Broker Direct Plc
A better way to insure

Annual Report and Accounts 2010

Contents

Company registration number:
2958427

Registered Office:
Higham Business Centre
Midland Road
Higham Ferrers
Northamptonshire
NN10 8DW

Directors:
R Green
I J Gray
N C Harris
T E Stanley
J K Rhodes

Secretary:
I J Gray

Bankers:
Barclays Commercial Bank
51 Mosley Street
Manchester
M60 2AU

National Westminster Bank Plc
Fifth Floor
1 Spinningfields Square
Deansgate
Manchester
M3 3AP

Auditors:
Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Chairman's Report

Overview

After 11 years of uninterrupted profit, which included the effect of the last insurance downturn, our company has made a loss.

Current market conditions have led to falling income streams in some of our acquisitions compounded by falling market valuations. As a result, the company has carried out a review of goodwill value and this has resulted in a substantial impairment charge.

In addition, some carriers' reactions to severe market pressures on insurance rates during 2009 and early 2010 reduced our Personal Lines Written Premiums significantly. The company responded promptly by restructuring to reduce costs and as a result suffered only a relatively small operating loss before exceptional costs for the one-off restructuring project and impairment charges.

Personal Lines income has now started to rise again and the company is set to benefit from its reduced cost base.

HBA, our Lloyd's and London insurance business, continues to grow but OurNetwork Services and Commercial Lines traded electronically have not yet taken off.

The Retail insurance broker subsidiaries are suffering from reducing Personal Lines income due to competition from internet price comparison sites.

Insurance Compliance Services remains a premier compliance service and is a good source of profit. We have plans to increase market share.

Our Motor accident management business Elite and our insurer outsourced claims administration business (both launched in 2009) grew and are valuable organic diversifications.

Despite the set-backs this year, the Company expects to return to profitability on a cautious view of market prospects in the year ahead and expects to declare a first half profit in 2011.

Results

Pre-tax profits fell to a loss of £1,758,766 (2009 £537,801 profit) after an impairment charge of £1,156,026 and after incurring exceptional restructuring costs of £326,427. Operating loss before these exceptional items was £196,075 (2009 £593,862 profit). Income decreased to £23,473,643 (2009 £25,285,604). Although the cash balances are lower, there was £693,000 of significant non-recurring spends in the year. Taking a conservative view of prospects the Directors decided to negotiate a deferral of some loan repayments during 2011 and the Directors are satisfied that the Company has sufficient resources to continue in existence for the foreseeable future.

Markets

Average Motor premiums increased by over 30% during 2010 and are continuing to increase albeit more steadily. Fraud and misrepresentation continue to be problematical although less so in our shareholder brokers' traditional provincial market.

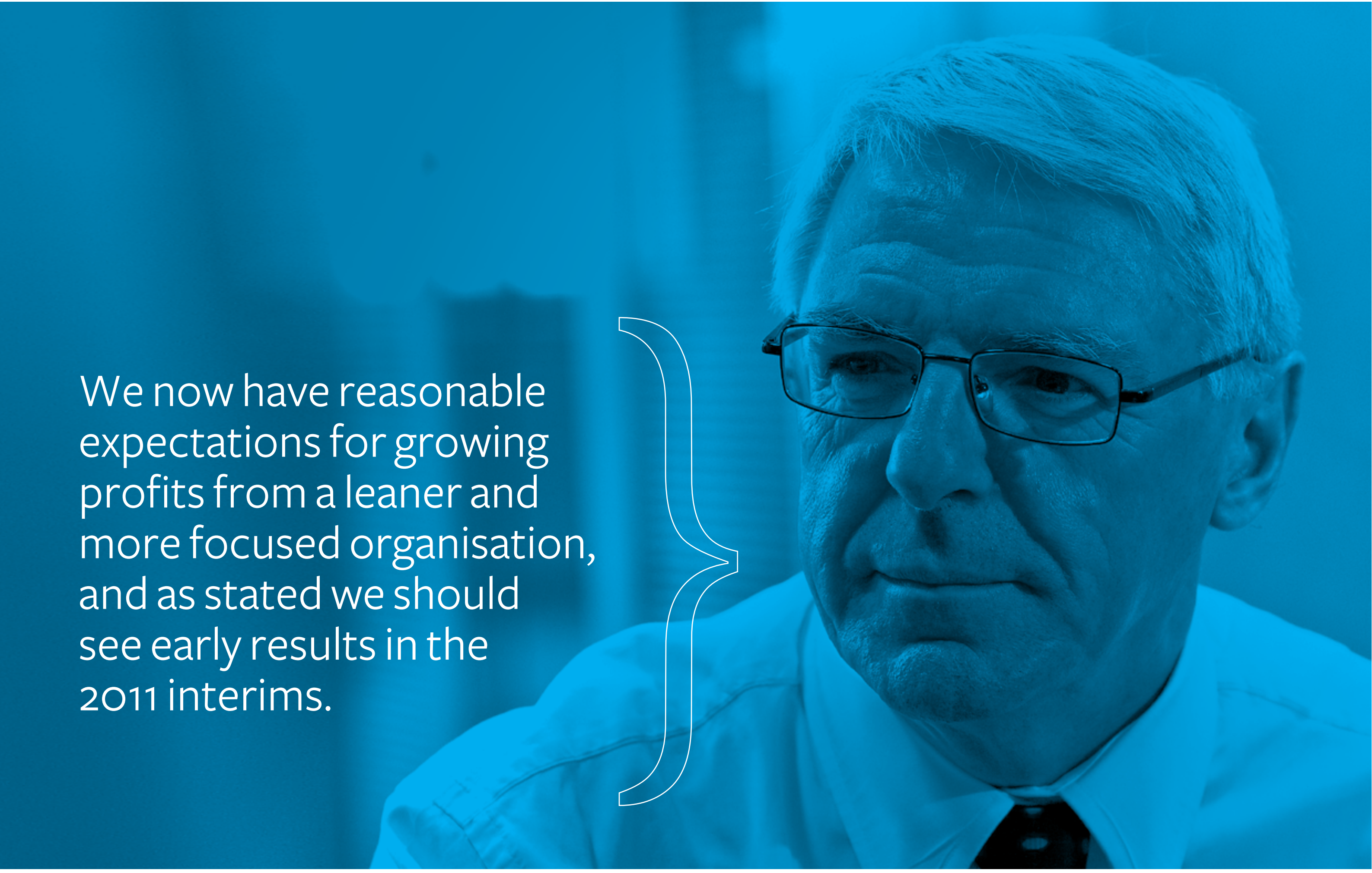
We see some disruption but also opportunities in the recent European Court decision to outlaw premium pricing using gender as a rating factor.

