

NW Brown Group Limited

Annual Report

Year ended 30 April 2013

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Company Information

Directors	A R Kefford - Chairman P B Burke M W Johnson C D R Manktelow H R Parnell R W Raywood P A Thorpe Ms L Turner Mrs S J Biggs
Secretary	M J Tolond
Registered office	Richmond House 16-20 Regent Street Cambridge CB2 1DB
Registered number	3917262
Auditors	Grant Thornton UK LLP
Bankers	Lloyds TSB Bank plc Cater Allen Private Bank Svenska Handelsbanken AB The Royal Bank of Scotland Group Natwest Bank

NOTICE IS HEREBY GIVEN that the 2013 General Meeting of the NW Brown Group Limited will be held at Richmond House, 16-20 Regent Street, Cambridge, CB2 1DB on 20 September 2013 at 12 00pm

For the purpose of transacting the following business

As ordinary business

- 1 To receive the director's report and financial statements for the year ended 30th April 2013,
- 2 To confirm the payment of £445,226 92 as dividend on Ordinary shares and £123,127 21 as dividend on Preference Shares,
- 3 To appoint Grant Thornton UK LLP as auditors of the Company until the next Annual General Meeting at which Accounts are laid and to authorise the directors to determine their remuneration,
- 4 To give authority in accordance with paragraph 47(3)(b) of Part 3 of Schedule 4 to the Companies Act 2006 (Commencement No 5, Transitional Provisions and Savings) Order 2007, (SI 200713495) to the directors to authorise matters giving rise to an actual or potential conflict for the purposes of section 175 of the Companies Act 2006

NOTICE:

To the holders of Ordinary and Preference Shares

Any member entitled to attend and vote at the meeting may appoint a Proxy to attend and vote on their behalf

A proxy need not be a member of the Company

Members holding Preference Shares shall be entitled to vote on any resolution at any general meeting of the Company save that each Preference Share shall in any poll be counted as one fourth of a vote and each Ordinary Share shall be counted as one vote

Shareholders intending to attend are invited to tell the Company in advance by email to Liz.McCausland@nwbrown.co.uk

Chief Executive's Report on the Year

Last year I told shareholders in my account of our activities that, in spite of a year when we failed to deliver the profits we had anticipated, the underlying business remained strong. Overall the results this year at least illustrate some truth to the proposition and although we have failed to turn around Insurance Broking every other area of the business shows significant improvement from prior performance. I comment on individual areas below but as a Group we have remained focussed on those areas where we do well, on trying to both improve our services to existing clients and to reach new clients who could benefit from them. We have had a good year and I try to give you a flavour of what makes it good below. We are always endeavouring to develop more robust systems and to employ technology to our clients' advantage – I feel that over the last year we have done this across the Group. We have recently introduced new internet access systems which are market leading and believe that our systems development is a key advantage in many lines of business.

We have a resilient and profitable business we believe capable of delivering good results on all sides. The funds under discretionary management at the year end were close to £630 million which reflects a continuing inflow of new business both in Cambridge and, gratifyingly, in Norwich. Other bright spots include our Corporate Benefits area which continues to provide a first class service to employers for their pensions and other employee benefits and where we have seen a record number of new clients in both Cambridge and Norwich. We advise on Pensions Funds with an invested value in the region of £195 million in this business.

We regard Financial Planning as the front door through which clients come to know and trust the firm and therefore we do not have any ambition to see this as a large contributor to profits, but a better than break-even result is certainly required and we came very close to this in the year. We advise on investments directly in collectives and indirectly via bonds of in excess of £200 million. In many IFA businesses the somewhat higher fees and charges would make a business of this size reasonably profitable but we choose to take a longer view and hope that over the long term we build more profitable relationships as a result.

In our Norwich financial services area serious losses were the subject of much explanation in this report last year and a promise that we would restore economic sanity in an area where it was sadly missing. Lyn Turner has achieved the near impossible task of reducing staffing levels whilst maintaining extremely high service levels and satisfied customers and is to be congratulated. The Norwich operation is now integrated with Cambridge within NW Brown and Company and, although we are intent on further increasing our profile, profitability and market penetration in Norwich, we have a very firm base and a great location from which to do this. As you will read below, we have so far failed to do this by acquisition – but we have recruited and remain at all times prepared to make offers to competent advisers with existing books of business and I fully expect to see more of this as RDR bites on our competitors.

I reported last year that Insurance Brokers missed their budget by £300,000. I put this down to over-optimism and a substantial increase in expenses and said I expected our (lowered) forecasts for 2012/13 to be much more robust. I am therefore disappointed to report a significant shortfall, again due to over-optimism as to revenues – my assertion that expenses would not increase has been borne out, but not without the unfortunate requirement to cut back on our staffing levels. Although we failed to achieve our objectives for Insurance Brokers we should note it makes the second highest contribution to profits of all our businesses. I come back to how we hope to achieve its full potential below.

