

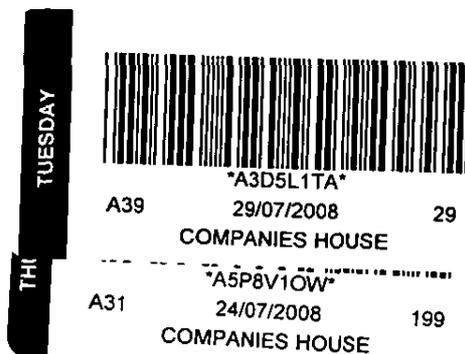
COMPANY REGISTRATION NUMBER 1278058

**PRIESTLEY & PARTNERS (INSURANCE)
BROKERS LIMITED**

FINANCIAL STATEMENTS

FOR

30 SEPTEMBER 2007



EDWARDS VEEDER LLP

Chartered Accountants & Registered Auditors

Alex House
260/8 Chapel Street
Salford
MANCHESTER
M3 5JZ

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2007

| CONTENTS | PAGE |
|--|-------------|
| The directors' report | 1 |
| Independent auditor's report to the shareholders | 1 |
| Profit and loss account | 1 |
| Balance sheet | 1 |
| Notes to the financial statements | 1 |
| The following page does not form part of the financial statements | |
| Detailed profit and loss account | 1 |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of Insurance Brokers

Broker Network Insurance Brokers Limited acquired the entire share capital of the company on 1st October 2007

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows

| | Ordinary Shares of £0.01 each | |
|------------------|-------------------------------|----------------------|
| | At 30 September 2007 | At 1 October 2006 |
| MR N R SWIFT | 1,625,000 | 1,625,000 |
| MR B R McGLAULIN | <u>875,000</u> | <u>875,000</u> |

MR P G ELLIS was appointed as a director on 1 October 2007

MRS J K HALE was appointed as a director on 1 October 2007

MR N R SWIFT retired as a director on 1 October 2007

MR B R McGLAULIN retired as a director on 1 October 2007.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). 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 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

In so far as the directors are aware

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2007

there is no relevant audit information of which the company's auditor is unaware, and
the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

A resolution to re-appoint Edwards Veeder LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office
Mowbray House
Mowbray square
Harrogate
North Yorkshire
HG1 5AU

Signed by order of the directors



MRS J K HALE
Company Secretary

Approved by the directors on 19/12/07

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED**

YEAR ENDED 30 SEPTEMBER 2007

We have audited the financial statements of Priestley & Partners (Insurance) Brokers Limited for the year ended 30 September 2007 on page 1, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 1

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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 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 whether in our opinion the information given in the Directors' Report 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 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 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.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED *(continued)***

YEAR ENDED 30 SEPTEMBER 2007

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements



EDWARDS VEEDER LLP
Chartered Accountants
& Registered Auditors

Alex House
260/8 Chapel Street
Salford
MANCHESTER
M3 5JZ

19/12/2007

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2007

| | Note | 2007 £ | 2006 £ |
|--|------|-----------------------|----------------------|
| TURNOVER | | 909,589 | 908,699 |
| Administrative expenses | | 777,695 | 768,997 |
| Other operating income | | (7,230) | — |
| OPERATING PROFIT | 2 | <u>139,124</u> | <u>139,702</u> |
| Interest receivable | | 46,249 | 30,236 |
| Amounts written off investments | 3 | — | (50,000) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>185,373</u> | <u>119,938</u> |
| Tax on profit on ordinary activities | 4 | 37,207 | 33,349 |
| PROFIT FOR THE FINANCIAL YEAR | | <u><u>148,166</u></u> | <u><u>86,589</u></u> |

The notes on page 5 form part of these financial statements.