The Motor market is experiencing a wave of new technology initiatives some of which will provide the Company with new opportunities.

Competition is fierce in Accident Management and Claims Administration but our high competence and ethical approach continues to be successful.

The continuing soft Commercial Lines market makes innovation difficult and insurers are increasingly looking for evidence of added value from insurance broker networks.

We continue to have the utmost confidence in the future of the retail broker sector, on which we depend.



Personnel

For some time the Board had been considering its succession planning. I took the view that this is the time for new directions and for the succession team to plot the new course.

I have taken the role of Chairman and I am delighted that Terry Stanley has accepted the role of Chief Executive. Iain Gray has expanded his role to include Board responsibility for our Operations based services including Elite and Third Party Administration. Neil Harris continues to provide excellent advice and guidance in his role as technical advisor and Non-Executive Director. Barry Fehler has retired after 15 years of service. Barry was a fellow founding Director of Broker Direct Development (the precursor to Broker Direct) and has given me strong support over the years. We wish him the very best. Kedric Rhodes joined the Board in 2009 and is proving a valuable asset as Non-Executive Director.

The Company has strong senior managers who have been given additional responsibilities which we expect will further develop their potential.

Outlook

2011 has started well and although there is still uncertainty the Personal Lines market is healthier than it has been for some years. The Management focus now is on developing our core businesses and this may result in some rationalisation of the Group in the coming year.

We now have reasonable expectations for growing profits from a leaner and more focused organisation, and as stated we should see early results in the 2011 interims.

Roy Green
Chairman

4th May 2011

Report of the Directors

The directors present their annual report and audited financial statements for the year ended 31 December 2010.

Principal activity

Broker Direct Plc (BD) is an insurance management and underwriting agency, offering product development, distribution, underwriting analysis, premium administration, full claims handling facilities and sophisticated management information. BD's subsidiaries offer complementary insurance related products and services.

Review of the business

A review of the business for the year ended 31 December 2010 is included within the Chairman's report on pages 4 to 5.

The Group's result for the year ended 31 December 2010 is a loss after tax of £1,676,996 (2009: profit £304,825). The Company's profit and loss account shows a loss after taxation for the year of £1,807,626 (2009: profit £1,273,255). The directors do not propose a dividend at this time (2009: nil), subject to shareholder approval at the AGM.

The following table sets out the Group's key performance indicators:

	2010	2009
(Loss)/profit before tax to turnover	**(5.4%)**	2.1%
Current ratio	**1.0**	1.1
(Loss)/profit before tax per employee	**(£4,899)**	£1,874
Sales per employee	**£91,370**	£88,384
EBITDA per share	**(10.9p)**	38.3p

Future developments

Future developments are included within the Chairman's report on pages 4 to 5.

Financial risk management objectives and policies

The Group utilises various financial instruments including loans, cash, equity capital and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks that are described in more detail below.

The main risks arising from the Group's financial instruments are:

- Market Risk
- Credit Risk
- Liquidity Risk

The directors review and agree policies for managing the financial risks and these are summarised below. These policies have remained unchanged from previous years.

Market Risk

Market risk encompasses three types of risk; price risk, interest rate risk and currency risk.

Price risk

The Group's exposure to price risk consists mainly of movements in competitors' pricing policies in the insurance market. The Group has focused and is successfully diversifying its panel of strategic partners to reduce its exposure to any one class of business or insurer. By way of illustration:

In 2008, 71% of Group income was derived from one class of business, underwritten by one insurer. There were 10 recognised sources of income.

In 2009, 58% of Group income was derived from one class of business, underwritten by one insurer. There were 16 recognised sources of income.

In 2010, 27% of Group income was derived from one class of business, underwritten by one insurer. There were 31 recognised sources of income.

In 2011 the business will continue in its objective to maintain a balanced distribution.

Interest rate risk

The low interest rate environment throughout 2010, 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.