The growth of Freedom and the associated OK To Travel internet-based operation has continued. We took full ownership of the latter at the end of April 2013 and we are confident that we have been trading profitably in both since the year end. We await with eager anticipation the award of substantial new contracts to Freedom and hope that the small profit reported in these accounts will be substantially exceeded in the next set. The operation continues to be a model example of just how well a properly organised smoothly running operation of highly trained staff can function with high customer satisfaction and minimal levels of errors. What we now need to do is turn this into profits and I expect to report on that next year.

On a wider front, we have over recent months engaged in very serious talks several times with different parties who we wished to acquire, establish joint operations with, or had in some other way hoped to coordinate parts of our business with parts of theirs. We try very hard not to be distracted from our central task of delivering quality service when entering into such negotiations and have a common test we apply which is to ask 3 questions of ourselves and prospective partners. These are "Would a combined business deliver better / more to our clients? Would we (or you) be able to better serve your clients in some way? Is there a set of potential clients out there who we would together attract who we would not attract separately?"

In two particular cases these talks went a long way, as far as your Board establishing a subcommittee to negotiate terms. In each case we believed that the answers to our questions were such that there would be a significant attraction in doing a deal but when it came to it in one case another buyer succeeded and in the other we decided there was an incompatibility in our business models. But we certainly learned from each of these and the 3 or 4 other sets of negotiations which did not go that far, we learned a lot about ourselves as well as our competitors and emerged with a renewed determination to make our businesses more successful. Broadly speaking we have in the course of comparing systems and models had a good look in the mirror and very much like what we see. We are doing rather well compared to others, we think we do it rather better and we know why we are doing it the way we are. There are some conclusions I shared with my fellow directors which I summarise below.

Firstly, and obviously, the results of Insurance Brokers have been disappointing for 3 years in a row and we have to think whether a broader offering, geographic expansion or recruiting teams or amalgamating businesses might lead to better results. The process of reviewing how we react to the changed environment is well advanced and we have already simplified our structure and will look at all options to deliver more successfully what we still believe to be a service with great potential.

Secondly, our shareholders We now consider we have capital we could return to shareholders of up to £4m between this year and next and believe we could sensibly use this to give existing shareholders an opportunity to sell their shares We expect to pay between £7 and £10 per share and will shortly ask all holders to indicate how many they would sell at what price and whether they would do it now or in one years' time All shareholders who remain should benefit from such a buy in programme as our cash earns little and we expect and hope to stay profitable

Thirdly, Entrepreneurs' Relief is such a major consideration for several shareholders we should make sure all those contingently affected know what they need to do to get it If you have questions on whether this might affect you please do ask

Fourthly, all your directors, without exception, reacted with horror to one potential partner's idea of cutting our Financial Advisers free and closing Norwich We should learn from that and make the relationships work better We should be prepared to spend a bit to bring in Insurance Brokers and Investment Managers into our Norwich office We know we have to do it, we know we want to do it, the time has come to get on and do it

Finally, I think we are probably all rather relieved at some level not to have to deal with a huge cultural upheaval over the next few months I certainly feel that an onerous, and possibly unpleasant, burden has been lifted from my shoulders But we can only stay independent as long as we make adequate margins on the business we do and we have been told unambiguously (by prospective partners) that our fees and charges are too low, our staffing levels too high and our average client size not large enough, in the course of various negotiations We will think very carefully about these and consider the clearly different implications for clients and shareholders

There are no short term solutions which will magically improve our profitability but your board recognises the problems and opportunities, and we feel much better informed about our business and the market within which we operate as a result of the last 12 months' experience The implementation of our strategy to grow your business will continue this year, to put it into effect requires we keep operating efficiently, look after our clients well and make money Our budgets for the year we have commenced show that we expect to roughly maintain current profitability We recognise that this is hugely demanding of Insurance Brokers who need to achieve great new business numbers to come near their forecasts but the Board is convinced that overall the budgets adopted are achievable

I personally would like to thank all our staff for their hard work in achieving the results in these accounts We have come a long way in some areas over the last year, even in those affected by redundancies and sickness I believe that most of us enjoy working here and that is one of the reasons our clients often compliment me on the friendly helpful treatment they get from our staff Long may that continue!

Marcus Johnson
Chief Executive

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 April 2013

Business review and principal activities

The principal activities of the Group are

- Discretionary investment management,
- Pension, administration and advice on employee benefits, mortgages and financial planning,
- General insurance broking and specialist travel insurance broking

The principal activity of the Company is the provision of central administration facilities and finance to its subsidiary companies. A review of the Group's business and future developments is included in the Chief Executive's Report on the Year. Whilst there have been some disappointments over the last twelve months your Board is confident that the results and prospects demonstrate that your Group is in good health and well able to cope with the business it has and expects to gain.

