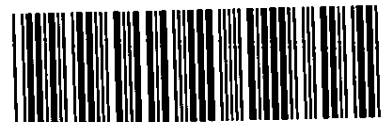


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008
FOR
M C EDWARDS (INSURANCE BROKERS) LIMITED**

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M C EDWARDS (INSURANCE BROKERS) LIMITED

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FOR THE YEAR ENDED 31 MAY 2008**

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M C EDWARDS (INSURANCE BROKERS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2008**

DIRECTORS:	M C Edwards J T Edwards D C Edwards
SECRETARY:	J R Edwards
REGISTERED OFFICE:	Crown Way Rushden Northamptonshire NN10 6BS
REGISTERED NUMBER:	01232753
AUDITORS:	DNG Dove Naish Chartered Accountants and Registered Auditors Eagle House 28 Billing Road Northampton Northamptonshire NN1 5AJ
BANKERS:	Lloyds TSB Bank Plc 64 Harborough Road Northampton NN2 7SH

M C EDWARDS (INSURANCE BROKERS) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MAY 2008

The directors present their report with the financial statements of the company for the year ended 31 May 2008

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of insurance broking

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

The company faced a number of market challenges during the course of the financial year. In the opinion of the directors, the company successfully identified these challenges and implemented proactive solutions resulting in a strong financial performance overall.

Total turnover on continuing operations increased in comparison to the previous financial year by 10.9% from £8,465,721 to £9,384,592. This increase can be explained by the key factors detailed below:

- A significant increase in policy count following successful marketing initiatives
- The introduction of new and expansion of existing specialist products
- The successful renegotiation of increased levels of commission with major insurers and 'add-on' providers
- Systems advancements facilitating sales processes

Net profit on ordinary activities before taxation fell by 11.1% to £476,131 from £535,691, representing a net margin of 5.1% compared to 6.3% the previous year. This reduction in profitability can be attributed to increased operational costs following relocation of trading premises together with significant investment in systems development and key personnel. The directors predict this downward trend will reverse going forward as turnover reaches projected levels following employment or implementation of the developments mentioned above.

During the financial year, the company relocated to new larger trading premises. The directors took the decision to relocate to provide the platform to enable the company to progress the business expansion plan and promote the company profile in order to attract and retain senior personnel and enhance customer satisfaction.

The directors are of the opinion that the coming financial year will continue to be challenging, with the company facing increased competition, particularly from internet cost comparison sites, resulting in restricted increases in sales unit prices. The company plans to counteract this stagnant market by continued focus on the key sales factors mentioned above with the intention to significantly increase overall unit numbers once again. Additionally a continuous cost monitoring and control programme will be undertaken.

DIVIDENDS

The total distribution of dividends for the year ended 31 May 2008 will be £24,000.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2007 to the date of this report:

M C Edwards
J T Edwards
D C Edwards

M C EDWARDS (INSURANCE BROKERS) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2008**

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

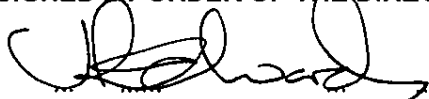
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, DNG Dove Naish, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

SIGNED BY ORDER OF THE DIRECTORS:



J R Edwards - Secretary

Date 28-10-2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF M C EDWARDS (INSURANCE BROKERS) LIMITED

We have audited the financial statements of M C Edwards (Insurance Brokers) Limited for the year ended 31 May 2008 on pages six to fifteen. 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' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

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 whether in our opinion the information given in the Report of the Directors is 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 Report of the Directors 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 judgements 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.

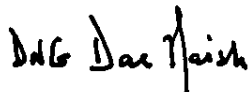
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
M C EDWARDS (INSURANCE BROKERS) LIMITED**

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 May 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 Report of the Directors is consistent with the financial statements



DNG Dove Naish
Chartered Accountants
and Registered Auditors
Eagle House
28 Billing Road
Northampton
Northamptonshire
NN1 5AJ

Date 05 November 2008

M C EDWARDS (INSURANCE BROKERS) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2008**

	Notes	2008 £	2007 £
TURNOVER		9,384,592	8,465,721
Cost of sales		<u>177,794</u>	<u>46,263</u>
GROSS PROFIT		9,206,798	8,419,458
Administrative expenses		<u>9,054,920</u>	<u>8,129,846</u>
OPERATING PROFIT	3	151,878	289,612
Interest receivable and similar income		<u>324,253</u>	<u>246,079</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		476,131	535,691
Tax on profit on ordinary activities	4	<u>135,524</u>	<u>142,738</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u><u>340,607</u></u>	<u><u>392,953</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

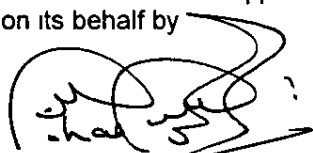
The company has no recognised gains or losses other than the profits for the current year or previous year