The Group's borrowings are a mixture of fixed interest leases and variable interest borrowings. For a 1% increase in interest rates, the budgeted cost of borrowing in 2011 would increase by circa £26,000 (2009: circa £30,000).

Currency risk

Other than at the subsidiary HBA Limited, the Group does not transact foreign currency business.

On rare occasions, Broker Direct Plc settles motor insurance claims in Euros. Any loss or gain on foreign exchange is borne by the insurance company underwriting the policy rather than by Broker Direct.

At HBA, the premiums are collected and settled on to insurers in local currency. Likewise claims monies are collected from insurers and settled onto claimants in local currency. On rare occasions, to expedite quick settlement to claimants HBA will fund the settlement whilst waiting for cleared funds from the insurer. Exchange rate exposure is therefore limited to that arising either in the period between the brokerage income earned on premiums being recognised and the receipt of funds for conversion to UK sterling, or where HBA has funded a claim settlement before receipt of funds from the insurer. During the year there was an exchange rate loss equivalent to 1/100th of 1% of group turnover.

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:

- Broker agencies: The Group defines acceptance criteria for the appointment of new broker agencies, then applies and monitors them against agreed credit and settlement terms. The single largest broker agency represents 12% of group turnover. Bad debt experience in 2010 was negligible; and
- Policyholders paying by installment: the Group only accepts installment business by electronic direct debit instruction. Debt management and cancellation terms are agreed with the Group's insurance partners to minimise the bad debt exposure. Bad debt experience in 2010 was negligible.

Liquidity risk

The Group seeks to manage financial Risk by ensuring sufficient liquidity is available to meet foreseeable needs, the FSA's capital resource requirements and to invest cash assets safely and profitably.

The Group policy during the year was to:

- Hold cash balances in readily accessible treasury deposits
- Utilise fixed interest, asset leasing facilities
- Utilise variable rate borrowing facilities for premium installment business
- Renegotiate the variable rate borrowing facility utilised in the acquisition of some subsidiary businesses, such that repayments will be suspended throughout 2011.

Directors

The directors who served during the year are shown below:

Barry Fehler	Broker Liaison Director	Non-Executive (resigned 31 August 2010)
Iain Gray	Operations & Group Finance Director	Executive
Roy Green	Chairman	
Neil Harris	Insurance Director	Non-Executive
Kedric Rhodes	Director	Non-Executive
Terry Stanley	Group Chief Executive	Executive

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors 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). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is 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.

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.

Charitable and political contribution

Donations to charitable organisations amounted to £3,462 (2009: £5,554).

Creditor payment policy

It is the Company's policy to:

- settle to the terms of payment with its suppliers when agreeing the terms of each transaction
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts
- pay in accordance with its contractual and other legal obligations.

The payment policy applies to all creditors for revenue and capital suppliers of goods and services without exception.

The Company's average creditor payment period at 31 December 2010 was 25 days (2009: 35 days).

Auditors

Grant Thornton UK LLP have indicated their willingness to be re–appointed and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Terry Stanley
Chief Executive Officer

4th May 2011

Report of the independent auditor's to the members of Broker Direct Plc

Independent auditor's report to the members of Broker Direct Plc

We have audited the financial statements of Broker Direct Plc for the year ended 31 December 2010 which comprise the principal accounting policies, consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities as set out on page 8 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2010 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Grant Thornton

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Grant Thornton UK

Kevin Engel
Senior Statutory Auditor
Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

4th May 2011

Grant Thornton

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The directors have reviewed the accounting policies in accordance with FRS 18 "Accounting Policies" and have concluded that no changes were required from the previous year.

The principal accounting policies of the Group are set out below.

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 report of the directors on pages 6 to 9. In addition, the Report of the Directors includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

At 31 December 2010, operational cash balances amounted to £794,296 (2009: £1,912,766). The reduction in operational cash balances has been mainly due to the significant cash outflows as set out in the Chairman's Report. In December 2010, the Directors' successfully renegotiated the variable rate borrowing facility (note 14), such that the repayments due throughout 2011 have been deferred and spread over the remaining repayments due from 2012 onwards.

The Group's resources, together with its long standing relationships with insurers and brokers and the renegotiated borrowing repayment terms, support the directors' belief that the Group is capable of trading through this difficult economic market.

After making enquiries, 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.

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 31 December 2010. The acquisition of the subsidiaries is dealt with by the acquisition method of accounting. The results of companies acquired are included in the Group profit and loss account from the date that control passes.

Goodwill

Purchased goodwill arising on acquisitions represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Positive goodwill is capitalised and classified as an asset on the balance sheet and is amortised on a straight line basis over its estimated economic life, being twenty years. In accordance with FRS 10, 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 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.

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Website development costs are included at cost, within Computer - software development, and amortised straight line over their useful economic lives.

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
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

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

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

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 clawback for policies that could cancel in the future.

An element of commission income relates to post placement services for claims handling and premium administration, hence is deferred and released to the profit and loss account in the period in which these services are provided. The claims handling and premium administration deferred income accrual, together with the provision for commission claw backs, 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 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.

Leased assets
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 installments under such leases, net of finance charges, are included in creditors. The interest element of leasing payments represents a 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.

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.

Contributions to pension funds
Defined contribution schemes
The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

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 20: Share-based Payment.

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.

