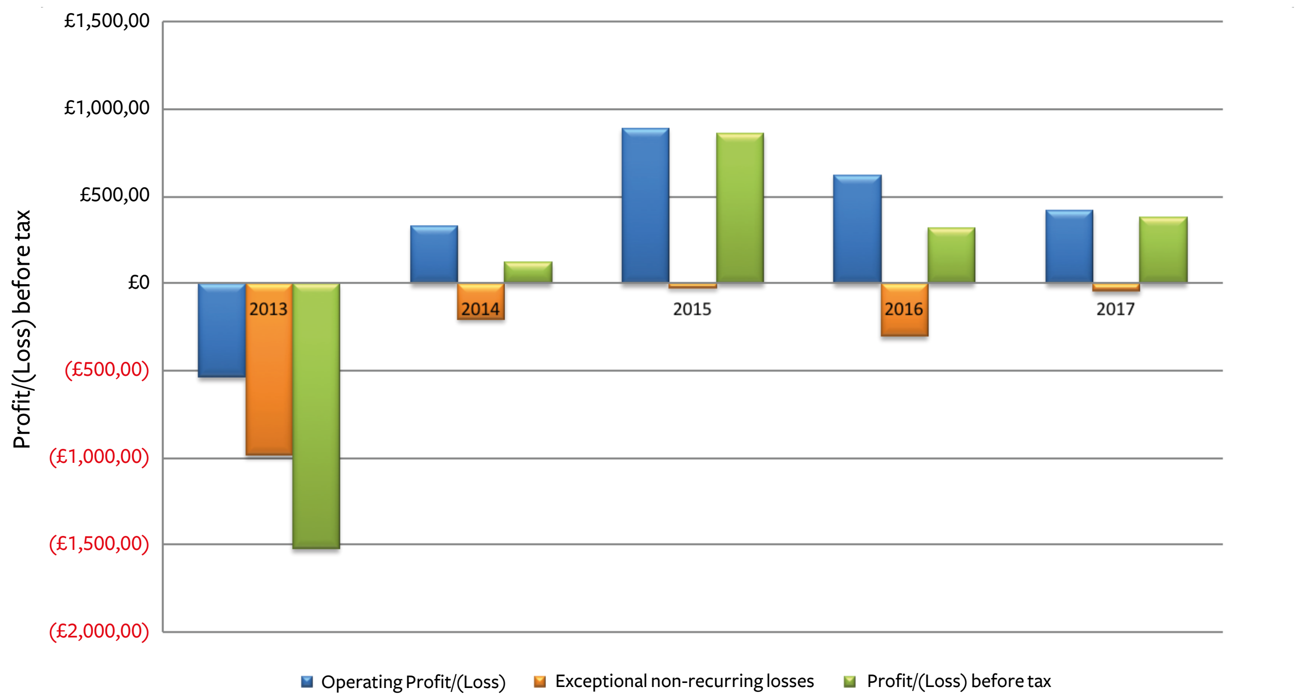
ICS saw a small fall in turnover and profits.

Results

The Group made a pre-tax profit of £416,695 (2016: £286,782), £351,600 after tax (2016: £162,930).

Turnover increased to £20,355,769 (2016: £19,710,260). Cost of sales (primarily broker commission) rose to £9,455,562 (2016: £9,441,542). Other operating charges rose to £10,486,996 (2016: £9,973,050). During the year the Group reduced its debt financing by £481,103 to £61,014 (2016: £542,117) reducing cash balances.

Broker Direct - Group results, adjusted for non-controlling interest



Markets

Both motor and household premiums rose during 2017, although this trend does not appear to have continued into 2018. Generally the state of the market is currently thought to be conducive to the launch of CPD's range of niche products.

There is growing activity in Insurtech and the potential uses of the new generation of technology are being explored in all aspects of insurance. It is not clear yet where the main benefits will be found.

The Government has announced their intention to further change the motor claims environment with a view to reducing or containing premiums. The Civil Liability Bill and accompanying secondary legislation is currently expected to come into force in April 2019 and will bring in the following main changes: increasing the small claims court limit from £1,000 to £5,000: introducing a tariff for minor personal injury claims being paid (mostly soft tissue 'whiplash' injuries) and: requiring medical assessment reports for all personal injury claims prior to any settlement offer. The effect of the increase in the small claim limit and lower personal injury settlements will be that solicitors will not be willing to represent claimants with claims below £5,000. However, it is also expected that many claimants with such claims will require some form of assistance in dealing with their claim. There is a method in place called the "Mackenzie Friend" which we believe will be a valuable service in many more cases, although the Government has still to rule on this.

The Government has also announced that in the same bill the discount rate for long term disability costs (the Ogden rate) will be calculated in a new way which is expected to result in a positive rate of between 0 and 1% compared with the current rate of -0.75%. Most insurers have suffered damage to their underwriting books as a result of the sudden imposition of the negative rate, announced in late 2016, effective early 2017 and will welcome this news going forward, however the book damage on claims settled has had to be repaired and this has contributed to higher premiums.

The Company is experiencing lower motor claims frequencies, we believe as a result of increasing in-vehicle, driver assistance technologies. In general this strand of technology is expected to have an increasing impact on claims frequency, cost and claims reporting. Some costs are rising as technology is embedded into vehicle bodywork and claims reporting may become more automated.

The newly introduced General Data Protection Regulations (GDPR) and Insurance Distribution Directive (IDD) come into force in 2018 and it is expected that brokers will seek guidance on their impact.

Outlook

The launch of CPD is expected to result in Broker Direct becoming again a very significant supplier of motor and household products to our traditional brokers. The project is not without risk involving substantial investment, some of it debt funded. However, in addition to Broker Direct agency distribution CPD will also be working with selected larger brokers. As a result the business to Broker Direct is expected to be substantial and to come on stream relatively quickly once capacity is in place.

The Third Party Administration business is seeing a number of opportunities related to Insurtech, it is too soon to say what impact these new opportunities will make but the Company is currently well placed technically and professionally to compete in an emerging sector.

BDElite are planning their response to the Civil Liability Bill, which we believe may result in a more valuable service to claimants. Some important details remain to be settled, however if the Government acts as we expect, we believe that, although there are risks, BDElite should be able to thrive in the new environment which many competitors will find difficult.

Although Insurance Compliance Services did not grow as expected in 2017, we are seeing increased activity in 2018. We expect that GDPR and IDD will stimulate demand and the management are acting accordingly.

Roy Green
Chairman

21 May 2018

Business model

Our Mission is to delight brokers and their clients with our service whilst also delivering excellent results to our insurer partners. In so doing, we can provide meaningful and rewarding jobs for our employees and deliver progressive returns for our shareholders.

We act under delegated authorities from our insurer partners and as such we only report our fees for administering policies and claims, rather than the gross premiums. Where we do carry risk, for example in the commissions ceded to our insurance brokers, our recognised revenue is inclusive of those commissions.

We only operate in the mature, well regulated United Kingdom insurance market, where we continue to believe there is significant scope for further penetration of our product and service offerings.

We believe our ability to efficiently deliver products to the UK insurance broker market and provide tailored support services through our proprietary software systems and dedicated experienced staff, gives us significant operational and cost effective leverage.

Financial metrics

	2017	2016
Revenue	**£20.36m**	£19.71m
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**£0.68m**	£0.57m
EBITDA per share	**17p**	14p
Operating profit before exceptional items	**£0.46m**	£0.60m
Profit before tax	**£0.42m**	£0.29m
Profit after tax	**£0.35m**	£0.16m
Profit after tax adjusted for non-controlling interest	**£0.32m**	£0.19m
Operational cash inflow/ (outflow)	**£0.1m**	(£0.1m)
Net financial debt *	**(£0.3m)**	(£0.7m)

*Net financial debt is operational debt less operational cash balances and therefore excludes insurer balance.

Segmental reporting – contributions to profit before tax

Profit before tax	**2017**	2016
Broker Direct Plc & Broker Direct Retail Holdings Ltd	**£0.19m**	£0.30m
BDElite Ltd	**£0.19m**	(£0.06m)
Insurance Compliance Services Ltd	**£0.10m**	£0.14m
Other Group companies	**£0.06m**	£0.04m
Amortisation	**(£0.13m)**	(£0.13m)
Consolidated profit before adjustment for non-controlling interest	**£0.42m**	£0.29m
Adjustment for non-controlling interest	**(£0.04m)**	£0.03m
Consolidated profit before tax, after non-controlling interest	**£0.38m**	£0.32m

Principal risks and uncertainties

Risk and uncertainty are recognised as normal elements of doing business. The Group manages its risk appetite through the application of a risk framework cycle involving:

- Identification
- Probability
- Impact Assessment
- Mitigation
- Contingency
- Review.

