

Registered Number: 756681 England

**SWINTON GROUP LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

TUESDAY



A23

\*ATLY34C5\*

28/10/2008

51

COMPANIES HOUSE

---

**SWINTON GROUP LIMITED**

**DIRECTORS:**

N Bowyer  
A P Clare  
G M Fearn  
P J Halpin  
A M Hazeldine  
B Lefebvre  
G H Lowe  
B Mercier  
T S Nelson  
J Ordish  
J-M Pescheux (Chairman)  
M Roux  
D Salvy  
P J E Smith  
J E A Fleury

**SECRETARY:**

S A Hargreaves

**REGISTERED OFFICE:**

6 Great Marlborough Street  
Manchester  
M1 5SW

**REGISTERED AUDITORS:**

Ernst & Young LLP  
100 Barbirolli Square  
Manchester  
M2 3EY

**BANKERS:**

Lloyds TSB Bank plc  
City Office  
11-15 Monument Street  
London  
EC2V 9JA

**REGISTERED NUMBER:**

756681 England

---

**SWINTON GROUP LIMITED**  
**REPORT OF THE DIRECTORS**

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2007

**RESULTS AND DIVIDEND**

The results for the year are set out in the profit and loss account on page 6 The directors declared and paid dividends of £8,000,000 in the year (2006 - £13,000,000)

**BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

The Company's principal activity during the year continued to be operating as an insurance intermediary

The Company's key financial and other performance indicators during the year were as follows

	2007 £'000	2006 £'000	Change %
Turnover	208,106	151,502	+37%
Operating profit before share scheme charges	49,969	36,988	+35%
Profit after taxation	20,198	18,888	+7%
Shareholders' funds	129,044	99,415	+30%
No of branches	460	449	+2%
No of live policies	2 6 million	2 1 million	+24%

Turnover increased by 37% in the year reflecting continued growth in the company's insurance intermediary business This growth has been achieved both organically, through the introduction of the company's online sales channels and new products, and also through the ongoing acquisition programme

Operating profit before share scheme charges showed a 35% improvement in the year, despite higher acquisition costs for new leads, reflecting increased operational productivity Profit after taxation increased by 7% in the year reflecting the charges made in respect of the share scheme (see note 24 to the financial statements)

£16,638,000 of the increase in shareholders funds was due to capital contributions received from Swinton (Holdings) Limited, the Company's immediate parent company £5,960,000 of this was to facilitate acquisitions made by the company during the year The remaining £10,678,000 was in respect of the share scheme (see note 24 to the financial statements)

The outlook for 2008 is positive with further improvements in performance expected The Directors anticipate continued growth in turnover achieved through both acquisitions and development of the existing business The Group is continuing the expansion of its commercial intermediary business and the growth in internet sales is expected to contribute further to the Group's customer base

**SWINTON GROUP LIMITED**  
**REPORT OF THE DIRECTORS**

**DIRECTORS**

The members of the board during the year were

J E A Fleury	(appointed 27/06/2007)
N Bowyer	
A P Clare	
G M Fearn	
P J Halpin	
A M Hazeldine	
B Lefebvre	
G H Lowe	
B Mercier	
T S Nelson	
J Ordish	
J-M Pescheux (Chairman)	
M Roux	
D Salvy	
P J E Smith	

**DISABLED EMPLOYEES**

Disabled persons, when they apply for jobs, are offered equal opportunity and, if appointed, they are provided with training, career progression and promotion within the scope of their aptitude and abilities. Training or re-training is also provided, wherever possible, for employees who become disabled during their employment by the Company.

**EMPLOYEE PARTICIPATION**

The Company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and takes steps to keep them informed of the factors affecting the performance of the Company. A monthly briefing process exists to ensure effective internal communications and to provide a vehicle for employees' feedback and contributions.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Board is responsible for approving the Company's strategy and the Company's risk appetite in the implementation of that strategy. The Company has established a risk management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to ensure sufficient working capital exists and to monitor the management of risk throughout the business. The principal risks and uncertainties facing the Company are classified under financial, strategic, and compliance.