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Exceptional items
Exceptional items are material items of income and expenditure, which due to their size or nature require separate disclosure in the financial statements to allow a better understanding of the financial performance of the year and in comparison to prior periods.

During the year, the Group has recognised impairment and restructuring costs as exceptional items (see note 2 and note 8).

Consolidated profit and loss account

	Note	**2010 £**	2009 £
Sales and commission		**23,473,643**	25,285,604
Movement in deferred commission		**191,239**	80,521
Turnover	1	**23,664,882**	25,366,125
Cost of sales		**(10,451,331)**	(10,660,289)
Gross profit		**13,213,551**	14,705,836
Other operating charges	2	**(14,892,079)**	(14,111,974)
(Loss)/profit on operating activities before interest and taxation		**(1,678,528)**	593,862
Operating (loss)/profit before exceptional items		**(196,075)**	593,862
Impairment of goodwill	8	**(1,156,026)**	-
Restructuring costs	2	**(326,427)**	-
(Loss)/profit on operating activities before interest and taxation		**(1,678,528)**	593,862
Net interest	3	**(80,238)**	(56,061)
(Loss)/profit on ordinary activities before taxation	1	**(1,758,766)**	537,801
Taxation	5	**81,770**	(232,976)
(Loss)/profit for the financial year	17	**(1,676,996)**	304,825

The above activities all relate to continuing activities.

There were no recognised gains or losses other than the (loss)/profit for the year.

Consolidated balance sheet

	Note	2010 £	2009 £
Fixed assets			
Intangible assets	8	**4,594,688**	6,175,870
Tangible assets	9	**703,709**	1,286,058
		5,298,397	7,461,928
Current assets			
Debtors	11	**7,786,451**	10,130,778
Cash at bank and in hand		**4,889,104**	7,420,223
		12,675,555	17,551,001
Creditors: amounts falling due within one year	12	**(12,180,169)**	(16,664,613)
Net current assets		**495,386**	886,388
Total assets less current liabilities		**5,793,783**	8,348,316
Creditors: amounts falling due after more than one year	13	**(3,048,398)**	(3,945,844)
Net assets		**2,745,385**	4,402,472
Capital and reserves			
Called up share capital	16	**785,437**	785,437
Special reserve	17	**96,858**	96,858
Share option reserve	17	**40,727**	20,818
Profit and loss account	17	**1,822,363**	3,499,359
Shareholders' funds	18	**2,745,385**	4,402,472

The financial statements were approved and authorised for issue by the Board of Directors on 4th May 2011.

Company No. 2958427

T E Stanley
Chief Executive Officer

I J Gray
Operations and Finance Director

The accompanying notes form part of these financial statements.

Company balance sheet

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	9	**606,399**	1,179,873
Investments	10	**4,000**	4,000
		610,399	1,183,873
Current assets			
Debtors	11	**7,951,669**	11,520,877
Cash at bank and in hand		**2,784,115**	5,167,641
		10,735,784	16,688,518
Creditors: amounts falling due within one year	12	**(6,392,379)**	(10,236,821)
Net current assets		**4,343,405**	6,451,697
Total assets less current liabilities		**4,953,804**	7,635,570
Creditors: amounts falling due after one year	13	**(1,083,208)**	(1,977,257)
Net assets		**3,870,596**	5,658,313
Capital and reserves			
Called up share capital	16	**785,437**	785,437
Special reserve	17	**96,858**	96,858
Share option reserve	17	**40,727**	20,818
Profit and loss account	17	**2,947,574**	4,755,200
Shareholders' funds		**3,870,596**	5,658,313

The financial statements were approved and authorised for issue by the Board of Directors on 4th May 2011.

Company No. 2958427

T E Stanley
Chief Executive Officer

Iain Gray

I J Gray
Operations and Finance Director

The accompanying notes form part of these financial statements.

Consolidated cash flow statement

	Note	2010 £	2009 £
Net cash (outflow)/ inflow from operating activities	19	**(1,169,867)**	4,030,196
Returns on investments and servicing of finance			
Finance lease interest paid		**(60,841)**	(59,338)
Other loan interest paid		**(46,459)**	(50,218)
Interest received		**27,062**	53,545
Net cash outflow from returns on investments and servicing of finance		**(80,238)**	(56,061)
Taxation		**(139,775)**	(850,220)
Capital expenditure			
Purchase of tangible fixed assets		**(78,288)**	(310,153)
Proceeds from sale of fixed assets		**70,516**	16,302
Net cash outflow from capital expenditure		**(7,772)**	(293,851)
Acquisitions			
Net cash from purchase of subsidiaries		**-**	387,637
Purchase of subsidiary undertakings		**(987,329)**	(2,312,837)
Purchase of goodwill and assets		**-**	(366,111)
Net cash outflow from acquisitions		**(987,329)**	(2,291,311)
Financing			
Receipt of other loans		**585,108**	1,587,880
Repayment of other loans		**(437,945)**	(184,735)
Capital element of finance lease and hire purchase contracts		**(293,301)**	(244,418)
Net cash (outflow)/inflow from financing		**(146,138)**	1,158,727
(Decrease)/increase in cash in the year	20	**(2,531,119)**	1,697,480

The accompanying notes form part of these financial statements.

1 Turnover and (loss)/profit on ordinary activities before taxation

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

The analysis of turnover by class of business as required by the Companies Act 2006 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the Group.