Major risks are managed through the implementation and monitoring of policies and procedures, including:

- Strategic Risk Dashboards and Operational Risk Registers
- Corporate Governance
- Business Interruption & Recovery
- Treating Customers Fairly
- Agency Management
- Supplier Procurement and Management
- Conflicts of Interest, Whistle blowing, Anti Money Laundering, Anti Fraud, Anti Bribery and Corruption
- Data Inventory, Protection, Usage and Destruction, and IT Security
- Staff Recruitment, Training and Competency, Health & Safety.

The directors monitor key performance and strategic indicators and agree actions to mitigate excessive risks for example by transferring the risk through insurance arrangements or delegated authority agreements.

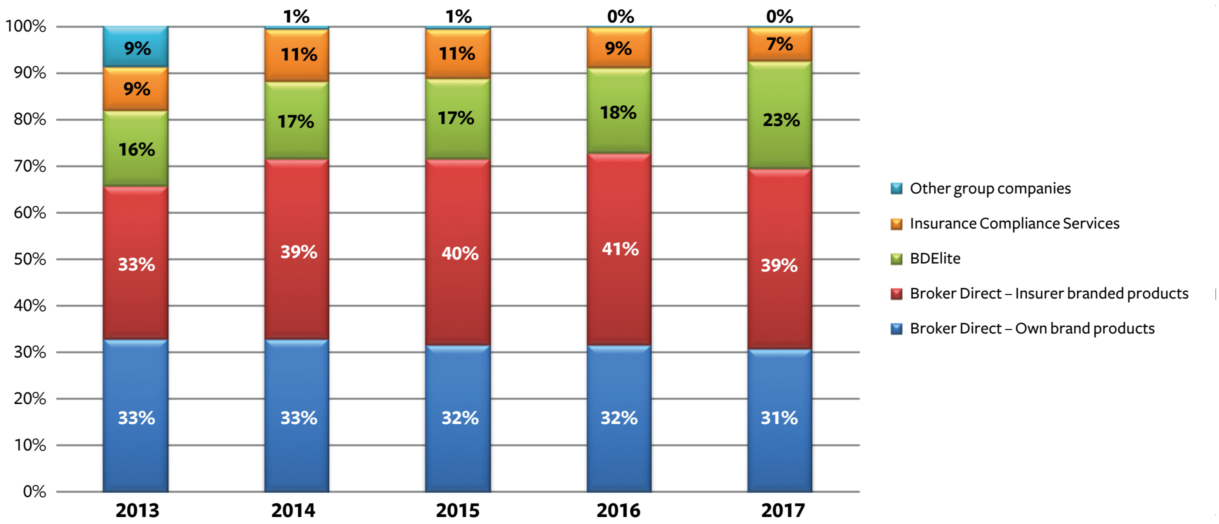
The key business risks affecting the Group have been classified as follows:

- Market Risk
- Operational Risk
  - Customer Service
  - Technology
  - Staff
  - Legislation & Regulation
- Financial Risk
  - Credit
  - Liquidity
  - Interest Rates
  - Reserving
  - Currency.

Market Risk

Broker Direct's income is primarily derived from the amount of premium processed on behalf of our insurer partners. The personal lines insurance market continues to be highly price sensitive and as a result is intensely competitive. The Company's fortunes are therefore heavily reliant on our insurer partners' competitive appetites. Consequently, the Company endeavours to administer a complementary array of products and services. 2017 was a year of preparation in anticipation of securing the CPD deal – discussed further in the Chairman's Report.

Sources of retained revenue



Note: Retained revenue here is deemed to be net of commissions ceded to insurance brokers.

Broker Direct also utilises its infrastructure to provide a range of administration services to insurers for their branded products distributed through their own agency base. These services are tailored to each insurer's individual requirements. For instance, current and previous contracts have included: a) full, end to end product build, distribution, premium administration and claims handling; b) product build, distribution and premium administration; c) full or partial claims handling alone. It remains a core strategic objective to attract more insurers and Managing General Agents to these services.

BDElite's income is derived primarily from commission retained on the sale of legal expenses insurance policies, together with referral and recommender fee income earned when handling the motor claims arising on those policies. In 2017, the Company invested heavily in its growth strategy, in particular the Sales & Development resource was strengthened and targeted with accelerating the recruitment of additional brokers.

Insurance Compliance Services' income is earned primarily from two sources;

(i) the provision of regulatory compliance advice to insurance brokers, and

(ii) conducting audits on behalf of Lloyds and other insurers who delegate underwriting control to independent firms – referred to as 'Coverholder Audits'.

In 2017, ICS recruited additional staff and embarked on a new growth strategy.

Operational Risk

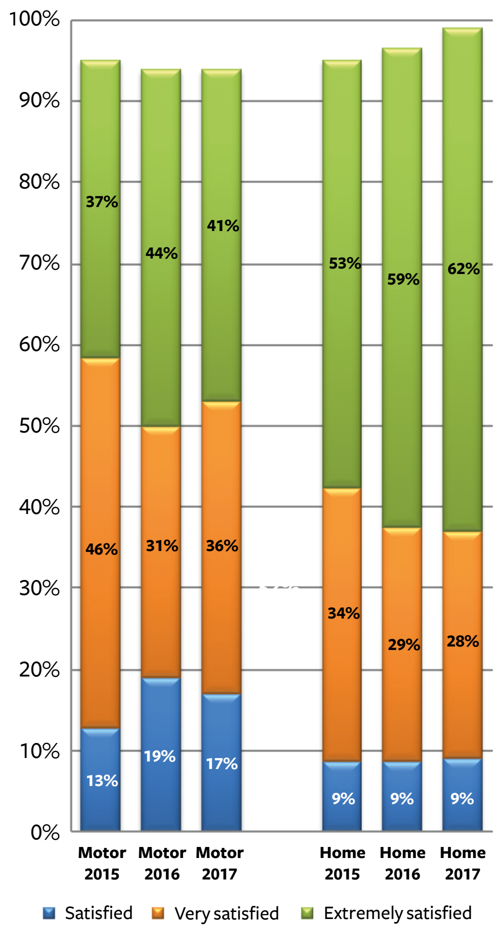
The management of the businesses and the nature of the Group's strategy are subject to a number of risks in its operation, notably:

Customer Service

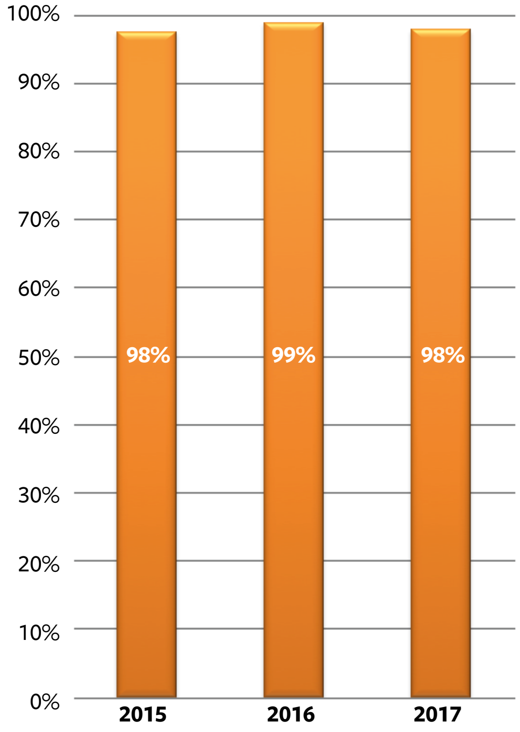
The Group's businesses exist to provide services and consequently substantial attention is focused on the delivery of those services. The business continually invests in efficient IT systems coupled with staff recruitment, training and development to meet its mission to delight brokers and their clients.

Recognising that one of the key opportunities to demonstrate the value of insurance is when claims are made, both Broker Direct and BDElite request customer feedback after conclusion of their claims.

Claimant satisfaction with Broker Direct's service



Claimants who would recommend the BDElite service



Technology
Efficient utilisation of technology is fundamental to the distribution of products and provision of services. Systems need to price the risks correctly, produce accurate policy documentation and transmit comprehensive data between the brokers, Broker Direct, BDElite, insurers and others. To this end:

(i) The Companies work closely with their insurer partners and the brokers' software system providers to manage these complexities.

(ii) The Group has digital programs targeted at keeping the businesses relevant in this digitised world.

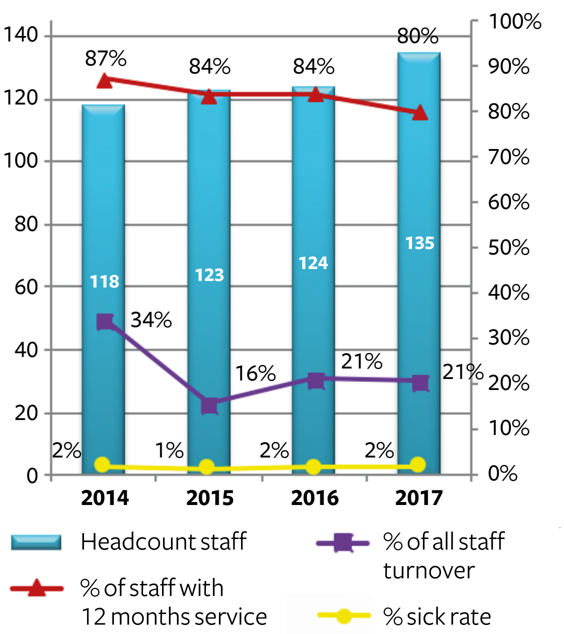
Staff
The Group recognises the importance of attracting and retaining high quality employees. The key HR outcomes we focus on are:

- Attract high calibre staff.
- Retain experienced & knowledgeable staff.
- Realise returns on investment in training and development.
- Be a great place to work.

