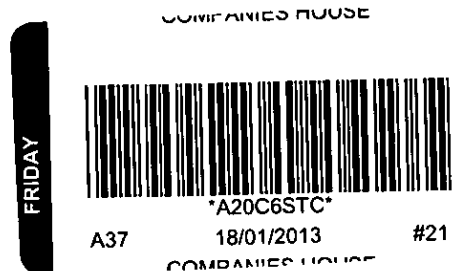


Registered number 01232753

M. C. Edwards (Insurance Brokers) Limited

Directors' report and financial statements

for the year ended 31 May 2012



M C. Edwards (Insurance Brokers) Limited

Company Information

Directors	M C Edwards (Chairman) J T Edwards (CEO)
Company secretary	J R Edwards
Company number	01232753
Registered office	The MCE Building Crown Way Rushden Northamptonshire NN10 6BS
Auditors	Reeves & Co LLP Chartered Accountants and Statutory Auditors Third Floor 24 Chiswell Street London EC1Y 4YX
Bankers	Lloyds TSB Bank Plc 2nd Floor 249 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 1NA

M C Edwards (Insurance Brokers) Limited

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M C. Edwards (Insurance Brokers) Limited

Directors' report for the year ended 31 May 2012

The directors present their report and the financial statements for the year ended 31 May 2012

Principal activities

The principal activity of the company during the year continued to be that of insurance broking

Business review

The results for the year and financial position of the company are 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.

The directors manage the company's operations and their key performance indicators are seen as levels of brokerage and resultant turnover. Total turnover on continuing operations increased in comparison to the previous financial year to £17,240,487. This increase can be explained by marketing initiatives and systems advancements in the business.

The principal risks and uncertainties that affect the company are those that impact income, such as competition and maintaining commission levels. The directors are of the opinion that the coming financial year will continue to be challenging, with the company facing increased competition, resulting in industry pressures. The company plans to counteract this stagnant market by continued focus on sales. Additionally a continuous cost monitoring and control programme will be undertaken.

The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, credit risk and liquidity risk. The directors actively monitor the exposure of the company to these risks and where necessary takes action to mitigate identified risks. The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the company's bankers are well established and have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises from its trade debtors.

The directors have a positive future outlook for the company and continue to build upon the historic results and customer base.

Results and dividends

The profit for the year, after taxation, amounted to £11,054 (2011 - £9,104)

The total distribution of dividends for the year ended 31 May 2012 was £24,000 (2011 £24,000)

Directors

The directors who served during the year were

M C Edwards (Chairman)
J T Edwards (CEO)
D C Edwards (resigned 9 July 2011)

M. C Edwards (Insurance Brokers) Limited

Directors' report for the year ended 31 May 2012

Charitable contributions

During the year, the company made charitable donations as follows

- £7,000 to African Revival
- £5,450 to Aspire

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

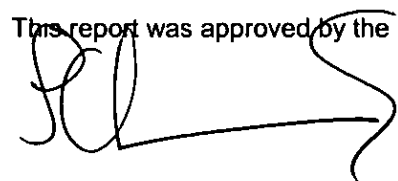
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Reeves & Co LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15 January 2013 and signed on its behalf



J T Edwards (CEO)
Director

M. C Edwards (Insurance Brokers) Limited

Independent auditors' report 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 2012, set out on pages 5 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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


M C. Edwards (Insurance Brokers) Limited

Independent auditors' report to the shareholders of M C. Edwards (Insurance Brokers) Limited

Matters on which we are required to report by exception

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

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



James O'Brien FCA (Senior statutory auditor)
for and on behalf of

Reeves & Co LLP

Chartered Accountants and Statutory Auditors

Third Floor

24 Chiswell Street

London

EC1Y 4YX

Date 16 January 2013

M C Edwards (Insurance Brokers) Limited

**Profit and loss account
for the year ended 31 May 2012**

	Note	2012 £	2011 £
Turnover	1	17,240,487	13,368,104
Cost of sales		(4,535,027)	(324,717)
Gross profit		12,705,460	13,043,387
Administrative expenses		(12,689,418)	(13,014,417)
Operating profit	2	16,042	28,970
Loss on disposal of investments		(5)	-
Interest receivable and similar income		7,748	7,906
Interest payable and similar charges	5	(4)	(13)
Profit on ordinary activities before taxation		23,781	36,863
Tax on profit on ordinary activities	6	(12,727)	(27,759)
Profit for the financial year		11,054	9,104