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

BALANCE SHEET

30 SEPTEMBER 2007

| | Note | 2007 | | 2006 | |
|---|------|------------------|----------------|------------------|----------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 6 | | 36,528 | | 36,755 |
| Investments | 7 | | <u>1,020</u> | | <u>1,020</u> |
| | | | 37,548 | | 37,775 |
| CURRENT ASSETS | | | | | |
| Debtors | 8 | 733,358 | | 655,155 | |
| Cash at bank and in hand | | <u>694,001</u> | | <u>690,035</u> | |
| | | 1,427,359 | | 1,345,190 | |
| CREDITORS: Amounts falling due within one year | | | | | |
| | 9 | <u>1,012,537</u> | | <u>1,078,937</u> | |
| NET CURRENT ASSETS | | | <u>414,822</u> | | <u>266,253</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 452,370 | | 304,028 |
| PROVISIONS FOR LIABILITIES | | | | | |
| Deferred taxation | 10 | | <u>3,729</u> | | <u>3,553</u> |
| | | | <u>448,641</u> | | <u>300,475</u> |
| CAPITAL AND RESERVES | | | | | |
| Called-up equity share capital | 12 | | 25,000 | | 25,000 |
| Profit and loss account | 13 | | <u>423,641</u> | | <u>275,475</u> |
| SHAREHOLDERS' FUNDS | | | <u>448,641</u> | | <u>300,475</u> |

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors and authorised for issue on 19/12/07, and are signed on their behalf by:

MR P G ELLIS

MRS J K HALE

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2007

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

| | | |
|----------------|---|-----|
| Computer Costs | - | 25% |
|----------------|---|-----|

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2007

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, 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 there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING PROFIT

Operating profit is stated after charging

| | 2007 | 2006 |
|------------------------------------|-------------------|-------------------|
| | £ | £ |
| Directors' emoluments | 109,098 | 102,109 |
| Pension contributions | 103,702 | 91,309 |
| Depreciation of owned fixed assets | 8,910 | 9,095 |
| Auditor's fees | 7,303 | 4,800 |
| | <u> </u> | <u> </u> |

3. AMOUNTS WRITTEN OFF INVESTMENTS

| | 2007 | 2006 |
|--------------------------------|-------------------|-------------------|
| | £ | £ |
| Amount written off investments | — | 50,000 |
| | <u> </u> | <u> </u> |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2007

4. TAXATION ON ORDINARY ACTIVITIES

| | 2007 | 2006 |
|---|---------------|---------------|
| | £ | £ |
| Current tax | | |
| In respect of the year | | |
| UK Corporation tax based on the results for the year at 19% (2006 - 19%) | 37,032 | 33,910 |
| Over/under provision in prior year | <u>(1)</u> | <u>-</u> |
| Total current tax | <u>37,031</u> | <u>33,910</u> |
| Deferred tax | | |
| Origination and reversal of timing differences (note 10) | | |
| Capital allowances | <u>176</u> | <u>(561)</u> |
| Tax on profit on ordinary activities | <u>37,207</u> | <u>33,349</u> |

5. DIVIDENDS

| | 2007 | 2006 |
|-------------------------------------|----------|---------------|
| | £ | £ |
| Equity dividends | | |
| Paid | | |
| Equity dividends on ordinary shares | <u>-</u> | <u>75,000</u> |

6. TANGIBLE FIXED ASSETS

| | Computer Equipment £ | Fixtures & Fittings £ | Total £ |
|-----------------------|----------------------------|-----------------------------|----------------|
| COST | | | |
| At 1 October 2006 | 65,416 | 36,951 | 102,367 |
| Additions | <u>4,300</u> | <u>4,383</u> | <u>8,683</u> |
| At 30 September 2007 | <u>69,716</u> | <u>41,334</u> | <u>111,050</u> |
| DEPRECIATION | | | |
| At 1 October 2006 | 48,782 | 16,830 | 65,612 |
| Charge for the year | <u>5,234</u> | <u>3,676</u> | <u>8,910</u> |
| At 30 September 2007 | <u>54,016</u> | <u>20,506</u> | <u>74,522</u> |
| NET BOOK VALUE | | | |
| At 30 September 2007 | <u>15,700</u> | <u>20,828</u> | <u>36,528</u> |
| At 30 September 2006 | <u>16,634</u> | <u>20,121</u> | <u>36,755</u> |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2007

7. INVESTMENTS

| | Shares in group companies brought forward £ |
|-------------------------|--|
| Cost | |
| Balance brought forward | <u>357,625</u> |
| Balance carried forward | <u>357,625</u> |
| Amounts provided | |
| Balance brought forward | <u>356,605</u> |
| Balance carried forward | <u>356,605</u> |
| Net book value | |
| Balance carried forward | <u>1,020</u> |
| Net book value | |
| Balance brought forward | <u>1,020</u> |

8. DEBTORS

| | 2007 £ | 2006 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 725,088 | 649,693 |
| Prepayments and accrued income | <u>8,270</u> | <u>5,462</u> |
| | <u>733,358</u> | <u>655,155</u> |