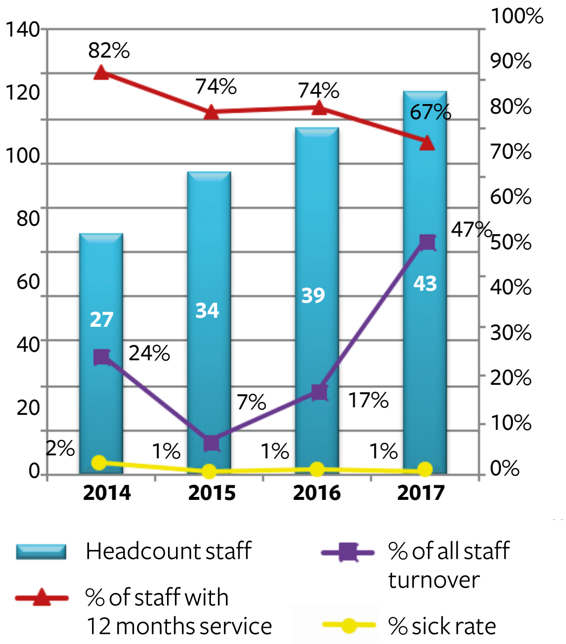
Whilst the 2016 Staff engagement survey resulted in an overall positivity score of 91%, some features of our operations caused concern, including remuneration and the office premises and in 2017 we witnessed a deterioration in our staff retention rates. Actions have and are being taken, in particular:

- The head office premises underwent a complete refurbishment.
- Market adjustments to salaries were completed.
- The staff benefits program was completely overhauled for roll-out in 2018.

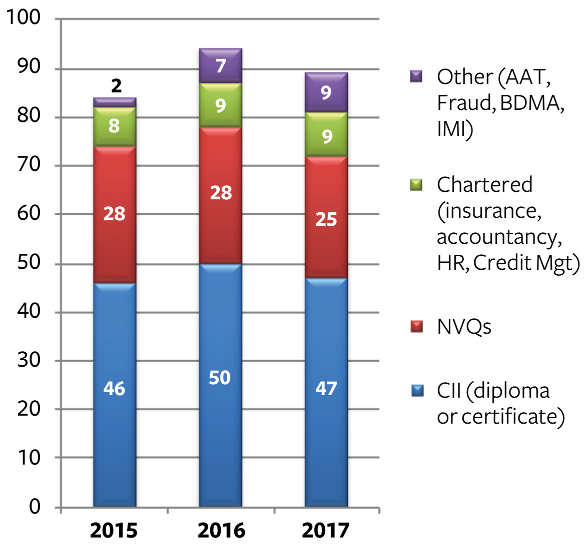
Broker Direct - Staffing



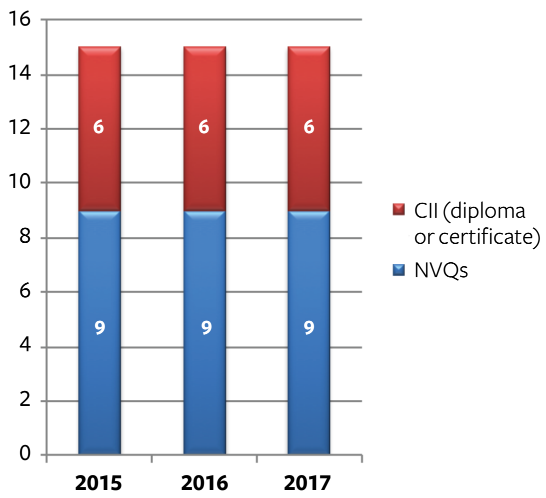
BDElite - Staffing



Broker Direct - Staff Qualifications



BDElite - Staff Qualifications



Legislation & Regulatory Compliance
The insurance regulatory environment is constantly evolving both at a regulatory and legislative level, with varying degrees of impact on the Group businesses.

2017 was a relatively stable legislative & regulatory environment for the businesses, possibly impacted by the amount of Government attention given to Brexit at the expense of domestic policy.

Brexit
Following the Brexit referendum on 23 June 2016 and the triggering of Article 50 on 29 March 2017, the UK is scheduled to depart the EU at 11pm UK time on Friday 29 March 2019, with a plan for a "transition" period to 31 December 2020 that will allow businesses and others to prepare for the moment when the new post-Brexit rules between the UK and the EU begin.

The Prime Minister's speech on 2 March 2018 included a statement that there will be no Financial Services 'passporting' and no EU regulation. Instead, the UK seeks a 'special partnership', a 'collaborative, reciprocal arrangement'. This was followed by the Chancellor's speech on 7 March 2018 in which he challenged the assertion that Financial Services can't be a part of a Free Trade Agreement. He went on to say the UK wants a 'comprehensive trade partnership agreement', firstly on Day 1 post Brexit, full alignment, and thereafter, with the intention of 'Reciprocal regulatory equivalence'. At the time of writing this Report, we do not know the EU's negotiating position.

Whiplash reform
For BDElite, In February 2018 the Government announced its intention to implement reforms in April 2019, to include:

- Banning offers to settle claims without the support of medical evidence
- Introducing fixed tariff compensation for whiplash injuries
- Increasing the small claims limit to £5,000 for road traffic accident personal injury claims.

The business is alert to the possibilities and regularly updates its plans according to developments.

Financial Risk

Credit Risk
The Group's principal assets are cash deposits and trade debtors. The credit risk associated with cash deposits is limited as the accounts are held with a major UK high street bank only. The principal credit risk arises therefore from trade debtors.

The principal trade debtor credit risks are:

- At Broker Direct Plc
  - Broker agencies: The Company collects premiums from brokers and passes them on to the insurers who carry the underwritten risk exposure. We settle the premiums to the insurers after deducting our commissions and expenses for administering the policies and handling the claims. If a broker fails to settle their debt to us, we are still obliged to settle the balance due to the insurer. The Company has strict acceptance criteria for the appointment of new broker agencies, and monitors the brokers against agreed credit and settlement terms. Bad debt experience in 2017 was £nil (2016: £nil). The single largest broker agency represents 36% of the total premium written through all Broker Direct brokers' agencies (2016: 19%). The Company recognises its heavy reliance on one broker agency and is taking steps to rebalance it's distribution;
  - Policyholders paying by instalment: The Company only accepts instalment business by direct debit instruction. Debt management and cancellation terms are agreed with the Company's insurer partners to minimise the bad debt exposure. Bad debt experience in 2017 was negligible (2016: negligible);

- Third party administration services: Income streams are invoiced for subsequent settlement by insurers and key partners. Insurers and key partners are pre-vetted and monitored for their financial stability.

- At BDElite Ltd
The Company receives fee income; (i) from at fault insurers for the provisions of rehabilitation services. (ii) from the suppliers of temporary replacement vehicles and legal services to motor accident claimants that we have referred and recommended to them.

  The single largest fee income source represents:
  - 23% of Company revenue (2016: 21%)
  - 5% of Group retained revenue (2016: 4%)

- At Insurance Compliance Services Ltd
Brokers and insurers utilise a range of compliance services, the single largest customer represents less than 1% of Group turnover (2016: less than 1%).

Liquidity Risk
The Group seeks to manage financial risk by ensuring sufficient working capital is available to meet both (i) its foreseeable needs, and (ii) the adequate resources obligations stipulated by the Financial Conduct Authority.

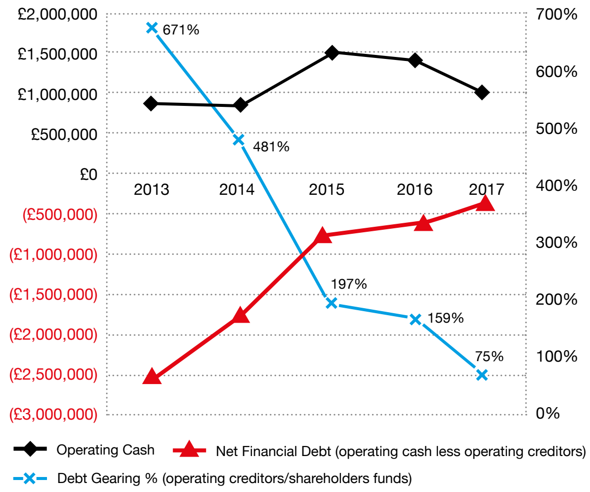
The Group policy during the year was unchanged, to:
- Hold cash balances in readily accessible treasury deposits.
- Utilise fixed interest, asset leasing facilities.
- Utilise variable rate borrowing facilities for premium instalment business.