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

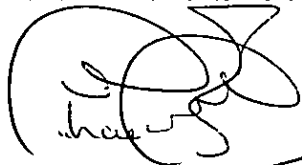
The notes on pages 8 to 16 form part of these financial statements

M. C. Edwards (Insurance Brokers) Limited
Registered number 01232753

Balance sheet
as at 31 May 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	7		1,339,689		1,405,122
Investments	8		-		5
			<u>1,339,689</u>		<u>1,405,127</u>
Current assets					
Debtors	9	7,896,994		4,726,103	
Cash at bank and in hand	10	4,403,484		2,830,096	
		<u>12,300,478</u>		<u>7,556,199</u>	
Creditors: amounts falling due within one year	11	(11,588,308)		(6,896,521)	
Net current assets			<u>712,170</u>		<u>659,678</u>
Total assets less current liabilities			<u>2,051,859</u>		<u>2,064,805</u>
Provisions for liabilities					
Deferred tax	12		(41,206)		(41,206)
Net assets			<u>2,010,653</u>		<u>2,023,599</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Profit and loss account	14		2,009,653		2,022,599
Shareholders' funds	15		<u>2,010,653</u>		<u>2,023,599</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



15 January 2013

M C Edwards (Chairman)
Director

The notes on pages 8 to 16 form part of these financial statements

M C. Edwards (Insurance Brokers) Limited

**Cash flow statement
for the year ended 31 May 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	17	1,671,328	1,785,614
Returns on investments and servicing of finance	18	7,744	7,893
Taxation		(26,727)	(33,759)
Capital expenditure and financial investment	18	(54,957)	(38,097)
Equity dividends paid		(24,000)	(24,000)
Increase in cash in the year		1,573,388	1,697,651

**Reconciliation of net cash flow to movement in net funds/debt
for the year ended 31 May 2012**

	2012 £	2011 £
Increase in cash in the year	1,573,388	1,697,651
Movement in net debt in the year	1,573,388	1,697,651
Net funds at 1 June 2011	2,830,096	1,132,445
Net funds at 31 May 2012	4,403,484	2,830,096

The notes on pages 8 to 16 form part of these financial statements

**Notes to the financial statements
for the year ended 31 May 2012**

1 Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Commissions received are recognised when the company's obligations to arrange the respective insurance policy has been substantially completed and the income due is reasonably certain

The brokerage fee is recognised when and to the extent that the insurance services to which it relates have been substantially completed

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2% straight line
Long term leasehold property	-	2% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	33% straight line
Leasehold improvements	-	10% straight line

1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

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

1.6 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

**Notes to the financial statements
for the year ended 31 May 2012**

1 Accounting policies (continued)

1.8 Insurance debtors and creditors

(i) The company acts as an agent in broking the insurable risks of its clients and, generally, is not liable as a principle for premiums due to underwriters nor for claims payable to clients. Notwithstanding the company's legal relationship with clients and underwriters and since, in practice, premium and claims monies are usually accounted for by insurance intermediaries, it has followed generally accepted accounting practice by showing cash, debtors and creditors relating to insurance business as assets and liabilities of the company itself.

(ii) The company has adopted Financial Reporting Standard 5 (FRS 5) 'Reporting the substance of transactions' and offsets debtors and creditors from insurance broking transactions only where it is legally enforceable.

1.9 Employee benefit trusts

The company has created a trust whose beneficiaries will include employees of the company and their dependents. Assets held under this trust will be controlled by trustees who will be acting independently and entirely at their own discretion.

Where assets are held in the trust and these are considered by the company to be in respect of services already provided by employees to the company, the company will account for these as assets of the trust when payment is made to the trust. The value transferred will be charged in the company's profit and loss account for the year to which it relates.

