Registered Number: 756681 England

SWINTON GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

DIRECTORS:	N Bowyer A P Clare G Doswell (Appointed 16 March 2009) G M Fearn P J Halpin A M Hazeldine B Lefebvre G H Lowe 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

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements of the Company for the year ended 31 December 2008.

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 £7,877,176 in the year (2007 - £8,000,000).

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:

	2008 £'000	2007 £'000	Change %
Turnover	233,821	208,106	+12%
Operating profit before share scheme charges	53,165	49,969	+6%
Profit after taxation	28,915	20,198	+43%
Shareholders' funds	160,931	129,044	+25%
No of branches	487	460	+6%
No of live policies	2.9 million	2.6 million	+12%

Turnover increased by 12% in the year reflecting continued growth in the Company's insurance intermediary business. This growth has been achieved both organically, through the continued growth of the Company's online sales channels and introduction of new products, and also through the ongoing acquisition programme.

Operating profit before share scheme charges showed a 6% improvement in the year, despite higher acquisition costs for new leads, reflecting increased operational productivity. Profit after taxation increased by, 43% in the year reflecting the charges made in respect of the share scheme (see note 25 to the financial statements) and reduction in the rate of corporation tax.

£4,394,000 of the increase in shareholders funds was due to capital contributions received from Swinton (Holdings) Limited, the Company's immediate parent company. This was in respect of the share scheme (see note 25 to the financial statements).

The outlook for 2009 is positive with further improvements in performance expected. The Directors anticipate continued growth in turnover achieved through both the development of the existing business and through acquisitions, with the Company completing the acquisition of the 91 branch network of Equity Insurance Brokers in January 2009 (see note 30 to the financial statements). The Company is continuing the expansion of its commercial intermediary business and the continued growth in internet sales is expected to contribute further to the Company's customer base.

SWINTON GROUP LIMITED

REPORT OF THE DIRECTORS

DIRECTORS

The members of the board during the year were:

N Bowyer	
A P Clare	
G Doswell	(Appointed 16 March 2009)
G M Fearn	
P J Halpin	
J E A Fleury	
A M Hazeldine	
B Lefebvre	
G H Lowe	
B Mercier	(Resigned 16 March 2009)
T S Nelson	(Resigned 16 March 2009)
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.

In order to fund the acquisition of Equity Broking Management Limited in January 2009, the group borrowing facilities in place at 31 December 2008 have been replaced with a new £175m facility.

£125m of this facility is in the form of a bridging facility which expires on 30 June 2009. A process is currently underway with Lloyds TSB to replace this line of funding with a securitisation of the Company's accounts receivable book. This process is progressing according to plan and no matters have been drawn to the directors' attention to suggest that this process will not reach a satisfactory conclusion.

PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

Financial and Financial Instrument Risks *(continued)*

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 arrange 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.

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
31 March 2009

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 2008 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 31. 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 2008 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

Ernst & Young LLP
Registered Auditor
Manchester

31 March 2009

SWINTON GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
TURNOVER	2	233,821	208,106
Administrative expenses		(185,050)	(168,815)
OPERATING PROFIT		48,771	39,291
Interest receivable	6	2,583	207
Interest payable	7	(8,045)	(4,314)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		43,309	35,184
Tax on profit on ordinary activities	8	(14,394)	(14,986)
PROFIT FOR THE FINANCIAL YEAR	21	28,915	20,198

A statement of the movement on reserves can be found in notes 18 to 22.

All results relate to continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
Profit for the financial year		28,915	20,198
Unrealised (deficit)/surplus on revaluation of properties	18	(198)	793
Total recognised gains and losses since last annual report		28,717	20,991

NOTE OF HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 £'000	2007 £'000
Profit on ordinary activities before taxation	43,309	35,184
Historical cost profit before taxation	43,309	35,184
Historical cost profit for the year retained after taxation and dividends	21,038	12,198