		2010 £	2009 £
The turnover and (loss)/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		**23,000**	26,613
Fees payable to the Group's auditor for other services			
– fees payable to the Group's auditor for the audit of the subsidiaries' annual financial statements		**43,000**	44,600
– tax services		**24,600**	22,429
– other services pursuant to legislation		**4,800**	7,705
Amortisation of goodwill		**329,925**	301,931
Depreciation of tangible fixed assets	– owned	**409,226**	358,128
	– leased	**174,196**	205,931
Loss/(profit) on sale of fixed assets		**6,698**	(6,879)
Gain on foreign currency		**(2,623)**	(982)
Operating lease charges – land and buildings		**541,433**	674,087
Operating lease charges – other		**3,320**	3,792

2 Other operating charges

	2010 £	2009 £
Staff costs	**8,467,498**	8,678,537
Administration expenses	**601,284**	706,769
Other operating costs	**4,340,844**	4,726,668
Exceptional items - Impairment of goodwill (note 8)	**1,156,026**	-
Exceptional items - Restructuring costs	**326,427**	-
	14,892,079	14,111,974

During the year, the Group undertook a restructuring exercise, which gave rise to £326,427 of costs being charged to income within other operating charges.

3 Net interest

	2010 £	2009 £
Interest income on bank deposits	**27,062**	53,545
Interest payable on finance leases and hire purchase contracts	**(59,910)**	(59,388)
Interest payable on other loans	**(47,390)**	(50,218)
	(80,238)	(56,061)

4 Directors and employees

Group

Staff costs during the year were as follows :	**2010 £**	2009 £
Wages and salaries	**7,281,380**	7,390,093
Social security costs	**688,728**	730,859
Pension costs	**497,390**	557,585
	8,467,498	8,678,537

The average number of employees during the year was:	**2010 Number**	2009 Number
Management	**28**	37
Other	**231**	250
	259	287

Redundancy costs are included in total staff costs in the current year.

Remuneration in respect of directors was as follows:	**2010 £**	2009 £
Emoluments	**448,899**	527,851
Pension costs	**45,669**	51,596
	494,568	579,447

During the year, 4 directors (2009: 4 directors) participated in money purchase pension schemes.

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

	2010 £	2009 £
Emoluments	**119,535**	143,447
Pension Costs	**11,319**	16,476
	130,854	159,923

5 Tax on (loss)/profit on ordinary activities

The taxation (credit)/charge is based on the (loss)/profit for the year and represents:	**2010** **£**	2009 £
Current tax:		
UK corporation tax at 28% (2009: 28%)	**–**	261,399
Adjustment in respect of prior periods	**(3,880)**	–
Total current tax	**(3,880)**	261,399

	2010 **£**	2009 £
Deferred tax:		
Origination and reversal of timing differences	**(83,192)**	(28,423)
Adjustment in respect of prior periods	**1,485**	–
Effect of tax rate changes on opening balance	**3,817**	–
Total deferred tax (note 15)	**(77,890)**	(28,423)
Tax on (loss)/profit on ordinary activities	**(81,770)**	232,976

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 28% (2009: 28%). The differences are explained as follows:

	2010 **£**	2009 £
(Loss)/profit on ordinary activities before tax	**(1,758,766)**	537,801
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	**(492,454)**	150,584
Effect of:		
Expenses not deductible for tax purposes	**371,669**	85,221
Depreciation in excess of capital allowances	**108,612**	28,601
Short term timing differences	**(23,964)**	4,017
Unrelieved tax losses and other deductions	**36,137**	–
Other short term timing differences		–
Previous period adjustments	**(3,880)**	2,825
Tax credits	**–**	(9,849)
	(3,880)	261,399

6 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 £1,807,626 (2009: £1,273,255 profit).

7 Dividends

	2010	2009
	£	£
Proposed equity dividends - £Nil (2009: £Nil) per share	-	-

8 Intangible fixed assets

Group	**Goodwill on business acquired**	**Goodwill on consolidation**	**Total**
	£	**£**	**£**
Cost			
At 1 January 2010	618,808	6,125,906	6,744,714
Fair value adjustment (note 22)	(25,000)	(70,231)	(95,231)
	593,808	6,055,675	6,649,483
Amortisation			
At 1 January 2010	70,548	498,296	568,844
Provided in the period	27,467	302,458	329,925
Impairment	297,609	858,417	1,156,026
At 31 December 2010	395,624	1,659,171	2,054,795
Net book amount			
At 31 December 2010	**198,184**	**4,396,504**	**4,594,688**
At 31 December 2009	**548,260**	**5,627,610**	**6,175,870**

As at 31 December 2010, the Group assessed the carrying value of the goodwill on a value in use basis and determined that it was appropriate to write down the carrying value of goodwill relating to a number of prior acquisitions by way of an impairment charge. The write off was determined by a value in use calculation using a discounted cash flow model. The discount rate applied was 12.5%. Future cash flows, including terminal values, have been estimated by the directors based on the period over which the businesses are expected to be held, which is expected to be less than one year.