**Financial and Financial Instrument Risks**

The Company manages liquidity risk through regular cash flow forecasts and monitoring and utilises a combination of revolving credit, money market and overdraft facilities available both directly and through its holding company Swinton (Holdings) Limited.

The Company provides credit to customers in connection with the arrangement of insurance contracts. Company policies are aimed at minimising exposure to losses arising from customers defaulting under these credit arrangements. The Company actively monitors overdue debt and has procedures in place to minimise exposure in the event of default. Credit facilities are only offered to customers for the payment of insurance policies arranged by the Company. Under these arrangements the Company retains the right to set off any returned premium due from the insurer on cancellation of a policy against the original loan.

**SWINTON GROUP LIMITED**  
**REPORT OF THE DIRECTORS**

**PRINCIPAL RISKS AND UNCERTAINTIES** *(continued)*

**Strategic**

The Company operates in a highly competitive market which has changed in structure substantially over recent years with the entry of many major retailers, a reduction in the number of small brokers and the development of internet trading. The Group has actively addressed these business challenges through product development, an acquisitions programme and development of its internet channels.

**Compliance**

The Company falls under the regulatory regime of the Financial Services Authority (FSA) and must meet the operational, financial and reporting requirements of that Authority. These include capital adequacy and other financial requirements together with a range of customer facing obligations under the general requirement of 'treating customers fairly'. The Company has a Legal and Compliance function which has established and oversees a Compliance Framework and liaises with the FSA on regulatory matters.

**DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

**AUDITORS**

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

**By Order of the Board**



**S A HARGREAVES**  
Secretary  
17 March 2008

## **SWINTON GROUP LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those 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 proper accounting records that 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 1985. 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.

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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

### OF SWINTON GROUP LIMITED

We have audited the financial statements of Swinton Group Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Note of Historical Costs Profits and Losses and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information given in the directors' report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

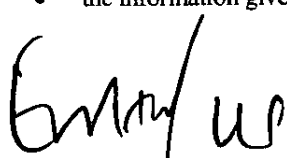
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

  
Ernst & Young LLP  
Registered Auditor  
Manchester

17 March 2008

**SWINTON GROUP LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £'000	2006 £'000
<b>TURNOVER</b>	2	208,106	151,502
Administrative expenses		(168,815)	(119,807)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>		39,291	31,695
Interest receivable	6	207	163
Interest payable	7	(4,314)	(1,919)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		35,184	29,939
Tax on profit on ordinary activities	8	(14,986)	(11,051)
		<hr/>	<hr/>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	20	20,198	18,888
		<hr/>	<hr/>

A statement of the movement on reserves can be found in notes 18 to 21



**SWINTON GROUP LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £'000	2006 £'000
Profit for the financial year		20,198	18,888
Unrealised surplus on revaluation of properties	18	793	180
		<hr/>	<hr/>
Total recognised gains and losses since last annual report		20,991	19,068
		<hr/>	<hr/>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	35,184	29,939
	<hr/>	<hr/>
Historical cost profit before taxation	35,184	29,939
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends	12,198	5,888
	<hr/>	<hr/>

**SWINTON GROUP LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2007**

	Note	2007 £'000	2006 £'000
<b>FIXED ASSETS</b>			
Intangible assets	9	79,935	77,674
Tangible assets	10	22,231	17,176
Investments	11	11,797	11,797
		<hr/>	<hr/>
		113,963	106,647
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors (including £30,631,000 (2006 - £13,074,000) due after one year)	12	197,947	134,050
Cash at bank and in hand		438	529
		<hr/>	<hr/>
		198,385	134,579
		<hr/>	<hr/>
<b>CREDITORS:</b> Amounts falling due within one year	13	(110,156)	(88,614)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		88,229	45,965
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		202,192	152,612
		<hr/>	<hr/>
<b>CREDITORS:</b> Amounts falling due after more than one year	14	(72,866)	(52,641)
		<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	(282)	(556)
		<hr/>	<hr/>
		129,044	99,415
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	15,128	15,128
Revaluation reserve	18	1,955	1,162
Capital contribution reserve	19	84,931	68,293
Profit and loss account	20	27,030	14,832
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	21	129,044	99,415
		<hr/>	<hr/>