Since 2009, the Group has taken sustained action to withdraw from non-strategic, unprofitable operations and, in the face of very difficult trading conditions, it was necessary to restructure the Group's loan arrangements in 2013. The business has since substantially reduced its borrowings and improved its debt gearing, and in 2017 the Group finally cleared it's remaining legacy commitments.

(i) Financial indebtedness, measured as operating cash balances less operating creditors ('operating creditors' excludes insurer balances, deferred income & technical provisions), and

(ii) Debt gearing, being operating creditor balances as a proportion of shareholders' funds.

Broker Direct Group

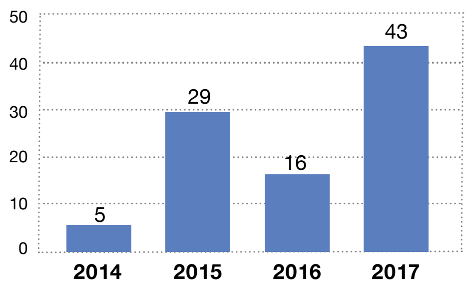


In 2018:
- The funding of premium instalment business is expected to be brought in house (self funded).
- The ongoing work to build and distribute the new CPD products (described further in the Chairman's Report) requires external funding for which a new bank loan has been agreed. Whilst this will result in a deterioration in the 2018 debt gearing and net financial debt ratios, the Company is confident that the resultant new business revenue streams will reverse this trend in 2019.

Interest Rate Risk
The low interest rate environment in 2017 together with modest cash deposits, resulted in only nominal interest income in the year. Consequently loss of such income is not material to the financial integrity of the business. In 2017 the Group's borrowings were a mixture of fixed interest leases and variable interest borrowings. The Group's interest cover (its ability to fund the interest charges out of profits) was a multiple of 43 (2016: 14 times profit).

In 2018 the Group's borrowings are expected to be a mixture of fixed interest leases and fixed interest bank loan, and are therefore not susceptible to interest rate fluctuations. The expense of delivering the new CPD products will result in a deterioration in the Group's interest cover.

Interest cover



Reserving Risk
Broker Direct maintains reserves which are released against the future costs of servicing insurance policies incepted in prior underwriting periods. Notably the business holds reserves for:

- Policy administration; the Company incurs costs over the policy year to administer the policy. The reserve is released to income against those costs;
- Claims handling; the Company is paid in advance to administer claims and therefore holds a reserve for release to income as the expenses of handling claims arise; and
- Commission claw-back; where policies cancel mid-term and premiums are returned to policyholders, the Company must likewise return the element of its commission income associated with those cancellations; this return is met via a release from the commission clawback reserve.

BDElite holds reserves for irrecoverable rehabilitation fees where the insurer either refuses to accept fault and therefore liability for a claim, or the at fault insurer disputes that value of the fees.

There is a risk that these reserves are insufficient to meet the future servicing requirements.

Foreign Currency Risk
The Group does not transact foreign currency business. On rare occasions, Broker Direct settles motor insurance claims in Euros but any loss or gain on foreign exchange is borne by the insurance company underwriting the policy rather than by Broker Direct.

BY ORDER OF THE BOARD

Iain Gray
Finance Director
21 May 2018

Directors' Report

The directors present their annual report and audited financial statements for the year ended 31 December 2017.

Directors

The directors who served during the year are shown below:

Barbara Bradshaw	Director	Non-Executive
Ann Golder	Operations Director	Executive
Iain Gray	Finance Director	Executive
Roy Green	Chairman	Non-Executive
Kedric Rhodes	Director	Non-Executive
Terry Stanley	Chief Executive	Executive

Directors' interests

The interests in the Company of the directors in office at the year-end is as follows:

	Shareholding	Share options vested	Share options granted, not vested
Barbara Bradshaw	36,283	–	–
Ann Golder	194,060	–	407,212
Iain Gray	218,817	–	427,958
Roy Green	171,613	–	–
Kedric Rhodes	19,280	–	–
Terry Stanley	208,320	–	427,958

Directors may only trade in the Company's shares in compliance with its Code for Transactions in Company Securities.

Directors' liabilities

The Company maintains Directors and Officers insurance cover for the directors.

Appointment of directors

The directors may appoint a person to be a director, either to fill a vacancy or as an additional director. A director so appointed shall hold office only until the next following annual general meeting and then shall be eligible for election and, if then not reappointed, shall vacate office.

Employment policies

The Group maintains a policy of offering employment opportunities that are free from discrimination on any grounds, other than unsuitability for the position in question, whether this relates to initial selection for employment, promotion or any other employment matter. Equal consideration is given to disabled people, where they have the appropriate experience, qualifications and ability to do the job.

Employee involvement

We seek to employ staff who will take the opportunity presented to make positive contributions to the development of the business, and it is the approach of the Group to be as open as possible with staff and obtain their feedback.

Dividends

The Company's Articles of Association provide that the members in general meeting may declare dividends in accordance with the respective rights of the members, but dividends shall not exceed the amount recommended by the directors. The Articles also provide that the directors may pay interim dividends out of profits of the Company available for distribution.

No interim dividend was paid during the year (2016: Nil).

The directors do not propose a final dividend for the year (2016: Nil).

Going Concern

The directors consider it is appropriate to adopt the going concern basis in preparing these financial statements. In accordance with current best practice further commentary in this regard is set out in the Strategic Report and the Accounting Policies accompanying the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic Report, the Report of the Remuneration Committee 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and republic of Ireland". 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 Group and Company and of the profit or loss of the Group and 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 accounting 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 Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Mazars UK LLP have indicated their willingness to be re–appointed.

BY ORDER OF THE BOARD

Iain Gray

Iain Gray
Finance Director

21 May 2018

Report of the Remuneration Committee

Introduction

The Remuneration Committee recognises that directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice.

To avoid potential conflicts of interest, the Board of Directors has delegated responsibility for determining executive remuneration to a Committee comprising of the Chairman and Non-Executive Directors, who:

- are knowledgeable of the business;
- are responsive to the shareholders' interests;
- have no personal financial interest in the remuneration decisions they are taking.

During 2017 the members of the Committee were:

Roy Green – Chairman of Remuneration Committee

Kedric Rhodes – Non-Executive Director

Barbara Bradshaw – Non-Executive Director

Executive Directors' remuneration policy – objectives

- To provide packages which attract, retain and motivate the Executive Directors.
- Link rewards to the performance of both the Group and the individual.
- Align the interests of directors and shareholders in promoting the Group's progress.

Directors' service contracts

The service contract for Terry Stanley, Iain Gray and Ann Golder are in a similar form. The term in each case is for a rolling term of six months. The Group may give three months' notice at any time subject to paying no more than six months compensation (except in specific circumstances when no compensation will be payable). There are no mandatory retirement clauses in any of the Executive Directors' service contracts.

Remuneration Committee report

The financial priority this year has been to preserve the Group balance sheet in view of expected major investments in the CPD venture. As a result it was decided not to increase Executive Directors base salaries. However, the Remuneration Committee felt that one director's salary was so out of step with performance and importance to the company that the issue should be addressed and that salary was increased from 1st August.

This year's result means that directors have earned bonus, which will be considered for payment when the next dividend is declared.

Report of the independent auditors to the members of Broker Direct Plc

Opinion

We have audited the consolidated financial statements of Broker Direct Plc for the year ended 31 December 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated cash flow statement, the consolidated and company statement of changes of equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2017 and of the Group's profit 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 requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Group and the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and the parent company financial statements are not in agreement with the accounting records and returns; or

- certain disclosures of directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 13 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Tim Hudson
Senior Statutory Auditor
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square, Manchester, M2 3DE

21 May 2018

Consolidated statement of comprehensive income

	Note	**2017 £**	2016 £
Turnover	5	**20,355,769**	19,710,260
Cost of sales		**(9,455,562)**	(9,441,542)
Gross profit		**10,900,207**	10,268,718
Other operating charges		**(10,486,996)**	(9,973,050)
Profit on operating activities before interest and taxation		**413,211**	295,668
Operating profit before exceptional items		**456,942**	598,263
Exceptional Items			
Joint venture with CPD Underwriting Solutions Ltd	6	**(101,633)**	–
VAT over recovery	6	**57,902**	(302,595)
Profit on operating activities after exceptionals and before interest and taxation		**413,211**	295,668
Interest receivable and similar income		**12,742**	14,614
Interest payable and similar charges		**(9,258)**	(23,500)
Profit on ordinary activities before taxation	6	**416,695**	286,782
Taxation	8	**(65,095)**	(123,852)
Profit for the financial year		**351,600**	162,930
Profit for the year attributable to:			
Non-controlling interests		**31,731**	(31,153)
Owners of the parent company		**319,869**	194,083
Profit for the financial year		**351,600**	162,930
Profit per share attributable to the owners of the parent Company			
- Basic and Diluted (pence)	28	7.95	4.82

There were no recognised gains or losses other than the profit for the year.