9 Fixed assets

Group

	Leasehold improvements £	Computers, furniture, fittings, cars & equipment £	Total £
Cost			
At 1 January 2010	560,307	3,659,679	4,219,986
Additions	3,230	75,058	78,288
Disposals	–	(206,284)	(206,284)
At 31 December 2010	563,537	3,528,453	4,091,990
Depreciation			
At 1 January 2010	303,246	2,630,682	2,933,928
Provided in the year	104,539	478,883	583,422
Disposed in the year	–	(129,069)	(129,069)
At 31 December 2009	407,785	2,980,496	3,388,281
Net book amount			
At 31 December 2010	**155,752**	**547,957**	**703,709**
At 31 December 2009	**257,061**	**1,028,997**	**1,286,058**

Included in the total net book value is £233,637 (2009: £407,833) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £174,196 (2009: £205,931).

Company

	Leasehold improvements £	Computers, furniture, fittings, cars & equipment £	Total £
Cost			
At 1 January 2010	552,345	3,272,642	3,824,987
Additions	3,230	34,212	37,442
Disposals	–	(206,079)	(206,079)
At 31 December 2010	555,575	3,100,775	3,656,350
Depreciation			
At 1 January 2009	297,773	2,347,341	2,645,114
Provided in the year	102,548	431,358	533,906
Disposed in the year	–	(129,069)	(129,069)
At 31 December 2009	400,321	2,649,630	3,049,951
Net book amount			
At 31 December 2010	**155,254**	**451,145**	**606,399**
At 31 December 2009	**254,572**	**925,301**	**1,179,873**

Included in the total net book value is £233,637 (2009: £407,833) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £174,196 (2009: £205,931).

10 Fixed asset investments

	Subsidiary undertaking £
Cost	
At 1 January and 31 December 2010	**4,000**

At 31 December 2010, the Company had the following principal subsidiaries which are registered in England and Wales.

Name of subsidiary	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
Greenhalgh & Gregson Limited	Insurance Broker	Ordinary shares	100%	Broker Direct Retail Holdings Limited
Fitzsimons Insurance Consultants Limited	Insurance Broker	Ordinary shares	100%	Broker Direct Retail Holdings Limited
Insurance Compliance Services Limited	Management Consultants	Ordinary shares	100%	Broker Direct Acquisitions Limited
HR Experts Limited	Management Consultants	Ordinary shares	100%	Broker Direct Acquisitions Limited
HBA Limited	Insurance Broker	Ordinary shares	100%	Broker Direct Acquisitions Limited
Barry Fenton Insurance Brokers Limited	Insurance Broker	Ordinary shares	100%	Broker Direct Retail Holdings Limited
Intelligent Trading Solutions Limited	Dormant	Ordinary shares	100%	Broker Direct Plc

11 Debtors

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Broker and policyholder debtors	**6,574,476**	**2,748,421**	7,912,576	4,659,640
Insurer debtors	**549,950**	**549,950**	901,498	901,498
Deferred acquisition costs	**–**	**–**	595,339	–
Amount owed by Group undertaking	**–**	**4,227,732**	–	5,483,218
Prepayments and accrued income	**337,186**	**204,770**	470,852	328,482
Other debtors	**138,546**	**38,673**	142,110	41,267
Deferred tax asset (see note 15)	**186,293**	**182,123**	108,403	106,772
	7,786,451	**7,951,669**	10,130,778	11,520,877

12 Creditors: amounts falling due within one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Other loans	**–**	**–**	439,508	–
Payable to insurers	**10,138,443**	**4,864,557**	12,964,571	8,491,640
Payable to group companies	**–**	**–**	–	18,500
Technical reserves	**105,448**	**98,235**	6,493	–
Deferred consideration	**–**	**–**	1,082,561	–
Pension contributions	**95,216**	**67,778**	116,987	110,356
Corporation tax	**65,663**	**65,663**	209,318	183,867
Other taxation and social security costs	**250,186**	**176,947**	262,509	192,983
Accruals and deferred income	**1,317,892**	**911,878**	1,316,238	973,047
Obligations under finance leases and hire purchase contracts	**207,321**	**207,321**	266,428	266,428
	12,180,169	**6,392,379**	16,664,613	10,236,821

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

Included in payables to insurers is £435,077 (2009 : £748,360), which is secured by way of a fixed and floating charge over the assets of the company.

13 Creditors: amounts falling due after more than one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Other loans	**1,956,386**	**–**	1,965,055	–
Technical reserves	**671,958**	**671,958**	1,264,550	1,264,550
Obligations under finance leases and hire purchase contracts	**402,122**	**402,122**	636,315	636,315
Deferred income	**17,932**	**9,128**	79,924	76,392
	3,048,398	**1,083,208**	3,945,844	1,977,257

14 Borrowings

Borrowings are repayable as follows:

Within one year	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Other loans	**–**	**–**	439,508	–
Amounts due under finance leases and hire purchase contracts	**207,321**	**207,321**	266,428	266,428
After one year and within two years				
Other loans	**553,441**	**–**	439,508	–
Amounts due under finance leases and hire purchase contracts	**209,391**	**209,391**	219,395	219,395
After two years and within five years				
Other loans	**1,402,945**	**–**	1,525,547	–
Amounts due under finance leases and hire purchase contracts	**192,731**	**192,731**	416,920	416,920
	2,565,829	**609,443**	3,307,306	902,743

Group and Company

The other loans are repayable within five years and are secured by a charge over the company's shareholding in Broker Direct Retail Holdings Limited, by Broker Direct Acquisitions Limited's shareholding in Insurance Compliance Services Limited, by a fixed charge over the assets of Insurance Compliance Services Limited and by a capped cross guarantee with Broker Direct Retail Holdings Limited.