2 Operating profit

The operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	122,900	132,966
Auditors' remuneration	12,500	15,000
Auditors' remuneration - non-audit	3,444	-
Operating lease rentals		
- other operating leases	99,822	59,063

M. C Edwards (Insurance Brokers) Limited

Notes to the financial statements for the year ended 31 May 2012

3 Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	6,614,631	6,881,422
Social security costs	745,491	764,821
Other pension costs	70,000	204,000
	<u>7,430,122</u>	<u>7,850,243</u>

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

	2012 No.	2011 No
Administrative staff	181	157
Management staff	9	10
	<u>190</u>	<u>167</u>

4. Directors' remuneration

	2012 £	2011 £
Emoluments	<u>3,512,532</u>	<u>4,194,255</u>
Company pension contributions to defined contribution pension schemes	<u>12,800</u>	<u>92,800</u>

During the year retirement benefits were accruing to 3 directors (2011 - 3) in respect of defined contribution pension schemes

The highest paid director received remuneration of £1,758,596 (2011 - £1,737,364)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £2,400 (2011 - £88,000)

5 Interest payable

	2012 £	2011 £
Bank interest	<u>4</u>	<u>13</u>

**Notes to the financial statements
for the year ended 31 May 2012**

6. Taxation

	2012 £	2011 £
Analysis of tax charge in the year		
UK corporation tax charge on profit for the year	14,000	28,000
Adjustments in respect of prior periods	(1,273)	(241)
	<u>12,727</u>	<u>27,759</u>
Tax on profit on ordinary activities	<u>12,727</u>	<u>27,759</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - *higher than*) the standard rate of corporation tax in the UK of 20% (2011 - 26%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>23,781</u>	<u>36,863</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 26%)	4,756	9,584
Effects of:		
Expenses not deductible for tax purposes	8,735	13,412
Depreciation in excess of capital allowances during the year	1,503	7,880
Other tax adjustments	(2,267)	(3,117)
	<u>12,727</u>	<u>27,759</u>
Current tax charge for the year (see note above)	<u>12,727</u>	<u>27,759</u>

Notes to the financial statements
for the year ended 31 May 2012

7. Tangible fixed assets

	Freehold property £	Long Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £	Leasehold improvements £	Total £
Cost						
At 1 June 2011	421,876	719,870	48,051	732,390	246,075	2,168,262
Additions	-	-	13,500	45,704	-	59,204
Disposals	-	-	(20,850)	-	-	(20,850)
At 31 May 2012	421,876	719,870	40,701	778,094	246,075	2,206,616
Depreciation						
At 1 June 2011	96,331	65,544	35,813	485,587	79,865	763,140
Charge for the year	8,438	14,397	10,170	64,648	25,247	122,900
On disposals	-	-	(19,113)	-	-	(19,113)
At 31 May 2012	104,769	79,941	26,870	550,235	105,112	866,927
Net book value						
At 31 May 2012	317,107	639,929	13,831	227,859	140,963	1,339,689
At 31 May 2011	325,545	654,326	12,238	246,803	166,210	1,405,122

8. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 June 2011	5
Amounts written off	(5)
At 31 May 2012	-
Net book value	
At 31 May 2012	-
At 31 May 2011	5

During the year, all five dormant subsidiaries were struck off the register of companies

M C Edwards (Insurance Brokers) Limited

**Notes to the financial statements
for the year ended 31 May 2012**

9 Debtors

	2012 £	2011 £
Trade debtors	998,728	264,918
Insurance debtors	6,368,588	3,634,159
Other debtors	152,642	522,313
Prepayments and accrued income	377,036	304,713
	<u>7,896,994</u>	<u>4,726,103</u>

10. Analysis of cash at bank

	2012 £	2011 £
Cash held as agents for insurers	1,556,248	746,640
Cash held on office	2,847,236	2,083,456
	<u>4,403,484</u>	<u>2,830,096</u>

**11 Creditors.
Amounts falling due within one year**

	2012 £	2011 £
Trade creditors	2,055,811	1,133,302
Corporation tax	14,000	28,000
Social security and other taxes	79,929	79,613
Insurance creditors	6,527,003	4,111,101
Other creditors	2,682,403	1,320,708
Accruals and deferred income	229,162	223,797
	<u>11,588,308</u>	<u>6,896,521</u>