The accompanying notes form part of these financial statements.

Consolidated statement of financial position
as at 31 December 2017

	Note	**31 Dec 2017 £**	31 Dec 2016 £
Fixed assets			
Investments	12	**21,429**	300
Intangible assets	10	**1,287,130**	1,408,181
Tangible assets	11	**236,988**	259,432
		1,545,547	1,667,913
Current assets			
Debtors	14	**13,634,273**	14,468,711
Cash at bank and in hand	13	**3,403,170**	4,024,855
		17,037,443	18,493,566
Creditors: amounts falling due within one year	15	**(15,960,898)**	(17,933,675)
Net current assets		**1,076,545**	559,891
Total assets less current liabilities		**2,622,092**	2,227,804
Creditors: amounts falling due after more than one year	16	**(756,680)**	(807,379)
Provisions for liabilities	17	**(149,991)**	(93,470)
Net assets		**1,715,421**	1,326,955
Capital and reserves			
Called up share capital	20	**795,812**	795,812
Share option reserve	21	**128,301**	91,435
Profit and loss account	21	**765,142**	445,273
Equity attributable to the owners of the parent company		**1,689,255**	1,332,520
Non-controlling interests		**26,166**	(5,565)
Shareholders' funds		**1,715,421**	1,326,955

The financial statements were approved and authorised for issue by the Board of Directors on 21 May 2018.

Company No. 02958427

T E Stanley
Chief Executive Officer

I J Gray
Finance Director

The accompanying notes form part of these financial statements.

Company statement of financial position

as at 31 December 2017

	Note	31 Dec 2017 £	31 Dec 2016 £
Fixed assets			
Intangible assets	10	**–**	–
Tangible assets	11	**225,423**	222,532
Investments	12	**25,429**	4,300
		250,852	226,832
Current assets			
Debtors	14	**14,685,835**	15,923,699
Cash at bank and in hand		**3,074,673**	3,577,612
		17,760,508	19,501,311
Creditors: amounts falling due within one year	15	**(15,431,809)**	(16,951,459)
Net current assets		**2,328,699**	2,549,852
Total assets less current liabilities		**2,579,551**	2,776,684
Creditors: amounts falling due after more than one year	16	**(753,570)**	(799,470)
Provisions for liabilities	17	**(149,991)**	(93,470)
Net assets		**1,675,990**	1,883,744
Capital and reserves			
Called up share capital	20	**795,812**	795,812
Share option reserve	21	**128,301**	91,435
Profit and loss account	21	**751,877**	996,497
Shareholders' funds		**1,675,990**	1,883,744

The Company made a loss of £244,620 in the year ended 31 December 2017 (2016: loss £185,282).

The financial statements were approved and authorised for issue by the Board of Directors on 21 May 2018.

Company No. 02958427

T E Stanley
Chief Executive Officer

Iain Gray

I J Gray
Finance Director

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

	2017	2016
	£	£
Cash flows from operating activities		
Profit for the financial year	**351,600**	162,930
Amortisation	**129,838**	135,982
Depreciation	**153,431**	137,594
Profit on sale of fixed assets	**(2,211)**	(8,258)
Profit on sale of shareholdings in subsidiaries	**(19,990)**	(1,000)
Share option expense	**36,866**	23,035
Interest paid	**9,258**	23,500
Interest received	**(12,746)**	(14,614)
Taxation	**65,095**	123,852
Decrease/(Increase) in debtors	**840,422**	(3,947,384)
(Decrease)/Increase in creditors	**(1,446,889)**	3,204,550
Cash from operations	**104,674**	(159,813)
Corporation tax paid	**(110,042)**	(123,658)
Net cash generated from operating activities	**(5,368)**	(283,471)
Cash flows from investing activities		
Payments to acquire investments	**(21,129)**	(300)
Proceeds from sale of tangible assets	**8,664**	19,860
Purchase of tangible and intangible fixed assets	**(146,226)**	(123,733)
Interest received	**12,746**	14,614
Sale of subsidiary undertakings	**19,990**	21,000
Net cash used in investing activities	**(125,955)**	(68,559)
Cash flows from financing activities		
Loan repayments	**(423,509)**	(526,514)
Finance lease interest paid	**(5,721)**	(9,456)
Other loan interest paid	**(3,537)**	(14,044)
New finance leases and hire purchase contracts	**-**	47,795
Repayment of finance leases and hire purchase contracts	**(57,595)**	(58,031)
Issue of ordinary share capital	**-**	10,375
Equity dividends paid	**-**	(109,481)
Net cash from financing activities	**(490,362)**	(659,356)
Net decrease in cash and cash equivalents	**(621,685)**	(1,011,386)
Cash and cash equivalents at the beginning of the year	**4,024,855**	5,036,241
Cash and cash equivalents at the end of the year	**3,403,170**	4,024,855

The accompanying notes form part of these financial statements.

	Called up share capital £	Share option reserve £	Profit and loss account £	Share-holders equity £	Non-Controlling Interest	**Total Equity £**
At 1 January 2016	**785,437**	**68,400**	**366,059**	**1,219,896**	–	**1,219,896**
Profit and total comprehensive income for the year	–	–	194,083	**194,083**	(31,153)	**162,930**
Equity dividends paid	–	–	(79,481)	**(79,481)**	–	**(79,481)**
New shares issued	10,375	–	–	**10,375**	–	**10,375**
Increase in share option reserve	–	23,035	–	**23,035**	–	**23,035**
Non-controlling interest transactions	–	–	(35,388)	**(35,388)**	25,588	**(9,800)**
At 31 December 2016	**795,812**	**91,435**	**445,273**	**1,332,520**	**(5,565)**	**1,326,955**
Profit and total comprehensive income for the year	–	–	319,869	**319,869**	31,731	**351,600**
Increase in share option reserve	–	36,866	–	**36,866**	–	**36,866**
At 31 December 2017	**795,812**	**128,301**	**765,142**	**1,689,255**	**26,166**	**1,715,421**

Company statement of changes in equity

	Called up share capital £	Share option reserve £	Profit and loss account £	**Total £**
At 1 January 2016	785,437	68,400	1,261,260	**2,115,097**
Loss and total comprehensive income for the year	–	–	(185,282)	**(185,282)**
New shares issued	10,375	–	–	**10,375**
Equity dividends paid	–	–	(79,481)	**(79,481)**
Increase in share option reserve	–	23,035	–	**23,035**
At 31 December 2016	**795,812**	**91,435**	**996,497**	**1,883,744**
Loss and total comprehensive income for the year	–	–	(244,620)	**(244,620)**
Increase in share option reserve	–	36,866	–	**36,866**
At 31 December 2017	**795,812**	**128,301**	**751,877**	**1,675,990**

1 Company information

Broker Direct Plc is incorporated in the United Kingdom. Its principal place of business and registered address is Deakins Park, Deakins Mill Way, Egerton, Bolton, BL7 9RW.

Broker Direct Plc was established in 1997 with a unique proposition: the establishment of a general insurance management operation for brokers, majority owned by brokers. Still, today, close to 100% of our shares are owned by brokers and staff and many of our broker shareholders are the same professional independent firms which first placed business through us and remains a key feature in our business.

We use our position in the market to secure attractive products, rates and commissions for our brokers, backed by leading edge technology which brings savings in time and costs through efficient online trading.

As Broker Direct has evolved we have added more companies and services to our Group. We now support brokers, not just in their core area of writing profitable and sustainable business, but also compliance and accident management services.

We value the relationships we have established, both with our brokers and our supporting insurers, and we continually strive to provide high-quality, technology-led support services to give savings in time and cost so that working with Broker Direct delivers benefits for all.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£) as this is the functional currency of the Group.

The Group financial statements consolidate the financial statements of Broker Direct Plc and all its subsidiary undertakings drawn up to 31 December each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss for the year was £244,620 (2016: Loss £185,282).

The individual accounts of Broker Direct Plc have also adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes
- Financial instrument disclosures, including:
  - Categories of financial instruments
  - Items of income, expenses, gains or losses relating to financial instruments, and
  - Exposure to and management of financial risks.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's report on pages 4 to 5. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Directors' Report on pages 12 to 13 and the Strategic Report on pages 6 to 11.

At 31 December 2017, operational cash balances amounted to £991,123 (note 13) (2016: £1,405,154) and other loans amount to £Nil (note 16) (2016: £423,509).