M C EDWARDS (INSURANCE BROKERS) LIMITED

BALANCE SHEET
31 MAY 2008

		2008		2007	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	6		1,617,802		1,251,880
Investments	7		<u>5</u>		<u>5</u>
			1,617,807		1,251,885
CURRENT ASSETS					
Debtors	8	3,070,993		2,438,801	
Cash at bank and in hand		<u>5,084,567</u>		<u>4,887,648</u>	
		8,155,560		7,326,449	
CREDITORS					
Amounts falling due within one year	9	<u>7,766,320</u>		<u>6,928,318</u>	
NET CURRENT ASSETS			<u>389,240</u>		<u>398,131</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,007,047		1,650,016
PROVISIONS FOR LIABILITIES	11		<u>42,605</u>		<u>2,181</u>
NET ASSETS			<u>1,964,442</u>		<u>1,647,835</u>
CAPITAL AND RESERVES					
Called up share capital	12		1,000		1,000
Profit and loss account	13		<u>1,963,442</u>		<u>1,646,835</u>
SHAREHOLDERS' FUNDS	16		<u>1,964,442</u>		<u>1,647,835</u>

The financial statements were approved by the Board of Directors on 28 October 2008 and were signed on its behalf by



M C Edwards - Director

The notes form part of these financial statements

M C EDWARDS (INSURANCE BROKERS) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2008**

	Notes	2008 £	2007 £
Net cash inflow from operating activities	1	509,262	1,696,533
Returns on investments and servicing of finance	2	324,253	246,079
Taxation		(140,557)	(129,243)
Capital expenditure	2	(472,039)	(844,645)
Equity dividends paid		<u>(24,000)</u>	<u>(24,000)</u>
		196,919	944,724
Financing	2	<u>-</u>	<u>(71)</u>
Increase in cash in the period		<u>196,919</u>	<u>944,653</u>
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>196,919</u>	<u>944,653</u>
Change in net funds resulting from cash flows		<u>196,919</u>	<u>944,653</u>
Movement in net funds in the period		196,919	944,653
Net funds at 1 June		<u>4,887,648</u>	<u>3,942,995</u>
Net funds at 31 May		<u>5,084,567</u>	<u>4,887,648</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2008

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating profit	151,878	289,612
Depreciation charges	102,988	72,265
Loss on disposal of fixed assets	3,131	925
Increase in debtors	(632,194)	(595,884)
Increase in creditors	883,459	1,929,615
Net cash inflow from operating activities	509,262	1,696,533

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2008 £	2007 £
Returns on investments and servicing of finance		
Interest received	324,253	246,079
Net cash inflow for returns on investments and servicing of finance	324,253	246,079
Capital expenditure		
Purchase of tangible fixed assets	(473,739)	(844,645)
Sale of tangible fixed assets	1,700	-
Net cash outflow for capital expenditure	(472,039)	(844,645)
Financing		
Amount withdrawn by directors	-	(71)
Net cash outflow from financing	-	(71)

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 01.06.07 £	Cash flow £	At 31.05.08 £
Net cash			
Cash at bank and in hand	4,887,648	196,919	5,084,567
	4,887,648	196,919	5,084,567
Total	4,887,648	196,919	5,084,567

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2008**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Freehold property	- 2% on cost
Long leasehold	- Over the life of the lease
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 33% on cost

Deferred tax

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2 STAFF COSTS

	2008	2007
	£	£
Wages and salaries	5,704,776	5,400,509
Social security costs	662,720	631,660
Other pension costs	<u>227,600</u>	<u>228,800</u>
	<u>6,595,096</u>	<u>6,260,969</u>

The average monthly number of employees during the year was as follows

	2008	2007
Administrative staff	99	88
Management staff	<u>7</u>	<u>7</u>
	<u>106</u>	<u>95</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2008**

3 OPERATING PROFIT

The operating profit is stated after charging

	2008	2007
	£	£
Other operating leases	9,955	292
Depreciation - owned assets	102,988	72,266
Loss on disposal of fixed assets	3,130	925
Auditors' remuneration	<u>9,300</u>	<u>9,000</u>
Directors' emoluments	3,954,967	3,836,850
Directors' pension contributions to money purchase schemes	<u>192,800</u>	<u>192,800</u>

Information regarding the highest paid director is as follows

	2008	2007
	£	£
Emoluments etc	2,071,171	2,116,970
Pension contributions to money purchase schemes	<u>188,000</u>	<u>188,000</u>

4 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2008	2007
	£	£
Current tax		
UK corporation tax	95,100	140,557
Deferred tax	<u>40,424</u>	<u>2,181</u>
Tax on profit on ordinary activities	<u>135,524</u>	<u>142,738</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2008	2007
	£	£
Profit on ordinary activities before tax	<u>476,131</u>	<u>535,691</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2007 - 30%)	133,317	160,707
Effects of		
Expenses not deductible for tax purposes	21,488	10,085
Deferred tax movement	(40,570)	(4,614)
Marginal relief	<u>(19,135)</u>	<u>(25,621)</u>
Current tax charge	<u>95,100</u>	<u>140,557</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2008

