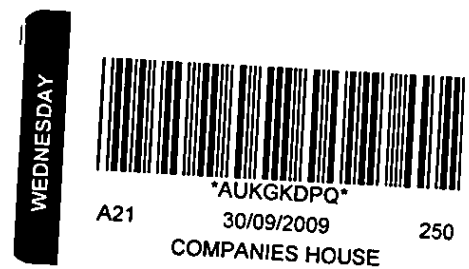


Priestley & Partners (Insurance) Brokers Limited

**Directors' report and financial
statements**

Registered number 01278058

15 month period ended 31 December 2008



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Directors and advisors

Directors

PG Ellis
R Shannon

Secretary

NJ Gifford

Registered office

Hexagon House
Grimbald Crag Close
St James Business Park
Knaresborough
North Yorkshire
HG5 8PJ

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Principal bankers

Lloyds TSB Bank plc
1st Floor
25 Gresham Street
London
EC2V 7HN

Directors' report

The directors present their report and the audited financial statements for the 15 month period ended 31 December 2008.

Principal activities

The principal activity of the company during the period was operation of retail insurance broking.

The company has changed its period end to 31 December following its acquisition by Broker Network Insurance Brokers Limited.

Business Review

The company was acquired by Broker Network Insurance Brokers Ltd on 1 October 2007. The directors are satisfied with the result for the period. The profit before tax for the period was £548,236 (*Year ended 30 September 2007: profit of £185,373*).

Results and dividends

The result for the period is contained in the profit and loss account on page 6. The profit for the period of £395,514 has been taken to reserves.

Directors

The following held office of director during the period:

NR Swift- resigned 27 October 2007

BR McGlaulin- resigned 27 October 2007

JK Hale- appointed 22 October 2007, resigned 8 September 2008

PG Ellis- appointed 22 October 2007

R Shannon- appointed 30 December 2008

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


NJ Gifford
Secretary

28 September 2009

Hexagon House
Grimbald Crag Close
St James Business Park
Knaresborough
North Yorkshire
HG5 8PJ

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 UK Accounting Standards and applicable law (UK Generally Acceptable Accounting Practice).

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 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditors' report to the members of the Priestley & Partners (Insurance) Brokers Limited

We have audited the financial statements of Priestley & Partners (Insurance) Brokers Limited for the 15 month period ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 Directors' Report is consistent with the financial statements. In addition 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.

**Independent auditors' report to the members of Priestley & Partners
(Insurance) Brokers Limited *(continued)***

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the 15 month period 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.



Karen T Orr (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

1 The Embankment
Neville Street
Leeds
LS1 4DW
28 September 2009

Profit and loss account

for the 15 month period ended 31 December 2008

Note

		15 month period ended 31 December 2008 £000	Year ended 30 September 2007 £000
Turnover	<i>1</i>	1,587,206	909,589
Administrative expenses		(1,094,812)	(777,695)
Other operating income		-	7,230
		<hr/>	<hr/>
Operating profit	<i>2</i>	492,394	139,124
Interest receivable		56,107	46,249
Interest payable		(265)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		548,236	185,373
Tax on profit on ordinary activities	<i>5</i>	(152,722)	(37,207)
		<hr/>	<hr/>
Profit for the financial period	<i>13</i>	395,514	148,166
		<hr/>	<hr/>

The company has no recognised gains or losses other than those shown in the profit and loss account and therefore a statement of total recognised gains and losses has not been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial period, as stated above, and their historical cost equivalents.

Balance sheet
at 31 December 2008

	<i>Note</i>	31 December 2008 £	30 September 2007 £
Fixed assets			
Tangible assets	6	45,584	36,528
Investments	7	1,020	1,020
		<hr/>	<hr/>
		46,604	37,548
Current assets			
Debtors	8	559,778	733,358
Cash at bank and in hand		514,693	694,001
		<hr/>	<hr/>
		1,074,471	1,427,359
Creditors: amounts falling due within one year	9	(276,920)	(1,012,537)
		<hr/>	<hr/>
Net current assets		797,551	414,822
		<hr/>	<hr/>
Total assets less current liabilities		844,155	452,370
Provision for liabilities and charges	10	-	(3,729)
		<hr/>	<hr/>
Net assets		844,155	448,641
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	25,000	25,000
Profit and loss account	13	819,155	423,641
		<hr/>	<hr/>
Shareholders' funds	14	844,155	448,641
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 28 September 2009 and were signed on its behalf by:



R Shannon
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of accounting

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

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirements to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Broker Network Insurance Brokers Limited, and its ultimate parent is the Towergate Partnership Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of the Towergate Partnership Limited, can be obtained from the address in note 15.

Turnover

Turnover represents commissions received on the arrangement of insurance policies. Turnover is recognised when it falls due.