Principal Risks

The main risks to this satisfactory situation continuing are a major long-term fall in the value of UK stock markets, severe misjudgements by your board on acquisition strategy, losses caused by successful new entrants in to the local market or unexpected liabilities created by advice or action which seemed innocuous at the time. We are also exposed to fraud directly or indirectly by virtue of our activities in financial markets and insurance. We believe we are better than most in the effectiveness of our controls but we can never relax and say we are 100% safe. The best protection for our clients and shareholders will always be a well motivated and trusted group of employees who take pride in their jobs. The best indication that we are succeeding is a growth in average client size, a growth in the number of clients and a rise in turnover. Worrying features would include a large rise in staff turnover, a rise in complaints or a decrease in client numbers or average size. We monitor these factors. In the last year we have seen a return to a higher level of complaints and staff turnover. The former may reflect a better recording of incidents and the latter is a direct result of the measures taken in Financial Services and in Insurance Brokers. We have seen a small fall in client numbers but we have seen a growth in the average size of client in Investment Management. This is consistent with our aim of moving upmarket. Our turnover is up in Investment Management and all other areas apart from Insurance Broking and our Norwich financial services.

Other risks

The Group also has various financial assets including equities, preference shares, property and trade debtors. The existence of these assets exposes the Group to a number of financial risks, such as market risk and credit risk. The directors review and agree policies for managing each of these risks. The Group seeks to manage financial risks by ensuring sufficient liquidity is available to meet foreseeable needs and to invest its assets safely and profitably. The Group finances its operations through a mixture of retained profits and preference shares. The principal credit risk arises from the Group's trade debtors. To manage credit risk the directors monitor ageing debtors on a regular basis.

Outlook

The Board's overall view of prospects for our key markets is broadly positive, notwithstanding stock market volatility and ever increasing regulatory constraints. Investment Management is still attracting clients who want personal service and want to feel their assets are being prudently looked after. Insurance Broking continues to find that in a competitive market it can often find lower insurance rates to provide the same level of cover for a client. To keep our income at stable levels we must find new clients every year. In our financial services division we believe we have addressed the problems of recent years and this area should once again be contributing to profits over the next year. Our experience is that both individual and corporate clients value the dedicated, bespoke and personal service which is the common hallmark of the Group's activities and it will be these qualities which increasingly will sustain our position and support our growth in relevant markets in future. Freedom and its new internet based OKTT subsidiary are now profitable and growing.

We continue to look at the major risks the Company faces, and estimate how much capital might be prudently required to accommodate reasonable risks and yet continue to trade at current levels of business in the areas in which we specialise. Our conclusion, which changes in quantum as our models are refined and which we are mandated by the FCA to disclose (BIPRU 11.3.1), is that the capital we currently have is more than required to cover all anticipated growth and any likely acquisitions for the foreseeable future. This confirmed your Board in its belief that a dividend policy of distributing half our post tax profits is both prudent and maintainable, and reinforces our commitment to profit sharing with those who work for us. The existence of revenue reserves built up over time means your Board can take a view as to sensible ways of interpreting this policy and the dividends we are likely to recommend will not be influenced either by the write offs last year or the change in goodwill amortisation noted in these accounts.

The challenge your Board faces is to continue to deliver a high quality personal service in each of our operating units whilst achieving growth and an acceptable profit margin. This involves investment in our people, in our systems and in our relationships with the outside world so that we can provide better value to our clients. Inevitably we must both try to move further up market where clients who can afford to pay us will get good value from our expertise, and to supply clients with similar needs at lower marginal cost. Better systems and high quality staff will enable us to meet this challenge. We believe we offer in Cambridge a regional source of financial expertise second to none. Our intention is to emulate this in Norwich. Shareholders who have not done so should visit Pembroke House, our Norwich premises, which is well on the way to restoration to its Victorian splendour. We hope to make it the vibrant hub of a top of the market investment and financial services operation over the next decade.

Your Board is confident that with skilled staff and our existing network of contacts we are in a very good position to achieve our ambitions. Our staff are the only reason we prosper and we have spent much time looking at ways to help all employees feel part of the firm and to feel that their contribution is valued. A part of this is an explicit commitment to profit sharing. We continue to look at other ways of expressing the appreciation that we the Board feel for the efforts of every member of staff who helps make the Company an enjoyable and rewarding place to work. Many staff are shareholders and we continue to encourage this by facilitating the purchase and sale of shares by employees and by offering all staff loans to finance a stake in the Company. On your behalf we place here on record the appreciation of the Company for the extraordinary efforts put in by many employees to delivering the high quality service which is our hallmark.

Our Green Commitment

Your Board will always work to minimise the impact of our activities on the environment. This includes recycling as much of the paper and plastic used at our offices as possible, donating old equipment to charity and finding ways to reduce energy consumption. We are committed to monitoring and managing our environmental impact, we encourage employees to use recycle bins and reduce energy and water waste where possible. As part of this commitment we will publish our energy and water usage every year and do so below.