The financial statements on pages 6 to 21 were approved by the board on 17 March 2008 and signed on their behalf by



**J-M PESCHEUX – DIRECTOR**



**P J E SMITH – DIRECTOR**

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**1. STATEMENT OF ACCOUNTING POLICIES**

A summary of the principal accounting policies is set out below

**Basis of Preparation**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards

**Turnover**

Commission and associated fees, less an appropriate provision for anticipated future rebates, are recognised in the profit and loss account at the date of transaction. Fees charged for the provision of credit to customers are recognised in the profit and loss account on a reducing balance basis over the credit period

**Goodwill**

Goodwill, being the difference between the fair value of the assets acquired and the purchase consideration, is capitalised and amortised on a straight line basis over the useful life, estimated for each acquisition by the directors in the range between 5 and 10 years. It is reviewed for impairment at the end of the first full year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Goodwill acquired prior to 1 January 1998 has been taken directly to reserves. The profit or loss on the disposal or termination of a business acquired prior to this date includes goodwill previously taken directly to reserves

**Fixed Assets**

**(a) Valuation**

Interests in freehold and long leasehold properties are stated at valuation. All freehold and long leasehold properties are valued by independent professionally qualified valuers at least once every three years, with valuations in the intervening years being performed by the Company's qualified surveyors. The basis of valuation is open market value or, for those properties occupied by the Group, open market value for existing use. Surpluses or deficits arising on valuation are taken direct to the revaluation reserve. Where there is a material diminution in value of a freehold or long leasehold property, as a result of consumption of economic benefit, such a diminution is recognised in the profit and loss account in the year in which it occurs or is first perceived

**(b) Depreciation**

Freehold and long leasehold properties, the majority of which are operated as retail outlets within the Company, are maintained to a high standard. As a result, the directors are of the opinion that the residual values, estimated at the date of acquisition or subsequent valuation, are such that depreciation is not significant. Accordingly, freehold and long leasehold properties are not depreciated. Annual impairment reviews are performed on these assets

The costs of maintenance and repair of freehold and long leasehold property are charged through the profit and loss account as they arise. Improvements to these properties are capitalised and written off over their estimated useful life

Depreciation is provided so as to write off the cost of all other tangible fixed assets over their expected useful economic lives, which are estimated to be

Short leasehold property	-	The period of the lease
Equipment, furniture and vehicles	-	3 – 7 years

**(c) Disposals of Freehold and Long Leasehold Property**

The difference between net proceeds and net carrying amount is dealt with through the profit and loss account. Any amount in the revaluation reserve relating to the property is transferred to the profit and loss reserve

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**1. STATEMENT OF ACCOUNTING POLICIES (continued)**

**Fixed Asset Investments**

Fixed asset investments are valued at cost less any provision for impairment

**Vacant Property Expenses**

The Company provides for future costs associated with properties which it has ceased to use and is unlikely to re-occupy. The provision encompasses all net rent and other outgoings based on an estimate of the length of time properties will continue to be vacant.

**Hire Purchase and Operating Lease Rentals**

Assets obtained under hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease rentals are charged to the profit and loss account in the year in which they are incurred.

**Deferred Taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that the underlying timing difference will reverse and that there will be suitable taxable profits from which the future reversal can be deducted.

**Pension Costs**

The Company operates a defined contribution scheme, which is a stakeholder scheme, covering the majority of its employees. The scheme is non-contributory and the funds are administered independently of the Company's finances. The charge to the profit and loss account comprises the total contributions payable to the scheme in the financial year.

**Capital Instruments**

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

**Share-based payments**

Cash-settled share based incentive awards are accounted for in accordance with FRS20 "Share-based payments". During the vesting period, a liability is recognised based on the fair value of the awards and the elapsed period of the service contract to which the award relates at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in the profit and loss account for the period.

# SWINTON GROUP LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

### 1 STATEMENT OF ACCOUNTING POLICIES (continued)

#### Cash Flows

The Company's ultimate parent undertaking is MMA IARD Assurances Mutuelles, (a company incorporated in France) and its results are included in the consolidated financial statements of that company. Consequently the Company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement.