SWINTON GROUP LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Intangible assets	9	79,621	79,935
Tangible assets	10	26,195	22,231
Investments	11	9	11,797
		105,825	113,963
CURRENT ASSETS			
Debtors (including £24,181,000 (2007 - £30,631,000) due after one year)	12	241,985	197,947
Cash at bank and in hand		433	438
		242,418	198,385
CREDITORS: Amounts falling due within one year	13	(164,573)	(110,156)
NET CURRENT ASSETS		77,845	88,229
TOTAL ASSETS LESS CURRENT LIABILITIES		183,670	202,192
CREDITORS: Amounts falling due after more than one year	14	(22,554)	(72,866)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(185)	(282)
		160,931	129,044
CAPITAL AND RESERVES			
Called up share capital	17	15,128	15,128
Revaluation reserve	18	1,757	1,955
Capital contribution reserve	19	89,325	84,931
Convertible bond reserve	20	6,653	-
Profit and loss account	21	48,068	27,030
EQUITY SHAREHOLDERS' FUNDS	22	160,931	129,044

The financial statements on pages 6 to 22 were approved by the board on 31 March 2009 and signed on their behalf by:

J-M PESCHEUX – DIRECTOR

P J HALPIN – DIRECTOR

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 – 9 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.

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.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Cash Flows

The Company's parent undertaking is Swinton (Holdings) Limited (a company incorporated in England) 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

	2008 £'000	2007 £'000
Operating profit is stated after charging/(crediting):		
Amortisation of goodwill	15,689	13,707
Depreciation	5,327	5,348
Profit on disposal of fixed assets	(4)	(4)
Auditors' remuneration (note 4)	299	300
Operating lease rentals:		
- Land & buildings	6,056	5,291
- Motor vehicles	1,231	1,021

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 85% 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.

4. AUDITORS' REMUNERATION

The remuneration of the auditors is further analysed as follows:

	2008 £'000	2007 £'000
Audit of the financial statements	177	174
Other fees to auditors:		
– taxation services		126
	122	
Auditors' Remuneration charged to the profit and loss account (note 3)	299	300
Other fees to auditors capitalised as acquisition costs – taxation services	94	55
Total Auditors' Remuneration	393	355

5. DIRECTORS AND EMPLOYEE INFORMATION

	2008 £'000	2007 £'000
Directors' remuneration:		
Emoluments	1,410	1,875
Company contributions paid to money purchase pension schemes	109	103
	1,519	1,978

	2008 No.	2007 No.
Number of directors who exercised purchase options under share schemes	-	-
Number of directors who received interests in options under share schemes	-	-
Members of money purchase pension schemes	5	5

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

	2008 £'000	2007 £'000
Emoluments	244	501
Company contributions paid to money purchase pension schemes	20	20

5. DIRECTORS AND EMPLOYEE INFORMATION (continued)

	2008 £'000	2007 £'000
Staff costs comprise:		
Wages and salaries	78,543	74,140
Social security costs	7,032	6,005
Other pension costs	1,271	1,219
	86,846	81,364

Included in wages and salaries is a total expense of £4,394,000 (2007: £10,678,000) in respect of cash-settled share based incentive awards.

	2008 No.	2007 No.
The average monthly number of employees during the year was:		
Sales	3,053	2,614
Other operational	457	445
Support	353	310
	3,863	3,369

6. INTEREST RECEIVABLE

	2008 £'000	2007 £'000
Bank interest receivable	120	72
Interest receivable from group undertakings	2,368	-
Other interest receivable	95	135
	2,583	207

7. INTEREST PAYABLE

	2008 £'000	2007 £'000
Interest payable on overdrafts and bank loans	4,049	3,210
Interest payable to group undertakings	3,996	1,100
Other interest payable	-	4
	8,045	4,314

8. TAXATION

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

	2008 £'000	2007 £'000
Current tax:		
UK corporation tax	15,137	14,986
Adjustments in respect of previous periods	(743)	-
Total current tax (b)	14,394	14,986
Deferred tax:		
Short term timing differences	-	-
Accelerated capital allowances	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	14,394	14,986

(b) Factors affecting tax charge for the period:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	43,309	35,184
Profit on ordinary activities multiplied by standard tax rate in the UK of 28.5% (2007 – 30%)	12,343	10,555
Expenses not deductible for tax purposes		
- Goodwill amortisation	1,664	1,461
- Share scheme provision	1,253	3,203
- Other	210	103
Capital allowances for period in excess of depreciation	(321)	(286)
Adjustments to tax charge in respect of previous periods	(743)	-
Movement on other deferred tax not provided	(12)	(50)
Total current tax (a)	14,394	14,986

(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.