12. Deferred taxation

	2012 £	2011 £
At beginning and end of year	<u>41,206</u>	<u>41,206</u>

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated capital allowances	<u>41,206</u>	<u>41,206</u>

M C. Edwards (Insurance Brokers) Limited

**Notes to the financial statements
for the year ended 31 May 2012**

13 Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

14. Reserves

	Profit and loss account £
At 1 June 2011	2,022,599
Profit for the year	11,054
Dividends Equity capital	(24,000)
At 31 May 2012	<u>2,009,653</u>

15 Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	2,023,599	2,038,495
Profit for the year	11,054	9,104
Dividends (Note 16)	(24,000)	(24,000)
Closing shareholders' funds	<u>2,010,653</u>	<u>2,023,599</u>

16 Dividends

	2012 £	2011 £
Final dividends paid on equity capital of £24 (2011 £24) per share	<u>24,000</u>	<u>24,000</u>

17. Net cash flow from operating activities

	2012 £	2011 £
Operating profit	16,042	28,970
Depreciation of tangible fixed assets	122,900	132,966
Profit on disposal of tangible fixed assets	(2,510)	-
(Increase)/decrease in debtors	(3,170,891)	384,422
Increase in creditors	4,705,787	1,239,256
Net cash inflow from operating activities	<u>1,671,328</u>	<u>1,785,614</u>

Notes to the financial statements
for the year ended 31 May 2012

18 Analysis of cash flows for headings netted in cash flow statement

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	7,748	7,906
Interest paid	(4)	(13)
	<u>7,744</u>	<u>7,893</u>
Net cash inflow from returns on investments and servicing of finance	<u>7,744</u>	<u>7,893</u>
	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(59,204)	(38,097)
Sale of tangible fixed assets	4,247	-
	<u>(54,957)</u>	<u>(38,097)</u>
Net cash outflow from capital expenditure	<u>(54,957)</u>	<u>(38,097)</u>

19 Analysis of changes in net debt

	1 June 2011 £	Cash flow £	31 May 2012 £
Cash at bank and in hand	2,830,096	1,573,388	4,403,484
Net funds	<u>2,830,096</u>	<u>1,573,388</u>	<u>4,403,484</u>

20 Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £70,000 (2011 £204,000). There were no amounts outstanding at the balance sheet date.

21. Operating lease commitments

At 31 May 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2012 £	2011 £
Expiry date:		
Within 1 year	100,000	-
Between 2 and 5 years	-	50,000
	<u>100,000</u>	<u>50,000</u>

M. C Edwards (Insurance Brokers) Limited

Notes to the financial statements for the year ended 31 May 2012

22 Related party transactions

M C Edwards, who is a director of the company, received dividends of £12,024 (2011 £12,024) and J R Edwards, who is the spouse of M C Edwards, received dividends of £11,976 (2011 £11,976)

During the year, the company paid expenses of £38,346 (2011 £6,921), on behalf of Fishface Creative Limited, a company of which M C Edwards and J T Edwards, who is a director of the company, are directors and shareholders

During the year, the company paid expenses of £24,500 (2011 £11,464), on behalf of MCE Thinking Enterprise Limited, a company of which M C Edwards and J T Edwards are directors and shareholders. The company also purchased sales leads from MCE Thinking Enterprise Limited totalling £3,862,500 (2011 £nil). At the balance sheet date, the company was owed £nil (2011 £2,700) and this balance is included within 'Other debtors' in Note 9 of these accounts.

At the balance sheet date the company was owed £18,599 (2011 £37,414) from Vine Thinking Limited, a company which M C Edwards and J T Edwards are both directors and shareholders, for expenses paid on its behalf. The balance is included in 'Other debtors' in Note 9 of these accounts.

The company received commissions of £1,527,929 (2011 £1,172,681) from White Knight Solutions Limited, a company in which M C Edwards and J T Edwards are directors and shareholders. At the balance sheet date, the company was owed £130,850 (2011 £123,606) relating to commissions earned, but not yet invoiced. This balance is included within 'Trade debtors' in Note 9 of these accounts.

23. Post balance sheet events

Since the year end, the company has established an Employee Benefit Trust to assist in the reward and motivation of the company's employees.

24 Controlling party

The company was under the control of M C Edwards, the majority shareholder, throughout the current and previous year.