The directors have prepared consolidated forecasts for the 2 years ending 31 December 2019. The forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash balances. After review of the forecasts and consideration of the Group's resources, together with its long standing relationships with insurers and brokers, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3 Significant judgements and estimates

In the application of the Group's accounting policies management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historic experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Management have considered the key assumptions used to estimate the Group's assets and liabilities as at the balance sheet date, and believe these assumptions to be entirely appropriate. The estimates and judgments most likely to have a significant effect are in the following areas:

- Going concern (refer to note 2 – Basis of preparation, Going Concern);
- Technical reserves (refer to Turnover accounting policy);
- Impairment of goodwill (refer to Intangible Assets accounting policy);
- Intangible fixed assets and software development (refer to Intangible Assets accounting policy);
- Deferred tax (refer to Taxation accounting policy);
- Share options (refer to Employee Share Schemes accounting policy);
- Recoverability of inter-company debtor balances;
- Useful economic life of tangible fixed assets for depreciation (refer to Tangible Assets accounting policy).

With respect to the above, the directors consider that there are no individual underlying assumptions to which the monetary amount is particularly sensitive.

4 Principal accounting policies

a) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

b) Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

c) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Purchased goodwill arising on acquisitions is amortised on a straight line basis over its estimated useful economic life, being twenty years. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable.

If the recoverable amount of any goodwill is estimated to be less than its carrying amount, the carrying amount of the goodwill is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale.
- The intention to complete the software and use or sell it.

- The ability to use the software or sell it.
- How the software will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software.
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following economic lives:

• Software development costs	5 years
• Goodwill	20 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

d) Tangible assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less the estimated residual value of all tangible fixed assets by equal monthly instalments over their expected useful economic lives. The periods generally applicable are:

Leasehold improvements	4 years straight line (or to end of lease if shorter)
Computer – hardware	3 years straight line
Computer – software development	5 years straight line
Equipment	4 years straight line
Furniture and fittings	4 years straight line
Cars	3 years straight line

e) Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Investments

In respect of the parent company, investments are included at cost, net of provision for impairment.

g) Cash at bank and in hand

Cash received for insurance premiums, claims and commissions is held on trust in separate insurer accounts until either settled to third parties or in the case of commissions, transferred to Group operational cash balances. Cash at hand and in bank therefore includes both insurer and operational monies (see note 13).

h) Insurance debtors and creditors

The Group acts as an agent of insurance companies in broking and administering insurance products and is liable as a principal for premiums due to those underwriters. The Group has followed generally accepted accounting practice for insurance brokers by showing debtors, creditors and cash balances relating to insurance business as assets and liabilities of the Group itself. Revenue is recognised on such agency arrangements as set out in the turnover accounting policy.

i) Other debtors

Short term debtors are measured at transaction price, less any impairment.

j) Other creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including loans, are measured at fair value inclusive of unpaid interest accrued to date.

k) Leases

Where the Group enters into a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee, the lease is treated as a finance lease. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. Future instalments under such leases, net of finance charges, are included in creditors. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

l) Operating leases

Rentals under operating leases are charge to the statement of comprehensive income account on a straight line basis over the lease term.

Benefits receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

m) Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that the Group will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the accounting period, taking into account the risks and uncertainties surrounding the obligation.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of the absence.

n) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

o) Turnover

Turnover is the amount receivable, by the Group, for services provided, exclusive of Value Added Tax (“VAT”). VAT is chargeable on services relating to motor accident management and insurance compliance.

Income from commission is received for selling and administering insurance policies and is recognised in the profit and loss account at policy inception. Provisions are maintained to meet potential subsequent bad debts and commission clawbacks for policies that could cancel in the future. Trade debtors are shown net of any provision for bad debts. Additional provisions are maintained to meet the costs of post placement services for claims handling and premium administration. These are included in "technical reserves" and are analysed between amounts to be recognised within one year and amounts to be recognised after more than one year.

In addition:

- Income is received from insurer partners to help fund the development of the IT systems that support the distribution and administration of their products. This is recognised in the profit and loss account in the month in which the expense is incurred.
- Income from service charges is received for providing instalment premium funding. A proportion of this income is deferred and released to the profit and loss account throughout the term of the policy in equal monthly instalments.

p) Employee benefits

Employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

q) Employee share schemes

All share-based payment arrangements granted after 7 November 2002 are recognised in the financial statements in accordance with *Financial Reporting Standard 102*.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "share option reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

r) Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest to the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

s) Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring are presented separately within the Statement of Comprehensive Income. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance.

5 Turnover and Profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of the Group which is carried out entirely within the United Kingdom.

Turnover, analysed by category, was as follows:

	2017 £	2016 £
Rendering of services and commissions	**20,355,769**	19,710,260

6 Profit on ordinary activities before taxation

	2017 £	2016 £
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration:		
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	**39,622**	47,390
Amortisation of goodwill	**129,838**	129,838
Depreciation of intangible fixed assets	**(2,618)**	6,144
Depreciation of tangible fixed assets – owned	**101,066**	80,773
– leased	**54,983**	56,821
Gain on sale of fixed assets	**(2,211)**	(8,256)
Operating lease charges – land and buildings	**314,413**	348,769
Exceptional Items:		
VAT over recovery	**(57,902)**	302,595
Start up costs for new business stream	**101,633**	–

VAT Assessment
Following the disclosure in the 2016 Report and Accounts of a comprehensive review into the recognition and treatment of transactions for VAT purposes, in July 2017 the Company and HMRC agreed the underpaid tax. This was £57,902 below the amount provided for in the 2016 results.

Joint venture with CPD Underwriting Solutions Ltd
CPD is negotiating delegated authority agreements with insurers to underwrite and administer insurance products. Through a limited co-operation agreement, CPD will delegate the distribution and administration of the products to Broker Direct which needs to expend significant sums to firstly build them. This expenditure is considered exceptional because it is not being recovered from insurers. Instead it will be recovered out of revenues earned on future product sales.

7 Directors and employees

Group

Staff costs during the year were as follows:	2017 £	2016 £
Wages and salaries	**5,018,683**	4,731,941
Social security costs	**452,857**	429,065
Pension costs	**441,679**	405,835
	5,913,219	5,566,841

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £441,679 (2016: £405,835).

The average number of employees during the year was:	2017 Number	2016 Number
Management	**24**	23
Other	**141**	134
	165	157

Remuneration in respect of company directors was as follows:

	2017 £	2016 £
Emoluments	**526,539**	453,617
Pension costs	**60,416**	55,095
	586,955	508,712

During the year, 3 directors (2016: 3 directors) participated in money purchase pension schemes. No directors exercised share options in the current or prior year.

Directors' remuneration disclosed above includes amounts paid to the highest paid director as follows:

	2017 £	2016 £
Emoluments	**156,459**	133,912
Pension costs	**19,959**	20,222
	176,418	154,134

Company

Staff costs during the year were as follows:	2017 £	2016 £
Wages and salaries	**3,630,315**	3,403,885
Social security costs	**324,705**	303,611
Pension costs	**327,456**	292,961
	4,282,476	4,000,457

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £327,456 (2016: £292,961).

The average number of employees during the year was:	2017 Number	2016 Number
Management	**17**	17
Other	**102**	97
	119	114

Remuneration in respect of company directors was as follows:

	2017 £	2016 £
Emoluments	**526,539**	453,617
Pension costs	**60,416**	55,095
	586,955	508,712

During the year, 3 directors (2016: 3 directors) participated in money purchase pension schemes. No directors exercised share options in the current or prior year.

Directors' remuneration disclosed above includes amounts paid to the highest paid director as follows:

	2017 £	2016 £
Emoluments	**156,459**	133,912
Pension costs	**19,959**	20,222
	176,418	154,134

8 Tax on profit on ordinary activities

	2017 £	2016 £
The taxation charge is based on the profit for the year and represents:		
Current tax:		
UK corporation tax at 19% (2016: 20%)	**109,235**	112,563
Adjustment in respect of prior periods	**(38,155)**	(64)
Total current tax	**71,080**	112,499
Deferred tax:		
Origination and reversal of timing differences	**(5,409)**	8,226
Adjustment in respect of prior periods	**(1,208)**	–
Resulting from a change in tax rate	**632**	3,127
Total deferred tax (note 18)	**(5,985)**	11,353
Total tax charge on profit on ordinary activities	**65,095**	123,852

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 19% (2016: 20%). The differences are explained as follows:

	2017 £	2016 £
Profit on ordinary activities before tax	**416,695**	286,782
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2016: 20%)	**80,200**	57,356
Effect of:		
Expenses not deductible for tax purposes	**34,090**	63,432
Effect of reduction in opening deferred tax on change of rate	**–**	4,362
Adjustment for tax rate differences	**631**	(1,234)
Effect of current year events on prior period current tax	**(38,156)**	(64)
Effect of current year events on prior period deferred tax	**(1,207)**	–
Losses carried forward now utilised	**(10,463)**	–
	65,095	123,852

9 Profit for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £244,620 (2016: Loss £185,282).

10 Intangible fixed assets

Group

	Computer Software Development £	Goodwill on business acquired £	Goodwill on consolidation £	Total £
Cost				
At 1 January 2017	1,145,364	593,808	4,593,404	6,332,576
Additions	6,169	–	–	6,169
At 31 December 2017	1,151,533	593,808	4,593,404	6,338,745
Depreciation and impairment				
At 1 January 2017	1,144,891	578,183	3,201,321	4,924,395
Provided in the year	(2,618)	1,250	128,588	127,220
Impairment	–	–	–	–
At 31 December 2017	1,142,273	579,433	3,329,909	5,051,615
Net book amount				
At 31 December 2017	**9,260**	**14,375**	**1,263,495**	**1,287,130**
At 31 December 2016	473	15,625	1,392,083	1,408,181

Amortisation of intangible fixed assets is included in administration expenses.