15 Deferred taxation

The potential deferred taxation asset is as follows:

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Accelerated capital allowances	**166,781**	**162,611**	63,267	61,636
Technical reserves	**19,512**	**19,512**	45,136	45,136
Deferred tax asset	**186,293**	**182,123**	108,403	106,772

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 across:

15 Deferred taxation (continued)

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Deferred tax asset brought forward	**108,403**	**106,772**	79,980	80,383
Profit and loss account movement in the year	**77,890**	**75,351**	28,423	26,389
Deferred tax asset	**186,293**	**182,123**	108,403	106,772

16 Called up share capital

	2009 £	2008 £
Authorised		
6,000,000 "A" ordinary shares of £0.20 (2009 : £0.20) each	**1,200,000**	1,200,000
Allotted		
3,974,061 "A" ordinary shares of £0.20 (2009 : £0.20) each	**794,812**	794,812
Called up		
Fully paid 3,911,561 "A" ordinary shares of £0.20 (2009 : £0.20) each	**782,312**	782,312
Partly paid 62,500 "A" ordinary shares of £0.20 (2009 : £0.20) each one quarter called up and paid	**3,125**	3,125
	785,437	785,437

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. 3,911,561 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 23.

17 Reserves

Group	Special reserve £	Share option reserve £	Profit and loss account £	Total £
At 1 January 2010	96,858	20,818	3,499,359	3,617,035
Share option reserve (note 23)	–	19,909	–	19,909
Loss for the year	–	–	(1,676,996)	(1,676,996)
At 31 December 2010	**96,858**	**40,727**	**1,822,363**	**1,959,948**

The special reserve was created by a reduction in share capital being set against the deficit on the profit and loss reserve. The reduction in share capital was greater than the deficit on the profit and loss reserve and this residual established the undistributable special reserve.

17 Reserves (continued)

Company

	Special reserve £	Share option reserve £	Profit and loss account £	Total £
At 1 January 2010	96,858	20,818	4,755,200	4,872,876
Share option reserve (note 23)	–	19,909	–	19,909
Loss for the Year	–	–	(1,807,626)	(1,807,626)
At 31 December 2010	**96,858**	**40,727**	**2,947,574**	**3,085,159**

18 Reconciliation of movements in shareholders' funds

Group

	2010 £	2009 £
(Loss)/profit for the financial year	**(1,676,996)**	304,825
Share option reserve	**19,909**	(139,749)
Shareholders' funds at 1 January	**4,402,472**	4,237,396
Shareholders' funds at 31 December	**2,745,385**	4,402,472

19 Net cash inflow from operating activities

	2010 £	2009 £
Operating (loss)/profit	**(1,678,528)**	593,862
Loss/(profit) on sale of fixed assets	**6,698**	(6,879)
Depreciation	**583,422**	625,294
Amortisation	**329,925**	301,931
Impairment charge	**1,156,026**	–
Share option reserve	**19,909**	(139,749)
Decrease/(increase) in debtors	**1,826,877**	(708,616)
(Decrease)/increase in creditors	**(3,414,196)**	3,364,353
Net cash (outflow)/inflow from operating activities	**(1,169,867)**	4,030,196

20 Reconciliation of net cash flow to movement in net funds

	2010 £	2009 £
(Decrease)/increase in cash in the year	**(2,531,119)**	1,697,480
Cash outflow from other loans	**437,946**	184,735
Cash outflow from finance leases and hire purchase contracts	**293,300**	244,418
Movement in net funds in the year	**(1,799,873)**	2,126,633
Inception of other loans on acquisitions	**(585,108)**	(1,587,880)
Inception of new finance leases and hire purchase contracts	**–**	(132,801)
Net funds at 1 January	**4,708,256**	4,302,304
Net funds at 31 December	**2,323,275**	4,708,256

21 Analysis of changes in net funds

	At 1 January 2010 £	Cashflows £	At 31 December 2010 £
Cash in hand and at bank	7,420,223	(2,531,119)	**4,889,104**
Other Loans	(1,809,223)	(147,163)	**(1,956,386)**
Finance leases and hire purchase contracts	(902,744)	293,301	**(609,443)**
	4,708,256	(2,384,981)	**2,323,275**

Cash at hand and in bank 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 31 December 2010, £4,094,808 (2009: £5,507,457) of the total £4,889,104 (2009: £7,420,223) cash held was insurance client monies and operational monies amounted to £794,296 (2009: £1,912,766).

22 Acquisitions

Anvil

In the prior year, Broker Direct Retail Holdings Limited acquired the trade and selected assets of Anvil Insurance. The provisional fair value of net assets acquired was £3,000 resulting in goodwill of £154,763. The purchase of these assets was accounted for by the acquisition method of accounting and any purchased goodwill arising was capitalised as an intangible asset. During the current year, there has been no change to the provisional fair values of the acquired assets as identified at acquisition.

IDT

On 30 June 2009, Insurance Compliance Services Limited, acquired selected assets of IDT Limited. The purchase of the assets was accounted for by the acquisition method of accounting and any purchased goodwill arising has been capitalised as an intangible asset.