9. CREDITORS: Amounts falling due within one year

| | 2007 £ | | 2006 £ |
|--|------------------|---------------|------------------|
| Trade creditors | 902,670 | | 905,417 |
| Other creditors including taxation and social security | | | |
| Corporation tax | 37,032 | 33,910 | |
| PAYE and social security | 21,673 | 20,744 | |
| Directors current accounts | - | 75,000 | |
| Other creditors | 1,020 | 1,020 | |
| Accruals and deferred income | <u>50,142</u> | <u>42,846</u> | |
| | <u>109,867</u> | | 173,520 |
| | <u>1,012,537</u> | | <u>1,078,937</u> |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2007

10. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

| | 2007 | 2006 |
|--|--------------|--------------|
| | £ | £ |
| Provision brought forward | 3,553 | 4,114 |
| Profit and loss account movement arising during the year | <u>176</u> | <u>(561)</u> |
| Provision carried forward | <u>3,729</u> | <u>3,553</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of

| | 2007 | 2006 |
|---|--------------|--------------|
| | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | <u>3,729</u> | <u>3,553</u> |
| | <u>3,729</u> | <u>3,553</u> |

11. RELATED PARTY TRANSACTIONS

The company was under the control of Mr Swift throughout the current and previous year Mr Swift is the managing director and majority shareholder

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

12. SHARE CAPITAL

Authorised share capital:

| | 2007 | 2006 |
|---|---------------|---------------|
| | £ | £ |
| 2,500,000 Ordinary shares of £0.01 each | <u>25,000</u> | <u>25,000</u> |

Allotted, called up and fully paid:

| | 2007 | | 2006 | |
|-------------------------------|------------------|---------------|------------------|---------------|
| | No | £ | No | £ |
| Ordinary shares of £0.01 each | <u>2,500,000</u> | <u>25,000</u> | <u>2,500,000</u> | <u>25,000</u> |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 SEPTEMBER 2007****13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

| | Share capital | Profit and loss | Total share- |
|-------------------------|----------------------|------------------------|-----------------------|
| | £ | account | holders' funds |
| | | £ | £ |
| Balance brought forward | 25,000 | 275,475 | 300,475 |
| Profit for the year | - | 148,166 | 148,166 |
| Balance carried forward | <u>25,000</u> | <u>423,641</u> | <u>448,641</u> |

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 30 SEPTEMBER 2007

**The following page does not form part of the statutory financial statements
which are the subject of the independent auditor's report on page 1.**

PRIESTLEY & PARTNERS (INSURANCE) BROKERS LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2007

| | 2007 | | 2006 |
|--|---------|----------------|----------------|
| | £ | £ | £ |
| TURNOVER | | 909,589 | 908,699 |
| OVERHEADS | | | |
| Directors salaries | 109,098 | | 102,109 |
| Wages and salaries | 347,691 | | 353,339 |
| Pension contributions | 103,702 | | 91,309 |
| Rent, rates and water | 73,415 | | 75,883 |
| Insurance | 46,223 | | 43,348 |
| Motor expenses | 5,157 | | 5,377 |
| Travel, accommodation and entertaining | 4,815 | | 6,909 |
| Telephone and postage | 17,613 | | 16,636 |
| Software support and training | 20,899 | | 22,314 |
| Printing, stationery and postage | 8,071 | | 9,528 |
| Staff welfare | 2,916 | | 3,677 |
| Sundry expenses | 375 | | 805 |
| Advertising and promotion | 5,528 | | 5,972 |
| Professional subscriptions | 14,709 | | 16,813 |
| Auditors remuneration | 7,303 | | 4,800 |
| Depn of computer equipment | 5,234 | | 5,544 |
| Depreciation of fixtures and fittings | 3,676 | | 3,551 |
| Bank charges | 1,270 | | 1,083 |
| | | <u>777,695</u> | <u>768,997</u> |
| | | 131,894 | 139,702 |
| OTHER OPERATING INCOME | | | |
| Other operating income | | 7,230 | — |
| OPERATING PROFIT | | <u>139,124</u> | <u>139,702</u> |
| Bank interest receivable | | 46,249 | 30,236 |
| | | <u>185,373</u> | <u>169,938</u> |
| Amounts written off investments | | — | (50,000) |
| PROFIT ON ORDINARY ACTIVITIES | | <u>185,373</u> | <u>119,938</u> |