8. TAXATION (continued)

(d) Deferred tax

	UNRECOGNISED ASSET	
	2008	2007
	£'000	£'000
Deferred taxation represents:		
Capital allowances	727	932
Short term timing differences	57	58
	784	990

9. INTANGIBLE FIXED ASSETS

	Purchased Goodwill £'000
Cost	
At 1 January 2008	116,113
Additions (note 26)	16,148
At 31 December 2008	132,260
Amortisation	
At 1 January 2008	36,178
Charge for the year	16,462
At 31 December 2008	52,639
Net book value	
At 31 December 2008	79,621
At 1 January 2008	79,935

10. TANGIBLE FIXED ASSETS

	Freehold Property £'000	Long Leasehold Property £'000	Short Leasehold Property £'000	Equipment Furniture & Vehicles £'000	Total £'000
Cost or valuation					
At 1 January 2008	4,174	372	394	45,720	50,660
Additions	-	-	-	9,340	9,340
Acquisitions	-	-	-	159	159
Disposals	-	-	-	(38)	(38)
Revaluation (note 18)	(207)	9	-	-	(198)
At 31 December 2008	3,967	381	394	55,181	59,923
At valuation	3,967	381	-	-	4,348
At cost	-	-	394	55,181	55,575
Depreciation					
At 1 January 2008	-	-	379	28,050	28,429
Charge for the year	-	-	2	5,328	5,330
Disposals	-	-	-	(31)	(31)
At 31 December 2008	-	-	381	33,347	33,728
Net book value					
At 31 December 2008	3,967	381	13	21,834	26,195
At 1 January 2008	4,174	372	15	17,670	22,231

Freehold and long leasehold properties to the value of £2,808,500 (2007 - £4,546,000) were valued at 31 December 2008 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. The remaining properties to the value of £1,539,900 (2007 - £nil) were valued by internal qualified Chartered Surveyors on the same basis.

The historical cost of freehold and long leasehold property at 31 December 2008 amounted to £2,592,000 (2007 - £2,592,000).

11. FIXED ASSET INVESTMENTS

	Shares in Subsidiary Companies £'000	Unlisted Investment £'000	Total £'000
At 1 January 2008	11,794	3	11,797
Disposals	(11,788)	-	(11,788)
At 31 December 2008	6	3	9

On 10 March 2008, the company sold its 100% shareholding in Colonnade Insurance Brokers Limited to Walmsleys Insurance Brokers Limited for a consideration of £11,787,922.

12. DEBTORS

	2008 £'000	2007 £'000
Insurance debtors	183,794	153,655
Amounts owed by a fellow subsidiary undertaking	8,832	3,157
Amounts owed by immediate parent company due in less than one year	11,788	-
Amounts owed by immediate parent company due after one year	24,181	27,640
Amounts owed by subsidiary undertakings due after one year	-	2,378
Other debtors	4,320	2,670
Prepayments and accrued income	9,070	8,447
	241,985	197,947

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Bank loans and overdrafts (note 15)	26,287	25,164
Trade creditors	20	265
Insurance creditors	60,040	57,446
Amounts owed to parent undertaking (note 20)	52,246	-
Corporation tax	7,645	6,810
Other creditors including taxation and social security	2,894	2,565
Accruals and deferred income	15,441	17,906
	164,573	110,156

Included in insurance creditors is £7,470,000 due to fellow subsidiary undertakings (2007 - £8,366,000).

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £'000	2007 £'000
Wholly repayable within 5 years:		
- Bank loans (note 15)	10,000	10,000
Amounts owed to group undertakings	12,554	62,866
	22,554	72,866

15. BANK LOANS AND OVERDRAFTS

	2008 £'000	2007 £'000
Amounts falling due:		
In one year or less	26,287	25,250
In more than one year but not more than two years	-	-
In more than two years but not more than five years	10,000	10,000
	36,287	35,250
Less: issue costs	-	(86)
	36,287	35,164

Loans due after more than one year include £10,000,000 (2007 - £10,000,000) of borrowings repayable within one year. These are drawings under long-term committed facilities and have therefore been classified as such.

In order to fund the acquisition of Equity Broking Management Limited in January 2009, the group borrowing facilities in place at 31 December 2008 have been replaced with a new £175,000,000 facility. £125,000,000 of this facility is in the form of a bridging facility which expires on 30 June 2009. A process is currently underway with Lloyds TSB to replace this line of funding with a securitisation of the Company's accounts receivable book. This process is progressing according to plan and no matters have been drawn to the directors' attention to suggest that this process will not reach a satisfactory conclusion.