As a result of the finalisation of the fair value of the net assets and consideration, goodwill on this acquisition has decreased by £25,000.

HBA Limited

In 2007, Broker Direct Acquisitions Limited acquired the entire share capital of HBA Limited.

The deferred consideration in relation to HBA Limited was finalised during the year at £1,462,472, representing a decrease of £60,000. Accordingly, goodwill on this acquisition has decreased by £60,000.

Barry Fenton Insurance Brokers Limited

In the prior year, Broker Direct Retail Holdings Limited acquired the entire share capital of Barry Fenton Insurance Brokers Limited for total consideration of £2,047,927. The provisional fair value of net assets acquired was £172,927 resulting in goodwill of £1,875,000. As a result of the finalisation of deferred consideration during the current year, the carrying value of the goodwill on this acquisition has decreased by £10,231.

23 Share Based Payments

Details of the share options granted are set out below:

No 1 Approved Share Option Scheme

The Company adopted an approved share option scheme in 1996 - the No 1 Approved Share Option Scheme. 120,000 options under this scheme were granted to certain directors in 2000. All of these options lapsed without exercise on 1 August 2010. The requirement to expense share options only applies to those granted since 7 November 2002, accordingly no share based payment charge has been recognised in relation to this scheme in current or previous periods.

No 4 Enterprise Management Incentive Scheme

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 year, the options were modified such that the financial years on which the performance targets were based has been extended to 31 December 2013. In line with FRS 20, the modification has not resulted in a change to the grant date fair value of the option, however has increased the number of options now expected to vest over the extended vesting period.

On 14 March 2008, the Company granted a further 100,000 options under this scheme, all of which lapsed during the prior year.

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 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 20, the modification has not resulted in a change to the grant date fair value of the option, however has increased the number of options now expected to vest over the extended vesting period.

23 Share Based Payments (continued)

Prior to any modification, the vesting period is generally one to two years. If the option remains unexercised after a period of 10 years from the date of grant, the options expire. The movement in the number of share options is set out below:

	2010			2009		
	Number Granted	**Weighted average Exercise price £**	**Weighted average remaining contractual life**	Number Granted	Weighted average Exercise price £	Weighted average remaining contractual life
Outstanding and exercisable at 1 January	**790,000**	**1.01**	**7 years 5 months**	840,000	1.00	8 years 5 months
Granted	**-**	**-**	**-**	70,000	1.20	9 years 1 month
Lapsed	**(25,000)**	**1.00**	**6 years 6 months**	(120,000)	1.01	8 years 6 months
Outstanding and exercisable at 31 December	**765,000**	**1.01**	**6 years 5 months**	790,000	1.01	7 years 5 months

Assumptions:

The Group uses the Black-Scholes model to fair value the Group's share options which resulted in a fair value charge of £19,909 (2009: £139,750 credit) and a corresponding credit/(charge) to other reserves. The inputs into the model were as follows:

Date of Issue	**Number Granted**	**Share Price (£)**	**Exercise Price**	**Expected Volatility (%)**	**Expected Life (years)**	**Risk Free Rate (%)**	**Expected Dividend Yield (%)**
10 -13 April 2007	740,000	0.79	1.00	64.96	2	5.25	-
14 March 2008	100,000	0.80	1.00	44.40	2	5.25	2.1
20 January 2009	30,000	1.40	1.20	47.80	1	3.4	4.9
20 January 2009	20,000	1.40	1.20	78.52	2	3.6	4.9

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 1-2 years. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions.

24 Leasing commitments

Operating lease payments amounting to £646,034 (2009: £676,722) are due within one year. The leases to which these amounts relate expire as follows:

	2010 Land and buildings £	2010 Other £	2009 Land and buildings £	2009 Other £
Annual commitments under operating leases which expire:				
– within one year	**–**	**–**	65,547	–
– within two to five years	**161,734**	**3,320**	337,188	3,792
– over five years	**480,980**	**–**	270,195	–
	642,714	**3,320**	672,930	3,792

25 Pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £497,390 (2009: £557,585). Contributions amounting to £95,216 (2009: £116,987) were payable to the scheme at 31 December 2010 and are included in creditors.

26 Contingent liabilities

There were no contingent liabilities at 31 December 2010 or 31 December 2009.

27 Related party transactions

The company has taken advantage of the exemption within FRS 8 and has not disclosed transactions with wholly owned subsidiaries.

Group and Company

The Institute of Insurance Brokers, of which Barry Fehler was a director in 2009, provided resolution and other general administration services during the year. The fees for these services were £79,081 (2009: £106,673).

Included in creditors at 31 December 2010 is £5,831 (2009: £8,601) due to the Institute of Insurance Brokers.

Included in other debtors at 31 December 2010 is £4,832 (2009: £Nil) due from Roy Green, a Director of the Company, for a car he purchased from the Company during the year. The maximum amount due during the year was £5,999.

Annual Report and Accounts

2010

Broker Direct Plc
Deakins Park,
Hall Coppice Road,
Egerton,
Bolton
BL7 9RW

Tel: 01204 600 200
Fax: 01204 600 255

Broker Direct Plc is registered in England No. 2958427.

Registered Office
Higham Business Centre,
Midland Road,
Higham Ferrers,
Northamptonshire
NN10 8DW.

Authorised and regulated by the Financial Services Authority No. 307607.