	Electricity (KWh)	Gas (KWh)	Water (cubic metres)	No Employees	Energy usage per head (KWh)	Water usage per head (cubic metres)
2013	97,731	117,802	1,993.20	116	1,858	17.18
2012	98,444	117,734	2,231.90	119	1,817	18.76

Dividends

We expect to pay an interim dividend on 31 October, subject to final confirmation as to amount and no adverse events causing reconsideration. Your Board expects this to be about 52p per share. We would advise all shareholders that various changes to the entitlement of preference shares, and the issue of new ordinaries under the EMI scheme mentioned below will have a dilutive effect on this and future dividends. Dividends on ordinary shares of £445,227 (2012: £468,494) and on preference shares of £123,127 (2012: £129,783) have been paid during the year.

Directors

The present directors of the Company are included on page 2. All of the directors served throughout the year.

Those directors serving at 30 April 2013 who had beneficial and family interests in the shares of the company at 30 April are as follows:

	Ordinary shares of 0.01p each		Preference shares of 10p each	
	At 30 April 2013 No	At 30 April 2012 No	At 30 April 2013 No	At 30 April 2012 No
P B Burke	27,970	27,970	-	-
M W Johnson	372,842	372,842	615,790	615,790
C D R Manktelow	73,801	73,801	54,900	54,900
H R Parnell	15,052	15,052	-	-
R W Raywood	76,500	76,500	165,615	165,615
S J Biggs	-	3,900	-	-
P A Thorpe	54,140	54,140	316,800	316,800
Ms L Turner	15,696	15,696	-	-
A R Kefford	826	826	-	-

The following directors declared beneficial and family interests in share options in the ordinary share capital of the Company as follows

	Approved share option plan						Date of grant
	2012 cumulative	Issued in the current year	Lapsed in current year	Exercised in year	2013 cumulative	Exercise price per share £	
P A Thorpe	12,408	-	-	12,408	-	4 00	1 Dec 2005
P B Burke	16,667	-	-	-	16,667	6 00	1 Apr 2011
P B Burke	-	3,333	-	-	3,333	6 00	1 Apr 2013
L Turner	20,000	-	-	-	20,000	6 00	1 Apr 2011
C D R Manktelow	-	20,000	-	-	20,000	6 00	1 Apr 2013

The share options exercisable at £4 00 per share are, subject to certain conditions, exercisable five years from the date of grant and will lapse ten years from the date of grant. The share options exercisable at £6 00 per share are, subject to certain conditions, exercisable five years from the date of grant and will lapse ten years from the date of grant.

Statement of directors' responsibilities for the financial statements

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 UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 parent company and of the group and the profit or loss of the parent company and of the group 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,
- 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company and group's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and group 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 parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors of the Group will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 24 July 2013 and signed on its behalf by



M J Tolond
Secretary

Independent Auditors' Report to the Members of NW Brown Group Limited

We have audited the financial statements of NW Brown Group Limited for the year ended 30 April 2013 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes. 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2013 and of the group's 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.

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.

Grant Thornton UK LLP

Alison Seekings
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge

29 July 2013

Consolidated Profit and Loss Account

For the year ended 30 April 2013

	Note	2013 £	2012 £
Turnover			
Continuing operations	2	9,192,007	8,539,585
		<hr/>	<hr/>
		9,192,007	8,539,585
Administrative expenses		(7,506,643)	(7,997,268)
Other operating income		173,152	218,399
		<hr/>	<hr/>
Operating profit	3	1,858,516	760,716
Interest receivable		116,567	119,266
Interest payable and similar charges	6	(416)	(39,402)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		1,974,667	840,580
Tax on profit on ordinary activities	7	(459,141)	(674,000)
		<hr/>	<hr/>
Profit for the year		<u>1,515,526</u>	<u>166,580</u>

The accompanying accounting policies and notes form part of these financial statements

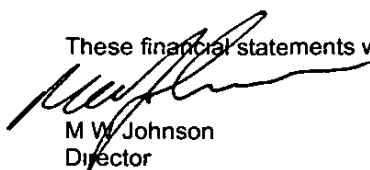
There were no recognised gains or losses other than those reported above