#### Group Accounts

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare consolidated accounts. These financial statements present information about the Company as an individual undertaking and not about its Group.

### 2 TURNOVER

Turnover on ordinary activities represents

Insurance commissions and fees receivable from the sale of insurance policies in the UK

Net property rents receivable

The level of third party rents receivable is insignificant in the context of Company turnover and therefore, in the opinion of the directors, a segmental analysis would not assist the users of the financial statements.

### 3. OPERATING PROFIT

	2007 £'000	2006 £'000
Operating profit is stated after charging/(crediting)		
Amortisation of goodwill	13,707	7,407
Depreciation	5,348	4,273
Profit on disposal of fixed assets	(4)	(8)
Auditors' remuneration (note 4)	300	270
Operating lease rentals		
- Land & buildings	5,291	4,087
- Motor vehicles	1,021	921

During the year the Company acquired the trade and assets of a number of businesses. It is the Company's policy to fully integrate these businesses into the existing activities of the Company. Approximately one third of all business acquired was immediately transferred into existing operations with the remainder being integrated on a phased basis. As a result of this the Directors do not consider it practicable to separately analyse the contribution of acquisitions to turnover and operating profit.

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**4. AUDITORS' REMUNERATION**

The remuneration of the auditors is further analysed as follows

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Audit of the financial statements	174	120
Other fees to auditors – taxation services	126	150
	<hr/>	<hr/>
Auditors' Remuneration charged to the profit and loss account (note 3)	300	270
Other fees to auditors capitalised as acquisition costs – taxation services	55	65
	<hr/>	<hr/>
Total Auditors' Remuneration	355	335
	<hr/>	<hr/>

**5. DIRECTORS AND EMPLOYEE INFORMATION**

Directors' remuneration

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Emoluments	1,875	1,711
Company contributions paid to money purchase pension schemes	103	92
	<hr/>	<hr/>
	1,978	1,803
	<hr/>	<hr/>

	<b>2007</b> <b>No.</b>	<b>2006</b> <b>No.</b>
Number of directors who exercised purchase options under share schemes	-	3
	<hr/>	<hr/>
Number of directors who received interests in options under share schemes	-	4
	<hr/>	<hr/>
Members of money purchase pension schemes	5	5
	<hr/>	<hr/>

The amounts in respect of the highest paid director are as follows

	<b>2007</b> <b>£'000</b>	<b>2006</b> <b>£'000</b>
Emoluments	501	397
	<hr/>	<hr/>
Company contributions paid to money purchase pension schemes	20	23
	<hr/>	<hr/>

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**5. DIRECTORS AND EMPLOYEE INFORMATION (continued)**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs comprise		
Wages and salaries	74,140	53,434
Social security costs	6,005	4,575
Other pension costs	1,219	994
	<hr/>	<hr/>
	81,364	59,003
	<hr/>	<hr/>

Included in wages and salaries is a total expense of £10,678,000 (2006 £5,293,000) in respect of cash-settled share based incentive awards

	<b>2007</b>	<b>2006</b>
	<b>No.</b>	<b>No.</b>
The average monthly number of employees during the year was		
Sales	2,614	1,959
Other operational	445	512
Support	310	219
	<hr/>	<hr/>
	3,369	2,690
	<hr/>	<hr/>

**6. INTEREST RECEIVABLE**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest receivable	72	99
Other interest receivable	135	64
	<hr/>	<hr/>
	207	163
	<hr/>	<hr/>

**7. INTEREST PAYABLE**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable on overdrafts and bank loans	3,210	1,176
Interest payable to group undertakings	1,100	725
Other interest payable	4	18
	<hr/>	<hr/>
	4,314	1,919
	<hr/>	<hr/>