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

	Restructuring Provision £'000	Other Provisions £'000	Total £'000
At 1 January 2008	124	158	282
Charge to profit and loss account	4	175	179
Utilised during the year	(53)	(223)	(276)
At 31 December 2008	75	110	185

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

17. SHARE CAPITAL

	2008 £'000	2008 No.	2007 £'000	2007 No.
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	15,128	15,128,253	15,128	15,128,253

18. REVALUATION RESERVE

	£'000
At 1 January 2008	1,955
Decrease in property valuation (note 10)	(198)
At 31 December 2008	1,757

19. CAPITAL CONTRIBUTION RESERVE

	£'000
At 1 January 2008	84,931
Contributions received in the year	4,394
At 31 December 2008	89,325

£4,394,000 of capital contributions were received from Swinton (Holdings) Limited, the company's immediate parent company in respect of cash settled share based incentives awarded to certain executives of the company (see note 25).

20. CONVERTIBLE BOND RESERVE

	£'000
At 1 January 2008	-
Issue of convertible bond	6,653
At 31 December 2008	6,653

On 10 March 2008, the company issued a Loan Note Instrument to its parent undertaking, Swinton (Holdings) Limited, for £56,023,000. The instrument contains an option to redeem or convert into preference share capital on 31 December 2009. The liability and equity components of this compound financial instrument have been recognised separately in the accounts of the company, with interest accruing on the liability element. A liability of £52,246,000 is included within amounts owed to parent undertaking falling due within one year at 31 December 2008. This liability includes interest of £2,876,000 accruing in the period to 31 December 2008.

21. PROFIT AND LOSS ACCOUNT

	£'000
At 1 January 2008	27,030
Profit for the financial year	28,915
Dividends declared and paid in the year	(7,877)
At 31 December 2008	48,068

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Opening shareholders' funds	129,044	99,415
Profit for the financial year (note 21)	28,915	20,198
Dividends declared and paid in the year (note 21)	(7,877)	(8,000)
Movement of revaluation reserve (note 18)	(198)	793
Capital contributions (note 19)	4,394	16,638
Issue of convertible bond (note 20)	6,653	-
Closing shareholders' funds	160,931	129,044

23. CAPITAL COMMITMENTS

	2008 £'000	2007 £'000
At the balance sheet date, the Company had capital expenditure commitments as follows:		
Contracted for but not provided in the financial statements	949	1,967

24. OTHER FINANCIAL COMMITMENTS

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

	2008 Land and Buildings £'000	2008 Motor Vehicles £'000	2007 Land and Buildings £'000	2007 Motor Vehicles £'000
Expiring within one year	649	128	593	64
Expiring between 2-5 years	2,639	1,007	2,285	604
Expiring after more than 5 years	2,039	-	1,630	-
	5,327	1,135	4,508	668

25. 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, £4,394,000 (2007 - £10,678,000) 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 £4,394,000 (2007: £10,678,000) receivable from Swinton (Holdings) Limited in accordance with FRS20 "Share-based payments" (see note 19).

26. ACQUISITIONS

During the year the group has acquired a number of businesses. These acquisitions in aggregate gave rise to goodwill of £16,148,000 (2007 - £15,968,000).

Significant additions in 2008 relate to the acquisition of the trade and assets of Andinsure Limited for a consideration of £5,092,000 generating goodwill on acquisition of £4,060,000; and the acquisition of the trade and assets of Sayers Insurance Services Limited for a consideration of £1,130,000, generating goodwill on acquisition of £1,042,000.

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.

27. 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 %
Walmsley Williams Limited	Intermediate holding company	100
Walmsleys Insurance Brokers Limited	Insurance intermediary – dormant	*100

*Held directly by Walmsley Williams Limited

28. 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.

29. CONTINGENT LIABILITIES

The company is a guarantor of the loans of its parent company. The total amount outstanding on these facilities at 31 December 2008 was £74,736,000 (2007 - £60,549,000).

30. POST BALANCE SHEET EVENTS

On 8 January 2009, the company acquired the entire share capital of Equity Insurance Management Limited, the holding company of Equity Insurance Brokers Limited's network of 91 branches, for a consideration of £24,933,000.

31. 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.