Fixed assets

Tangible fixed assets are stated at cost. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Office equipment	20% straight line
Computer equipment	25% straight line

Taxation

The charge for taxation is based on the result for the year at current rates of tax and takes into account deferred taxation. Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

Leasing

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

Pension arrangement

The company operates a group personal pension plan, a defined contribution scheme. The pension cost is the amount of contributions payable in respect of the accounting period. The company provides no further post retirement benefits to its employees

Notes (continued)

2 Operating profit for the financial period

	15 month period ended 31 December 2008 £	Year ended 30 September 2007 £
Operating profit is stated after charging:		
Fees payable to the company's current auditor for - the audit of the company's financial statements	5,000	-
Fees payable to the company's previous auditor for - the audit of the company's financial statements	-	7,303
Depreciation		
- owned fixed assets	11,395	8,910
Operating leases - Land and buildings	61,688	49,350
- Other assets	14,214	-
	<u>77,297</u>	<u>57,563</u>

3 Employee information

	15 month period ended 31 December 2008 £	Year ended 30 September 2007 £
Wages and salaries	608,664	456,789
Social security costs	68,064	-
Other pension costs	29,364	103,702
	<u>706,092</u>	<u>560,491</u>

The company had an average of 12 employees during the period (30 September 2007: 12) who are all employed within the retail broking division.

Notes (continued)

4 Directors' emoluments

	15 month period ended 31 December 2008 £	Year ended 30 September 2007 £
Aggregate emoluments	-	109,098

5 Tax on profit on ordinary activities

(a) Analysis of charge in period

	15 month period ended 31 December 2008 £	Year ended 30 September 2007 £
Corporation tax		
– current year	156,451	37,032
– prior year	-	(1)
Deferred tax – accelerated capital allowances	(3,729)	176
	<u>152,722</u>	<u>37,207</u>

(b) Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28.93% (2007: 19%)) in both periods.

The differences are explained below:

	15 month period ended 31 December 2008 £	Year ended 30 September 2007 £
Profit on ordinary activities multiplied by the standard rate of corporation tax (28.93% (2007: 19%))	158,604	35,221
Effects of:		
Expenses not deductible for tax purposes	(2,660)	1,811
Depreciation in excess of capital allowances for the period	507	-
Current tax charge for the period	<u>156,451</u>	<u>37,032</u>

Notes (continued)

6 Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
<i>Cost</i>			
At 30 September 2007	41,334	69,716	111,050
Additions	2,074	18,377	20,451
	<hr/>	<hr/>	<hr/>
At 31 December 2008	43,408	88,093	131,501
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At 30 September 2007	20,506	54,016	74,522
Charge for period	5,637	5,758	11,395
	<hr/>	<hr/>	<hr/>
At 31 December 2008	26,143	59,774	85,917
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2008	17,265	28,319	45,584
	<hr/>	<hr/>	<hr/>
At 30 September 2007	20,828	15,700	36,528
	<hr/>	<hr/>	<hr/>

7 Investments

	31 December 2008 £	30 September 2007 £
<i>Cost</i>		
At beginning and end of period	1,020	1,020
	<hr/>	<hr/>

8 Debtors

	31 December 2008 £	30 September 2007 £
Prepayment and accrued income	27,167	8,270
Trade debtors	233,102	725,088
Amounts due from group undertakings	237,182	-
Other debtors	62,327	-
	<hr/>	<hr/>
	559,778	733,358
	<hr/>	<hr/>

Notes (continued)

9 Creditors: amounts falling due within one year

	31 December 2008 £	30 September 2007 £
Trade creditors	-	902,670
Taxation and social security	12,173	21,673
Other creditors	2,698	1,020
Accruals and deferred income	105,597	50,142
Corporation tax	156,452	37,032
	<u>276,920</u>	<u>1,012,537</u>

10 Provision for liabilities and charges – deferred tax

	15 month period ended 31 December 2008 £	Year ended 30 September 2007 £
At 30 September 2007	3,729	3,553
(Credited)/charged to profit and loss account	(3,729)	176
At 31 December 2008	<u>-</u>	<u>3,729</u>

11 Obligations under operating leases

	31 December 2008		30 September 2007	
	Land and buildings £	Other £	Land and buildings £	Other £
Within one year	-	-	-	-
Within two to five years	61,688	14,214	49,350	-
After five years	-	-	-	-
	<u>61,688</u>	<u>14,214</u>	<u>49,350</u>	<u>-</u>

Notes (continued)

12 Called up share capital

	15 month period ended 31 December 2008 No. of shares	Year ended 30 September 2007 No. of shares
<i>Authorised</i>		
Ordinary shares of £0.01 each	2,500,000	2,500,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £0.01 each	2,500,000	2,500,000
	<hr/>	<hr/>

13 Reserves

	Profit and loss account £
At 30 September 2007	423,641
Profit for the period	395,514
	<hr/>
At 31 December 2008	819,155
	<hr/>

14 Reconciliation of movements in shareholders' funds

	15 month period ended 31 December 2008 £	Year ended 30 September 2007 £
Opening shareholder's funds	448,641	300,475
Profit for the period	395,514	148,166
	<hr/>	<hr/>
Closing shareholder's funds	844,155	448,641
	<hr/>	<hr/>

15 Immediate and ultimate controlling party

The company is a subsidiary undertaking of Broker Network Insurance Brokers Ltd. The ultimate controlling party is Towergate Partnership Limited, a company incorporated in the United Kingdom. The accounts of Towergate Partnership Limited can be obtained from Towergate House, Eclipse Park, Sittingbourne Road, Maidstone, Kent, ME14 3EN.