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**8 TAXATION**

**(a) The tax charge is made up as follows:**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current tax</i>		
UK corporation tax	14,986	11,085
Adjustments in respect of previous periods	-	(34)
	<hr/>	<hr/>
Total current tax (b)	14,986	11,051
	<hr/>	<hr/>
<i>Deferred tax</i>		
Short term timing differences	-	-
Accelerated capital allowances	-	-
	<hr/>	<hr/>
Total deferred tax	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	14,986	11,051
	<hr/>	<hr/>
<b>(b) Factors affecting tax charge for the period:</b>		
Profit on ordinary activities before tax	35,184	29,939
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard tax rate in the UK of 30% (2006 – 30%)	10,555	8,982
Expenses not deductible for tax purposes		
- Goodwill amortisation	1,461	591
- Share scheme provision	3,203	1,587
- Other	103	87
Capital allowances for period in excess of depreciation	(286)	(201)
Adjustments to tax charge in respect of previous periods	-	(34)
Movement on other deferred tax not provided	(50)	39
	<hr/>	<hr/>
Total current tax (a)	14,986	11,051
	<hr/>	<hr/>

**(c) Factors that may affect future tax charges**

*In accordance with accounting standards, the deferred tax asset on accelerated capital allowances and short term timing differences has not been accounted for in the financial statements as they are not expected to reverse in the foreseeable future*

Deferred taxation has not been provided in respect of any liability to taxation that may arise on the sale of land and buildings at their valuation as, at the balance sheet date, there is no binding agreement to dispose of the assets



**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**8. TAXATION (continued)**

**(d) Deferred tax**

	<b>UNRECOGNISED ASSET</b>	
	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Deferred taxation represents		
Capital allowances	932	1,574
Short term timing differences	58	112
	<hr/>	<hr/>
	990	1,686
	<hr/>	<hr/>

On 26 June 2007 Parliament substantively enacted Finance Act 2007 which brought about a change in the corporation tax rate from 30% to 28% with effect from 1 April 2008. The main effect of this reduction in the tax rate is a reduction in the value of the unrecognised deferred tax asset of £70,000, from £1,060,000 to £990,000.

**9. INTANGIBLE FIXED ASSETS**

	<b>Purchased Goodwill £'000</b>
Cost	
At 1 January 2007	100,145
Additions (note 25)	15,968
	<hr/>
At 31 December 2007	116,113
	<hr/>
Amortisation	
At 1 January 2007	22,471
Charge for the year	13,707
	<hr/>
At 31 December 2007	36,178
	<hr/>
Net book value	
At 31 December 2007	79,935
	<hr/>
At 1 January 2007	77,674
	<hr/>

**SWINTON GROUP LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

**10. TANGIBLE FIXED ASSETS**

	<b>Freehold Property £'000</b>	<b>Long Leasehold Property £'000</b>	<b>Short Leasehold Property £'000</b>	<b>Equipment Furniture &amp; Vehicles £'000</b>	<b>Total £'000</b>
Cost or valuation					
At 1 January 2007	3,391	362	394	36,150	40,297
Additions	-	-	-	9,622	9,622
Acquisitions	-	-	-	91	91
Disposals	-	-	-	(143)	(143)
Revaluation (note 18)	783	10	-	-	793
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	4,174	372	394	45,720	50,660
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At valuation	4,174	372	-	-	4,546
At cost	-	-	394	45,720	46,114
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,174	372	394	45,720	50,660
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 2007	-	-	376	22,745	23,121
Charge for the year	-	-	3	5,345	5,348
Disposals	-	-	-	(40)	(40)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	-	-	379	28,050	28,429
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 December 2007	4,174	372	15	17,670	22,231
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2007	3,391	362	18	13,405	17,176
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Freehold and long leasehold properties to the value of £4,546,000 (2006 - £nil) were valued at 31 December 2007 by Weatherall Green & Smith North Ltd trading as Sanderson Weatherall, Chartered Surveyors and Property Consultants, at an open market value on the basis of existing use where occupied by the Group, and at an open market value, where otherwise occupied, in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. In 2006, properties were valued by internal qualified Chartered Surveyors on the same basis.

The historical cost of freehold and long leasehold property at 31 December 2007 amounted to £2,592,000 (2006 - £2,592,000).