5 DIVIDENDS

	2008 £	2007 £
Interim	<u>24,000</u>	<u>24,000</u>

6 TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Fixtures and fittings £
COST			
At 1 June 2007	421,876	719,870	48,421
Additions	<u>-</u>	<u>241,257</u>	<u>189,957</u>
At 31 May 2008	<u>421,876</u>	<u>961,127</u>	<u>238,378</u>
DEPRECIATION			
At 1 June 2007	62,579	7,956	1,009
Charge for year	<u>8,438</u>	<u>18,521</u>	<u>12,105</u>
At 31 May 2008	<u>71,017</u>	<u>26,477</u>	<u>13,114</u>
NET BOOK VALUE			
At 31 May 2008	<u>350,859</u>	<u>934,650</u>	<u>225,264</u>
At 31 May 2007	<u>359,297</u>	<u>711,914</u>	<u>47,412</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 June 2007	32,771	291,879	1,514,817
Additions	13,360	29,165	473,739
Disposals	<u>(5,437)</u>	<u>(8,382)</u>	<u>(13,819)</u>
At 31 May 2008	<u>40,694</u>	<u>312,662</u>	<u>1,974,737</u>
DEPRECIATION			
At 1 June 2007	5,533	185,859	262,936
Charge for year	9,329	54,595	102,988
Eliminated on disposal	<u>(4,093)</u>	<u>(4,896)</u>	<u>(8,989)</u>
At 31 May 2008	<u>10,769</u>	<u>235,558</u>	<u>356,935</u>
NET BOOK VALUE			
At 31 May 2008	<u>29,925</u>	<u>77,104</u>	<u>1,617,802</u>
At 31 May 2007	<u>27,238</u>	<u>106,020</u>	<u>1,251,881</u>

7 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 June 2007	
and 31 May 2008	<u>5</u>
NET BOOK VALUE	
At 31 May 2008	<u>5</u>
At 31 May 2007	<u>5</u>

The company's investments at the balance sheet date in the share capital of companies include the following

Rider Direct Insurance Services Limited

Nature of business Dormant

	% holding	2008 £	2007 £
Class of shares	50.00		
Ordinary			
Aggregate capital and reserves		<u>2</u>	<u>2</u>

CC Direct Limited

Nature of business Dormant

	% holding	2008 £	2007 £
Class of shares	50.00		
Ordinary			
Aggregate capital and reserves		<u>2</u>	<u>2</u>

Peugeot Scooter Plus Limited

Nature of business Dormant

	% holding	2008 £	2007 £
Class of shares	50.00		
Ordinary			
Aggregate capital and reserves		<u>2</u>	<u>2</u>

Cagiva Choice Limited

Nature of business Dormant

	% holding	2008 £	2007 £
Class of shares	50.00		
Ordinary			
Aggregate capital and reserves		<u>2</u>	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2008**

7 FIXED ASSET INVESTMENTS - continued

Crusade Solutions Limited

Nature of business Dormant

Class of shares	% holding	2008	2007
Ordinary	50 00	£	£
Aggregate capital and reserves		<u>2</u>	<u>2</u>

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade debtors	2,882,736	2,177,813
Other debtors	4,503	784
Prepayments and accrued income	<u>183,754</u>	<u>260,204</u>
	<u>3,070,993</u>	<u>2,438,801</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade creditors	3,236,266	2,581,264
Tax	95,100	140,557
Social security and other taxes	50,508	93,370
Other creditors	4,287,615	4,060,954
Accruals and deferred income	<u>96,831</u>	<u>52,173</u>
	<u>7,766,320</u>	<u>6,928,318</u>

10 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings	
	2008	2007
	£	£
Expiring		
Between one and five years	<u>50,000</u>	<u>-</u>

11 PROVISIONS FOR LIABILITIES

	2008	2007
	£	£
Deferred tax	<u>42,605</u>	<u>2,181</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2008

11 PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 June 2007	2,181
Accelerated capital allowances	40,570
Change in rate	<u>(146)</u>
Balance at 31 May 2008	<u>42,605</u>

12 CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid Number	Class	Nominal value: £1	2008 £	2007 £
1,000	Ordinary		<u>1,000</u>	<u>1,000</u>

13 RESERVES

	Profit and loss account £
At 1 June 2007	1,646,835
Profit for the year	340,607
Dividends	<u>(24,000)</u>
At 31 May 2008	<u>1,963,442</u>

14 PENSION COMMITMENTS

The company makes contributions into the personal pension schemes of certain employees. The contributions paid during the year amounted to £227,600 (2007 £228,800). There were no amounts outstanding at the balance sheet date.

15 RELATED PARTY DISCLOSURES

The company was under the control of Mr M C Edwards throughout the current and previous year. Mr Edwards is the managing director and majority shareholder.

There were no related party transactions requiring disclosure under FRS8.

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	340,607	392,953
Dividends	<u>(24,000)</u>	<u>(24,000)</u>
Net addition to shareholders' funds	316,607	368,953
Opening shareholders' funds	<u>1,647,835</u>	<u>1,278,882</u>
Closing shareholders' funds	<u>1,964,442</u>	<u>1,647,835</u>