Consolidated Balance Sheet

30 April 2013

	Note	2013 £	2012 £
Fixed assets			
Intangible assets	8	1,271,325	1,691,865
Tangible assets	9	1,192,261	1,115,967
Investments	10	1,587,787	1,250,761
		<hr/>	<hr/>
		4,051,373	4,058,593
		<hr/>	<hr/>
Current assets			
Debtors	12	1,787,327	2,046,272
Cash at bank and in hand		4,731,086	3,621,550
		<hr/>	<hr/>
		6,518,413	5,667,822
		<hr/>	<hr/>
Creditors amounts falling due within one year	13	(2,765,151)	(2,577,705)
		<hr/>	<hr/>
Net current assets		3,753,262	3,090,117
		<hr/>	<hr/>
Total assets less current liabilities		7,804,635	7,148,710
		<hr/>	<hr/>
Creditors amounts falling due after more than one year	14	(56,000)	(476,000)
		<hr/>	<hr/>
Provisions for liabilities	16	(206,500)	(206,500)
		<hr/>	<hr/>
Net assets		7,542,135	6,466,210
		<hr/>	<hr/>
Capital and reserves			
Ordinary share capital	17	122	120
Preference share capital	18	133,111	133,111
Shares to be issued	20	-	55,998
Capital redemption reserve	20	257,270	257,270
Share premium account	20	1,617,495	1,480,368
Special reserve	20	976,392	976,392
Profit and loss reserve	19	4,557,745	3,599,325
		<hr/>	<hr/>
Attributable to equity holders of NW Brown Group Limited	21	7,542,135	6,502,584
Minority Interest		(-)	(36,374)
		<hr/>	<hr/>
Total equity shareholders' funds		7,542,135	6,466,210
		<hr/>	<hr/>

These financial statements were approved by the Board on 24 July 2013 and signed on its behalf by



M W Johnson
Director

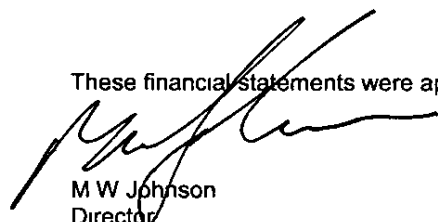
The accompanying accounting policies and notes form part of these financial statements
Company number 3917262

Company Balance Sheet

30 April 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	9	42,554	49,848
Investments	10	4,092,840	3,987,428
		<u>4,135,394</u>	<u>4,037,276</u>
Current assets			
Debtors	12	2,664,442	3,758,461
Cash at bank and in hand		138,986	66,386
		<u>2,803,428</u>	<u>3,824,847</u>
Creditors amounts falling due within one year	13	(710,327)	(2,416,130)
Net current assets		<u>2,093,101</u>	<u>1,408,717</u>
Total asset less current liabilities		6,228,495	5,445,993
Creditors amounts falling due after more than one year	14	-	(420,000)
Provisions for liabilities	16	(206,500)	(206,500)
Net assets		<u>6,021,995</u>	<u>4,819,493</u>
Capital and reserves			
Ordinary share capital	17	122	120
Shares to be issued	20	-	55,998
Preference share capital	18	133,111	133,111
Capital redemption reserve	20	257,270	257,270
Share premium account	20	1,617,495	1,480,368
Special reserve	20	976,392	976,392
Profit and loss reserve	19	3,037,605	1,916,234
Total equity shareholders' funds	21	<u>6,021,995</u>	<u>4,819,493</u>

These financial statements were approved by the Board on 24 July 2013 and signed on its behalf by



M W Johnson
Director

The accompanying accounting policies and notes form part of these financial statements

Company number 3917262

Consolidated Cash Flow Statement

Year ended 30 April 2013

	Note	2013 £	2012 £
Net cash from operating activities	22	3,101,937	1,415,351
Returns on investments and servicing of finance			
Interest received		116,567	119,266
Interest paid on finance element of compound instruments		(416)	(39,402)
		116,151	79,864
Taxation		(550,361)	(497,586)
Capital expenditure and investment			
Payments to acquire tangible fixed assets		(236,580)	(176,890)
Payments to acquire investments		(510,000)	(83,857)
Receipts from sale of investment		155,760	99,622
		(590,820)	(161,125)
Equity dividends paid		(568,354)	(598,227)
Cash inflow before use of liquid resources and financing		1,508,553	238,277
Management of liquid resources			
Decrease in term deposit		-	-
Financing			
Issue of ordinary shares in the year		81,132	1,028,363
Redemption of share capital		(60,150)	(326,061)
Redemption of loan stock		(420,000)	(1,182,358)
Minority interest		-	490
		(399,018)	(479,566)
Increase / (decrease) in cash	23	1,109,535	(241,289)

The accompanying accounting policies and notes form part of these financial statements

Notes to the Financial Statements

30 April 2013

1. Accounting Policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company has not been separately presented in the financial statements. The Company's profit for the year was £1,701,619 (2012 £442,987).

Basis of consolidation

The Group financial statements consolidate the results of the Company and its subsidiary undertakings at 30 April under acquisition accounting.

Goodwill

Positive goodwill, which represents the excess of cost of acquisition of businesses over the value attributed to their net assets, is amortised through the profit and loss account by equal annual instalments over its estimated useful economic life. This is 5 years for NW Brown Financial Services Ltd and was revised in the year to 14 years for NW Brown & Company Ltd.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets to write them down to their estimated residual value over their estimated useful economic lives. Where there is evidence of impairment, fixed assets are written down to recoverable amount. The principal annual rates used are:

Freehold buildings	Over 50 years
Computer equipment	33% straight line
Office furniture and equipment	10% - 33% straight line
Fixtures	Over the remaining term of the lease

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment in value. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Turnover

The Group accounting policy for turnover is as follows:

For the Investment Management, Corporate Benefits and Financial Planning revenue the turnover shown in the profit and loss account represents amounts earned in the year for services provided excluding value added tax.