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>11. FIXED ASSET INVESTMENTS</b>	<b>Shares in Subsidiary Companies £'000</b>	<b>Unlisted Investment £'000</b>	<b>Total £'000</b>
At 1 January 2007 and 31 December 2007	11,794	3	11,797
<b>12. DEBTORS</b>		<b>2007 £'000</b>	<b>2006 £'000</b>
Insurance debtors		153,655	109,599
Amounts owed by a fellow subsidiary undertaking		3,157	2,534
Amounts owed by immediate parent company due after one year		27,640	10,696
Amounts owed by subsidiary undertakings due after one year		2,378	2,378
Other debtors		2,670	1,189
Prepayments and accrued income		8,447	7,654
		197,947	134,050
<b>13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		<b>2007 £'000</b>	<b>2006 £'000</b>
Bank loans and overdrafts (note 15)		25,164	15,455
Trade creditors		265	1,164
Insurance creditors		57,446	48,737
Corporation tax		6,810	6,954
Other creditors including taxation and social security		2,565	1,790
Accruals and deferred income		17,906	14,514
		110,156	88,614
Included in insurance creditors is £8,366,000 due to fellow subsidiary undertakings (2006 - £4,306,000)			
<b>14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		<b>2007 £'000</b>	<b>2006 £'000</b>
Wholly repayable within 5 years			
- Bank loans (note 15)		10,000	-
Amounts owed to group undertakings		62,866	52,641
		72,866	52,641

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**15 BANK LOANS AND OVERDRAFTS**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due:</b>		
In one year or less	25,250	15,473
In more than one year but not more than two years	-	-
In more than two years but not more than five years	10,000	-
	<hr/>	<hr/>
	35,250	15,473
Less issue costs	(86)	(18)
	<hr/>	<hr/>
	35,164	15,455
	<hr/>	<hr/>

Loans due after more than one year include £10,000,000 (2006 - £m) of borrowings repayable within one year. These are drawings under long-term committed facilities and have therefore been classified as such.

Bank loans and overdrafts are secured by fixed and floating charges over the assets of the Company and bear interest based on LIBOR.

**16. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Restructuring Provision £'000</b>	<b>Other Provisions £'000</b>	<b>Total £'000</b>
At 1 January 2007	311	245	556
Charge to profit and loss account	145	84	229
Utilised during the year	(332)	(171)	(503)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	124	158	282
	<hr/>	<hr/>	<hr/>

Included within the restructuring provision are amounts relating to the costs associated with vacant property provisions.

**17. SHARE CAPITAL**

	<b>2007 £'000</b>	<b>2007 No.</b>	<b>2006 £'000</b>	<b>2006 No.</b>
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	15,128	15,128,000	15,128	15,128,000
	<hr/>	<hr/>	<hr/>	<hr/>

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

<b>18. REVALUATION RESERVE</b>	<b>£'000</b>	
At 1 January 2007	1,162	
Increase in property valuation (note 10)	793	
	<hr/>	
At 31 December 2007	1,955	
	<hr/>	
<b>19. CAPITAL CONTRIBUTION RESERVE</b>	<b>£'000</b>	
At 1 January 2007	68,293	
Contributions received in the year	16,638	
	<hr/>	
At 31 December 2007	84,931	
	<hr/>	
<p>£5,960,000 of capital contributions were received from Swinton (Holdings) Limited, the company's immediate parent company, to facilitate acquisitions made by the company during the year £10,678,000 represents a capital contribution received by the company from Swinton (Holdings) Limited in respect of cash settled share based incentives awarded to certain executives of the company (see note 24)</p>		
<b>20. PROFIT AND LOSS ACCOUNT</b>	<b>£'000</b>	
At 1 January 2007	14,832	
Profit for the financial year	20,198	
Dividends declared and paid in the year	(8,000)	
	<hr/>	
At 31 December 2007	27,030	
	<hr/>	
<b>21. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Opening shareholders' funds	99,415	25,054
Profit for the financial year (note 20)	20,198	18,888
Dividends declared and paid in the year (note 20)	(8,000)	(13,000)
Movement of revaluation reserve (note 18)	793	180
Capital contributions (note 19)	16,638	68,293
	<hr/>	<hr/>
Closing shareholders' funds	129,044	99,415
	<hr/>	<hr/>