Company

	Computer Software Development £
Cost	
At 1 January 2017	1,105,920
Additions	–
At 31 December 2017	1,105,920
Depreciation and impairment	
At 1 January 2017	1,105,920
Provided in the year	–
At 31 December 2017	1,105,920
Net book amount	
At 31 December 2017	**–**
At 31 December 2016	–

Amortisation of intangible fixed assets is included in administration expenses.

The Company's insurance transaction processing system is included within software development costs and has a carrying value of £Nil (2016: £Nil).

11 Tangible fixed assets

Group

	Leasehold improvements £	Fixtures & fittings £	Cars £	Computers and other equipment £	Total £
Costs					
At 1 January 2017	590,447	230,142	90,925	2,338,000	3,249,514
Additions	22,394	460	–	117,204	140,058
Disposals	(7,962)	(8,716)	(20,930)	(58,602)	(96,210)
At 31 December 2017	604,879	221,886	69,995	2,396,602	3,293,362
Depreciation					
At 1 January 2017	579,207	230,142	25,169	2,155,564	2,990,082
Provided in the year	11,711	19	27,278	117,041	156,049
Disposed in the year	(7,962)	(8,716)	(15,174)	(57,905)	(89,757)
At 31 December 2017	582,956	221,445	37,273	2,214,700	3,056,374
Net book amount					
At 31 December 2017	**21,923**	**441**	**32,722**	**181,902**	**236,988**
At 31 December 2016	11,240	–	65,756	182,436	259,432

Included in the total net book value is £53,502 (2016: £114,241) in respect of motor vehicles and computer equipment held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £54,983 (2016: £56,821).

Company

	Leasehold improvements £	Fixtures & fittings £	Cars £	Computers and other equipment £	Total £
Costs					
At 1 January 2017	582,485	221,425	69,995	2,256,294	3,130,199
Additions	22,394	–	–	116,778	139,172
Disposals	–	–	–	(45,635)	(45,635)
At 31 December 2017	604,879	221,425	69,995	2,327,437	3,223,736
Depreciation					
At 1 January 2017	571,244	221,425	16,274	2,098,724	2,907,667
Provided in the year	11,711	–	20,999	103,571	136,281
Disposed in the year	–	–	–	(45,635)	(45,635)
At 31 December 2017	582,955	221,425	37,273	2,156,660	2,998,313
Net book amount					
At 31 December 2017	**21,924**	**–**	**32,722**	**170,777**	**225,423**
At 31 December 2016	11,241	–	53,721	157,570	222,532

Included in the total net book value is £53,502 (2016: £102,207) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £48,704 (2016: £50,542).

12 Fixed asset investments

Group

	Investment in associates
	£
At 1 January 2017	300
Additions	21,129
31 December 2017	**21,429**

Broker Direct Plc purchased a 30% shareholding in CPD Underwriting Ltd on 1 October 2016 at a cost of £300. In preparation for CPD commencing trading as a Managing General Agent, the company was capitalised at £71,429 in 2017. Broker Direct maintained its 30% shareholding by contributing £21,129 to this recapitalisation .

On 31 October 2016, Broker Direct Acquisitions Limited sold its 100% shareholding in HR Experts Limited. Consideration for the sale is composed of:

- £5,000 cash deposit on 31 October 2016
- At 31 October 2017, the balance of the total invoice value achieved from the existing clients in the 12 month period commencing on 1 November 2016, less the £5,000 cash deposit. This resulted in a further payment of £19,990 being received in December 2017.

Company

Investment in subsidiaries and associates

	£
At 1 January 2017	4,300
Additions	21,129
31 December 2017	**25,429**

Broker Direct Plc purchased a 30% shareholding in CPD Underwriting Ltd on 1 October 2016 at a cost of £300. In preparation for CPD commencing trading as a Managing General Agent, the company was capitalised at £71,429 in 2017. Broker Direct maintained its 30% shareholding by contributing £21,129 to this recapitalisation.

At 31 December 2017, the Company had the following principal subsidiaries which are registered in England and Wales.

	Nature of Business	Class of share capital held	Proportion held	Held by
Broker Direct Retail Holdings Limited	Holding Company	Ordinary shares	100%	Broker Direct Plc
Broker Direct Acquisitions Limited	Holding Company	Ordinary shares	100%	Broker Direct Plc
Our Network Services Limited	Insurance Services	Ordinary shares	100%	Broker Direct Plc
Insurance Compliance Services Limited	Management Consultants	Ordinary shares	100%	Broker Direct Acquisitions Limited
BDElite Limited	Motor Accident Management	Ordinary shares	80%	Broker Direct Plc

13 Cash at bank and in hand

Cash at bank and in hand includes both insurance client and operational monies. Insurance client monies include unsettled premiums and claims and commission not yet transferred into the operational bank accounts.

	At 1 January 2017 £	Movement £	**At 31 December 2017 £**
Operational cash at bank and in hand	1,405,154	(414,031)	**991,123**
Insurer cash at bank and in hand	2,619,701	(207,654)	**2,412,047**
Total cash at bank and in hand	4,024,855	(621,685)	**3,403,170**

14 Debtors

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Broker and policyholder debtors	**12,326,432**	**12,282,363**	13,364,714	13,295,868
Insurer debtors	**772,417**	**558,449**	727,975	727,975
Amount owed by Group undertakings	**–**	**1,428,859**	–	1,580,501
Prepayments and accrued income	**341,323**	**312,305**	269,686	234,039
Other debtors	**120,971**	**29,786**	39,191	16,458
Deferred tax asset (note 18)	**73,130**	**74,073**	67,145	68,858
	13,634,273	**14,685,835**	14,468,711	15,923,699

Amounts owed by Group undertakings are repayable on demand; however the debts will only be called in to the extent that the undertaking is able to pay it without financial hardship.

15 Creditors: amounts falling due within one year

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Other loan	**–**	**–**	423,509	–
Payable to insurers	**14,677,624**	**14,651,504**	15,894,322	15,841,254
Pension contributions	**35,656**	**34,700**	36,090	32,589
Corporation tax	**73,601**	**17,010**	112,563	74,764
Other taxation and social security costs	**200,804**	**91,945**	233,562	119,293
Accruals and deferred income	**928,375**	**596,611**	1,182,201	839,046
Obligations under finance leases and hire purchase contracts	**44,838**	**40,039**	51,428	44,513
	15,960,898	**15,431,809**	17,933,675	16,951,459

Amounts due under finance lease and hire purchase contracts are secured on the assets to which they relate.

Included in payables to insurers is £41,490 (2016: £62,856), which is secured by way of a fixed and floating charge over the assets of the Group.

16 Creditors: amounts falling due after more than one year

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Technical reserves creditor	**721,019**	**721,019**	718,374	718,374
Obligations under finance leases and hire purchase contracts	**16,176**	**16,176**	67,180	62,381
Deferred income	**19,485**	**16,375**	21,825	18,715
	756,680	**753,570**	807,379	799,470

Loans are repayable as follows:

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Within one year				
Other loan	–	–	423,509	–
Amounts due under finance leases and hire purchase contracts	44,838	40,039	50,878	43,963
After one year and within two years				
Other loan	–	–	–	–
Amounts due under finance leases and hire purchase contracts	3,188	3,188	44,837	40,039
After two years and within five years				
Other loan	–	–	–	–
Amounts due under finance leases and hire purchase contracts	12,988	12,988	22,893	22,893
	61,014	**56,215**	542,117	106,895

Group and Company

The other loan was repaid in full during 2017.

17 Provisions for liabilities

Group and Company

Commission clawback provision

A provision is maintained to meet potential commission clawbacks for policies that could cancel in the future.