For Insurance Brokers the turnover represents net income from insurance commissions earned during the year from insurance companies. The measure of income is that all items earned within the accounting period should be brought into income, with the measure of income earned being any commission relating to a policy which has become due to the Company by virtue of settlement being made to the insurer to be included in the calendar period within which the insurer was paid.

The income for any one year calculated as above is reduced by an amount equal to 6 months cost of the provision of claims services to reflect the fact that commission earned contains an element of payment for claims service for the following 12 months but it is impossible at any time to know precisely when or on which policies the expense will apply. Where sums are due from a client to an insurer and the insurer has in place an agreement that the Company may receive sums on their behalf ("risk transfer agreement") the amounts held for the insurer will be included in creditors before they are paid to the insurer, but the amounts due from the client to the insurer will not be recorded in debtors except in the unusual circumstances that the Company has settled with the insurer prior to receipt of funds from the client.

For Freedom the turnover represents net insurance commissions and medical screening fees earned during the year. Brokerage is recognised at the date of receipt of the premium from the insured.

Deferred taxation

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Where any part of an operating lease is sublet, the Group includes any rental income within other operating income.

Pensions

The Group contributes into employees' personal pension schemes. Contributions are charged to the profit and loss account as they become due.

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted or the effective date of adoption of FRS 20 'Share-based Payments'. The cost is recognised as an expense over the vesting period, which ends on the date on which the relevant employee becomes fully entitled to the award.

2. Turnover

The analysis of turnover by activity, all of which falls within the United Kingdom, is as follows:

	2013 £	2012 £
Investment Management	3,864,678	3,575,766
Insurance Broking	2,979,760	2,609,045
Corporate Benefits	805,975	799,111
Financial Services	1,541,594	1,555,663
	<u>9,192,007</u>	<u>8,539,585</u>

3. Operating Profit

Operating profit is arrived at after charging / (crediting)

	2013 £	2012 £
Impairment of intangible fixed assets	-	318,333
Amortisation of intangible fixed assets	588,056	312,799
Depreciation of owned assets	160,287	151,917
Loss on disposal of fixed assets and investments	-	52,287
Operating lease rentals		
Land and buildings	206,500	206,500
Rental income	(83,217)	(106,128)
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of financial statements - Company	8,558	8,939
- Subsidiaries	42,442	43,011
Movement on fixed asset investments	17,214	80,973
	<u> </u>	<u> </u>

4. Directors

Group emoluments of the Company directors

	2013 £	2012 £
Emoluments	1,557,652	1,485,184
Pension contributions	206,451	270,496
	<u>1,764,103</u>	<u>1,755,680</u>

The number of directors accruing pension benefits

	2013 No	2012 No
Money purchase pension schemes	<u>8</u>	<u>7</u>

The emoluments of the highest paid director are as follows

	2013 £	2012 £
Emoluments	108,499	127,636
Pension contributions	50,074	36,882
	<u>158,573</u>	<u>164,518</u>

5. Employees

Average number of employees for the Group, including directors Group

	2013 No	2012 No
Professional staff	35	39
Office and administration	81	80
	<u>116</u>	<u>119</u>

Staff costs for the Group, including directors

	2013 £	2012 £
Wages and salaries	4,386,990	4,184,156
Social security costs	439,582	446,840
Pension costs	410,994	500,267
Cost of employee share scheme (note 17)	48,256	45,821
	<u>5,285,822</u>	<u>5,177,084</u>

Company

	2013 No	2012 No
Professional staff	6	6
Office and administration	14	11
	<u>20</u>	<u>17</u>
Staff costs for the Company, including directors	2013 £	2012 £
Wages and salaries	713,200	672,330
Social security costs	88,990	97,737
Pension costs	40,404	35,635
Cost of employee share scheme (note 17)	48,253	45,821
	<u>890,847</u>	<u>851,523</u>

6. Interest Payable and Similar Charges

	2013 £	2012 £
Redeemable loan note interest	-	30,085
Interest charge on liability component of convertible redeemable loan note	-	7,137
Other	416	2,180
	<u>416</u>	<u>39,402</u>

7. Taxation

	2013 £	2012 £
Current taxation		
United Kingdom corporation tax	501,952	488,389
Adjustment in respect of prior period	(42,811)	180,078
Deferred tax	-	5,533
	<u>459,141</u>	<u>674,000</u>
Current tax reconciliation		
	2013 £	2012 £
Profit on ordinary activities before tax	1,974,667	840,580
Theoretical tax at UK tax rate of 23.92% (2012: 25.83%)	472,340	217,122
Effects of		
Expenses not deductible for tax purposes	123,653	182,449
Depreciation in excess of capital allowances	858	2,152
Loans to participators	(94,899)	86,666
Adjustment in respect of prior period	(42,811)	180,078
	<u>459,141</u>	<u>668,467</u>