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**22. CAPITAL COMMITMENTS**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
At the balance sheet date, the Company had capital expenditure commitments as follows		
Contracted for but not provided in the financial statements	1,967	767

**23. OTHER FINANCIAL COMMITMENTS**

The Company has annual commitments under non-cancellable operating leases as follows

	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
	<b>Land and</b>	<b>Motor</b>	<b>Land and</b>	<b>Motor</b>
	<b>Buildings</b>	<b>Vehicles</b>	<b>Buildings</b>	<b>Vehicles</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expiring within one year	593	64	410	93
Expiring between 2-5 years	2,285	604	2,327	593
Expiring after more than 5 years	1,630	-	1,368	-
	<u>4,508</u>	<u>668</u>	<u>4,105</u>	<u>686</u>

**24. SHARE-BASED PAYMENTS**

Options in 'B' ordinary shares in the Company's immediate parent, Swinton (Holdings) Limited, were awarded to the trustees of the Swinton (Holdings) Limited employee benefit trust during 2006. These options are exercisable between 2009 and 2011 and are subject to meeting corporate performance targets based on the results of the Group for the years ending 31 December 2008, 31 December 2009 and 31 December 2010. Incentive awards, in the form of reversionary interests in these sub trust, have been awarded to certain executives of the Company.

In respect of the scheme, £10,678,000 (2006 £5,293,000) was charged as staff costs to the profit and loss account during the year. The liability under the scheme will be met by the Company's parent, Swinton (Holdings) Limited, and hence the Company has reflected a capital contribution of £10,678,000 (2006 £5,293,000) receivable from Swinton (Holdings) Limited in accordance with FRS20 "Share-based payments" (see note 19).

**25. ACQUISITIONS**

During the year the group has acquired a number of businesses. These acquisitions in aggregate gave rise to goodwill of £15,968,000 (2006 - £65,985,000).

Significant additions in 2007 relate to the acquisition of the trade and assets of Vectis Insurance Services Limited for a consideration of £1,922,000, generating goodwill on acquisition of £1,828,000, and the acquisition of the trade and assets of Rockford Insurance Brokers Limited for a consideration of £4,972,000, generating goodwill on acquisition of £5,960,000.

Significant additions in 2006 related to the acquisition of the trade and assets of Its4Me plc for a consideration of £32,374,000, generating goodwill on acquisition of £28,407,000, and the acquisition of certain trade and assets of the retail network of BISL Limited ("Budget Retail") for a consideration of £26,998,000, generating goodwill on acquisition of £30,325,000.

**SWINTON GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**26. DETAILS OF SUBSIDIARY COMPANIES**

Details of principal subsidiary undertakings, which are registered in England and Wales, are

Name	Principal Activity	Company interest in ordinary share capital %
Colonnade Insurance Brokers Limited	Insurance intermediary – dormant	100
Walmsley Williams Limited	Intermediate holding company	100
Walmsleys Insurance Brokers Limited	Insurance intermediary – dormant	*100

\*Held directly by Walmsley Williams Limited

**27. RELATED PARTY TRANSACTIONS**

The Company has applied the provisions of Financial Reporting Standard 8 (“Related Party Transactions”) and taken the exemption allowed by the Standard from disclosing transactions with entities in the MMA IARD Assurances Mutuelles Group

**28. CONTINGENT LIABILITIES**

The company is a guarantor of the loans of its parent company. The total amount outstanding on these facilities at 31 December 2007 was £60,549,000 (2006 - £46,668,000)

**29. ULTIMATE PARENT COMPANY & CONTROLLING PARTY**

The Company’s immediate parent company is Swinton (Holdings) Limited

In the directors’ opinion, the Company’s ultimate parent company, controlling party and largest undertaking which produces consolidated accounts (which include the Company and its subsidiary undertakings) is MMA IARD Assurances Mutuelles, a company incorporated in France. Copies of its group accounts can be obtained from MMA Insurance plc, Norman Place, Reading RG1 8DA

The smallest undertaking in the group which produces consolidated accounts (which include the Company and its subsidiary undertakings) continues to be Swinton (Holdings) Limited which is registered in England & Wales. A copy of its accounts can be obtained from the Company’s registered office