The movement in the provisions during the year were:	Commission clawback provision £	Dilapidation provision £	Total £
At 1 January 2017	93,470	–	93,470
Utilised in the year	(93,470)	–	(93,470)
Additional provision for the year	49,991	100,000	149,991
At 31 December 2017	**49,991**	**100,000**	**149,991**

18 Deferred taxation

The potential deferred taxation asset is as follows:

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Depreciation in excess of capital allowances	**26,172**	**27,115**	36,598	38,331
Technical reserves	**46,958**	**46,958**	30,527	30,527
Deferred tax asset	**73,130**	**74,073**	67,125	68,858

The deferred taxation asset has been recognised to the extent that in the directors' opinion the Group's and Company's forecasts indicate there will be suitable taxable profits from which the partial reversal of the underlying timing differences can be deducted, this is shown below:

	Group 2017 £	Company 2017 £	Group 2016 £	Company 2016 £
Deferred tax asset brought forward	**67,145**	**68,858**	78,498	80,326
Profit and loss account movement in the year (note 8)	**5,985**	**5,215**	(11,373)	(11,468)
Deferred tax asset carried forward (note 14)	**73,130**	**74,073**	67,125	68,858

The amount of the net reversal of deferred tax expected to occur next year is £39,459 (2016: £14,811), relating to the reversal of existing timing differences on tangible fixed assets and provisions.

The Group has a deferred tax asset of £406,757 (2016: £406,757) that has not been provided for in the accounts. This relates to capital losses of £2.4m (2016: £2.4m) arising on the sale of subsidiaries in 2011.

19 Financial instruments

	31 December 2017	31 December 2016
Financial assets that are debt instruments measured at amortised cost	16,622,990	18,156,735
Financial liabilities measured at amortised cost	16,593,165	17,375,394

Financial assets measured at amortised cost comprise of cash and debtors. Financial liabilities measured at cost comprise of loans and creditors.

20 Called up share capital

	2017 £	2016 £
Authorised		
6,000,000 "A" ordinary shares of £0.20 (2016 : £0.20) each	**1,200,000**	1,200,000
Allotted		
4,025,934 "A" ordinary shares of (2016 : £0.20) each	**805,187**	805,187
Called up		
Fully paid		
3,963,434 "A" ordinary shares £0.20 (2016 : £0.20) each	**792,687**	792,687
Partly paid		
62,500 "A" ordinary shares of £0.20 (2016: £0.20) each one quarter called up and paid	**3,125**	3,125
	795,812	795,812

All shares are equity shares, carrying the same right to dividends and priority on a winding up and are non-redeemable.

The capital of the Company is £1,200,000 divided into 6,000,000 'A' Ordinary shares of £0.20 each. 3,963,434 of such shares are in issue and fully paid up and 62,500 of such shares are partly paid up to the extent of £0.05 each and none of the remaining shares have been issued.

A number of share options have been granted to directors and staff and these are detailed in note 21.

21 Reserves

Called-up share capital – represents the nominal value of shares that have been issued and paid.

Share option reserve – the provision required to date for the fair value of share options likely to vest in employee schemes currently in place.

Profit and loss account – includes all current and prior period retained profits and losses.

Non-controlling interest – includes the amount of capital and reserves attributable to minority interests.

22 Share based payments

All schemes are equity settled. Details of the share options granted are set out below:

	Scheme 4(a)	Scheme 4(b)	Scheme 5	Scheme 6	All schemes
Exercise Price	£1.00	£1.00	£1.20	£1.00	£1.00
Granted at 1 January 2017	54,233	546,846	687	965,001	1,566,767
Granted in the year	0	0	0	0	0
Forfeited during the year	0	(10,000)	0	0	(10,000)
Exercised during the year	0	0	0	0	0
Expired during the year	(54,233)	0	0	0	(54,233)
Granted at 31 December 2017	0	536,846	687	965,001	1,502,534
Exercisable at 31 December 2017	0	0	687	0	687

No 4 Enterprise Management Incentive Scheme (2007)

At the Annual General Meeting on 20 July 2006, the shareholders passed a resolution authorising the establishment of the Broker Direct Plc 2006 Share Option Scheme.

In April 2007, the Company granted options (which were granted as qualifying Enterprise Management Incentives pursuant to Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003) to certain employees and directors. The total number of shares over which each option could be exercised depended upon Broker Direct Plc's profit before tax for the financial year ending 31 December 2009 and each option could only be exercised (to the extent that such performance target has been satisfied) at the time the 2009 pre-tax profit was formally determined by the Board. During the prior year, the options were modified such that the financial years on which the performance targets were based were extended to 31 December 2013. In line with FRS 102, the modification did not result in a change to the fair value of the options, however it could have increased the number of options expected to vest over the extended vesting period.

The 54,233 shares vested to qualifying individuals as at 31 December 2016 lapsed on 8 April 2017.

No 4 Enterprise Management Incentive Scheme (2014)

At the Annual General Meeting on 20 July 2006, the shareholders passed a resolution authorising the establishment of the Broker Direct Plc 2006 Share Option Scheme.

In May 2014, the Company granted options (which were granted as qualifying Enterprise Management Incentives pursuant to Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003) to certain employees and directors.

a) For the Executive Directors, the total number of shares over which each option can be exercised depends upon Broker Direct Plc's consolidated profit before amortisation and tax for the financial years ending 31 December 2014 to 31 December 2019 and each option can only be exercised (to the extent that such performance target has been satisfied).

   Nil shares have vested to qualifying individuals as at 31 December 2017.

   Vested options are exercisable at any time until 30 April 2024.

b) For the managers, the total number of shares over which each option can be exercised depends upon Broker Direct Plc's Company profit before tax for the financial years ending 31 December 2014 to 31 December 2019 and each option can only be exercised (to the extent that such performance target has been satisfied).

   In 2017 the Company cancelled 10,000 granted options.

   Nil shares have vested to qualifying individuals as at 31 December 2017.

   Vested options are exercisable at any time until 30 April 2024.

No 5 Company Share Option Plan

At the Annual General Meeting on 23 June 2009, the shareholders passed a resolution authorising the establishment of the Broker Direct Plc 2009 Company Share Option Plan adopted by Resolution of the Board of Directors on 11 December 2008.

These options were subject to various financial performance targets including Broker Direct Plc's profit before amortisation for the financial year ending 31 December 2009 and increasing revenues from existing and new income sources. During the prior year, the options were modified such that the financial years on which the performance targets were based were extended to 31 December 2013. In line with FRS 102, the modification did not result in a change to the fair values of the option, however could have increased the number of options expected to vest over the extended vesting period.

687 shares have vested to qualifying individuals as at 31 December 2017.

Vested options are exercisable at any time until 19 January 2019.

No 6 Enterprise Management Incentive Scheme (2016)

At the Annual General Meeting on 16 May 2016, the shareholders passed a resolution authorising the establishment of the Broker Direct Plc 2016 Share Option Scheme.

In July 2016, the Company granted options (which were granted as qualifying Enterprise Management Incentives pursuant to Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003) to certain directors.

a) The options may only vest and be exercised on a sale of the Company.

b) The number of option shares over which the option may be exercised is determined with reference to the sale proceeds.

Because the shares only vest and are exercisable on a sale of the Company, nil shares have vested to qualifying individuals as at 31 December 2017.

Vested options are exercisable at any time until 20 July 2026.

Assumptions:

The Group uses the Black-Scholes model to fair value the Group's share options. During the year £36,866 (2016: £23,035) was expensed, with a corresponding credit (2016: credit) to other reserves.

23 Leasing commitments

Future operating lease payments are due as follows:

	2017 Land and buildings £	2016 Land and buildings £
Operating lease payments payable:		
– within one year	**177,470**	341,249
– within two to five years	**731,891**	156,297
	909,361	497,546

24 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities at 31 December 2017 or 31 December 2016.

25 Related party transactions

The Company has taken advantage of the exemption within FRS 102 (section 33) and has not disclosed transactions with wholly owned subsidiaries.

Management determine that the key management personnel are the directors of the Group and Company whose remuneration is disclosed in note 7.

During 2016, the Company entered into an agreement with CPD Underwriting Solutions Ltd (CPD), whereby:

a) CPD supplies the consultancy of Chris Dixon to provide the services of a Chief Underwriting Officer, overseeing the underwriting performance of the Company's motor and household insurance products

b) The Company has taken a 30% share interest in CPD. The remaining 70% is held by Chris Dixon

As a result, CPD is considered to be a Related Party. The Group paid £125,010 of fees to CPD during 2017 (2016: £31,020).

26 Financial risk management

The Group is exposed to a variety of financial risks as summarised below:

- Credit risk
- Liquidity risk
- Interest rate risk
- Reserving risk
- Foreign currency risk.

The directors review and agree policies for managing these risks, which are addressed in more detail in the Strategic Report.

27 Controlling party

The directors do not consider that there is a controlling party of the entity.

28 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to the shareholders of the parent company as the numerator.

The share option exercise prices are higher than the value at which the Company shares have traded during both 2016 and 2017 and therefore have no dilutive effect on the earnings per share.

The weighted average number of shares for the purposes of both basic and diluted earnings per share is as follows:

	2017	2016
Weighted average number of shares used in diluted earnings per share	**4,025,934**	4,025,934

29 Subsidiary company audit exemption

Our Network Services Limited (company number 06600982) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

BDElite Limited (company number 07636844) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

Broker Direct Acquisitions Limited (company number 06625914) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

Insurance Compliance Services Limited (company number 04398255) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

Broker Direct Retail Holdings Limited (company number 05947615) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

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