8. Intangible Fixed Assets

Group	Goodwill £
Cost	
At 1 May 2012	4,658,561
Additions	167,516
At 30 April 2013	<u>4,826,077</u>
Amortisation	
At 1 May 2012	2,966,696
Charge for the year	588,056
At 30 April 2013	<u>3,554,752</u>
Net book value	
At 30 April 2013	<u>1,271,325</u>
At 30 April 2012	<u>1,691,865</u>

The Company does not have any intangible fixed assets (2012 Nil)

9. Tangible Fixed Assets

Group	Freehold Land & building £	Computer equipment £	Office furniture and equipment £	Total £
Cost				
At 1 May 2012	942,450	980,778	517,172	2,440,400
Additions	-	116,945	119,635	236,580
At 30 April 2013	942,450	1,097,723	636,807	2,676,980
Depreciation				
At 1 May 2012	22,240	871,062	431,130	1,324,432
Charge for the year	11,120	103,921	45,246	160,287
At 30 April 2013	33,360	974,983	476,376	1,484,719
Net book value				
At 30 April 2013	909,090	122,740	160,431	1,192,261
At 30 April 2012	920,210	109,716	86,042	1,115,968

Company	Computer equipment £	Office furniture and equipment £	Total £
Cost			
At 1 May 2012	301,783	258,111	559,894
Additions	36,713	3,571	40,284
At 30 April 2013	338,496	261,682	600,178
Depreciation			
At 1 May 2012	266,990	243,056	510,046
Charge for the year	32,860	14,718	47,578
At 30 April 2013	299,850	257,774	557,624
Net book value			
At 30 April 2013	38,646	3,908	42,554
At 30 April 2012	34,793	15,055	49,848

10. Fixed Asset Investments

Group	Listed investments	Unlisted investments £	Total £
Cost			
At 1 May 2012	877,577	480,805	1,358,382
Additions	500,000	10,000	510,000
Disposals	-	(155,760)	(155,760)
At 30 April 2013	<u>1,377,577</u>	<u>335,045</u>	<u>1,712,622</u>
Provisions			
At 1 May 2012	83,197	24,424	107,621
Provided in the year	(12,606)	29,820	17,214
At 30 April 2013	<u>70,591</u>	<u>54,244</u>	<u>124,835</u>
Net book value			
At 30 April 2013	<u>1,306,986</u>	<u>280,801</u>	<u>1,587,787</u>
At 30 April 2012	<u>794,380</u>	<u>456,381</u>	<u>1,250,761</u>

The market value of the listed investments as at 30 April 2013 was £1,624,381 (2012 £813,611)

Company	Investments in Group undertakings £	Unlisted investments £	Total £
Cost			
At 1 May 2012	3,897,052	114,800	4,011,852
Additions	108,000	10,000	118,000
Disposal	(3)	(12,585)	(12,588)
At 30 April 2013	<u>4,005,049</u>	<u>112,215</u>	<u>4,117,264</u>
Provisions			
At 1 May 2012	-	24,424	24,424
Provided in the year	-	-	-
At 30 April 2013	<u>-</u>	<u>24,424</u>	<u>24,424</u>
Net book value			
At 30 April 2013	<u>4,005,049</u>	<u>87,791</u>	<u>4,092,840</u>
At 30 April 2012	<u>3,897,052</u>	<u>90,376</u>	<u>3,987,428</u>

10. Fixed Asset Investments (continued)

Details of Group undertakings at the balance sheet date are as follows

Name of undertaking	Nature of business	Class of shares	Group and company holding %	Shareholder funds at 30/04/13
NW Brown & Company Limited	Discretionary Investment Management Corporate Benefits, Pensions and Financial Planning advice	Ordinary	100	4,760,261
NW Brown Insurance Brokers Limited	Insurance broking	Ordinary	100	447,377
Freedom Insurance Services Limited	Insurance broking	Ordinary	100	65,002
NW Brown Financial Services Limited	Non-trading	Ordinary	100	(459,723)
NW Brown Property Limited	Commercial Property Letting	Ordinary	100	22,061
OK To Travel Limited	Insurance Broking	Ordinary	100	(121,462)

All subsidiaries are registered in the UK

The Group owned 100% of the ordinary share capital of the following companies all of which were dormant through the year, NW Brown ISA Nominees Limited, NW Brown Nominees Limited, NW Brown Trustees Limited, NW Brown Directors Nominees Limited, NW Brown Executive Limited Partnership, NW Brown Premium Finance Limited, DAN Holdings Limited, Travel Positive Limited, Life Positive Limited

11. Dividends

During the year the Company paid an interim dividend of 37p per share on 1,203,016 ordinary 0.01p shares amounting to £445,227 (2012 £468,494). The Company also paid a dividend of £123,127 (2012 £129,783) on the cumulative preference shares (note 18).

12. Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	387,823	272,049	1,543	22,803
Amounts owed by group undertakings	-	-	2,004,772	2,633,801
Other debtors	580,472	948,866	593,649	1,007,406
Prepayments and accrued income	819,032	825,357	64,478	94,451
	<u>1,787,327</u>	<u>2,046,272</u>	<u>2,664,442</u>	<u>3,758,461</u>

Included in the amounts owed by Group undertakings is a subordinated loan of £150,000 (2012 £150,000) provided to Freedom Insurance Services Limited, and £ nil (2012 £450,000) provided to NW Brown Financial Services Limited to support their capital requirements required by the FCA

13. Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade creditors	956,428	696,987	53,843	92,000
Corporation tax	209,647	300,867	-	153,736
Other tax and social security	345,825	305,429	21,048	19,336
Other creditors	420,783	376,156	108,001	20,001
Accruals and deferred income	832,468	898,266	144,837	81,931
Amounts owed to Group undertakings	-	-	382,598	2,049,126
	<u>2,765,151</u>	<u>2,577,705</u>	<u>710,327</u>	<u>2,416,130</u>

14. Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Borrowings (note 15)	56,000	476,000	-	420,000
	<u>56,000</u>	<u>476,000</u>	<u>-</u>	<u>420,000</u>

15. Borrowings

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Due after more than one year				
4% redeemable loan notes 2049	-	420,000	-	420,000
Liability component of 6% preference shares arising on acquisition	56,000	56,000	-	-
	<u>56,000</u>	<u>476,000</u>	<u>-</u>	<u>420,000</u>
Total borrowings	<u>56,000</u>	<u>476,000</u>	<u>-</u>	<u>420,000</u>

The 4% redeemable loan notes 2049 were redeemed by the Company on 1 May 2012

16. Provisions for Liabilities

	Dilapidations	
	Group £	Company £
At 1 May 2012	206,500	206,500
Provided in the year	-	-
Released in the period	-	-
	<u>206,500</u>	<u>206,500</u>
At 30 April 2013	<u>206,500</u>	<u>206,500</u>

The provision relates to repairs required to be made under the terms of the lease to return the property, at the end of the lease, to the same state as when the lease commenced

17. Ordinary Share Capital

	2013 £	2012 £
Called up, allotted and fully paid		
1,215,724 (2012 1,198,738) ordinary shares of 0.01p each	122	120

Issue/redemption of shares

Further to the exercise of share options, during the year the Company issued 18,658 ordinary shares of 0.01p each at a price of £4.00 per share giving rise to total consideration of £74,632 in accordance with the terms of the approved share option scheme. The Company issued 6,588 ordinary shares of 0.01p each during the year pursuant to the sale and purchase agreement of NW Brown Financial Services (formerly KT Financial Services). A further 1,000 ordinary 0.01p shares were issued during the year for a total consideration of £6,500. During the year the company purchased 9,260 ordinary shares for consideration of £60,149.56. All of these shares were cancelled within the period.

Share options

The following share options have been granted under an approved share option scheme in respect of ordinary shares of 0.01p each.

2012 cumulative	Lapsed	Issued	Exercised in year	2013 cumulative	Exercise price per share £	Date of grant
31,158	-	-	18,658	12,500	4.00	1 December 2005
70,000	-	32,501	-	102,501	6.00	1 April 2011
-	-	76,667	-	76,667	6.00	1 April 2013
101,158	-	109,168	18,658	191,668		

The share options exercisable at £4.00 per share are, subject to certain conditions, exercisable five years from the date of grant and will lapse ten years from the date of grant.

The share options exercisable at £6.00 per share are, subject to certain conditions, exercisable five years from the date of grant and will lapse ten years from the date of grant.

The company recognised an expense of £48,256 (2012 £45,821) in relation to equity settled share-based payment transactions in the year.

Share-based payment (Issued April 2013)

The fair value of the options granted in the year was estimated using the Black Scholes option pricing model.

The fair value per option and the assumptions used in the calculation were as follows:

Share price at grant date	650p
Exercise price	600p
Vesting period (years)	5
Option life (years)	5
Expected volatility	14%
Risk free rate	0.74%
Fair value per option	158p

Expected volatility was determined by reference to comparable listed company volatility. The share price of £6.50 was the fair value of NW Brown Group Limited's shares at the time of grant of the options. The risk free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

18. Cumulative Preference Shares

	2013 £	2012 £
Called up, allotted and fully paid		
1,331,105 (2012 1,331,105) cumulative preference shares of 10p each	133,111	133,111

The preference shares accrue dividends per share equal to one quarter of any dividend declared on the ordinary shares at any time. The preference share dividends take priority over the ordinary dividends. The preference shareholders had no other right to participate in the profits of the Company before 30 September 2010. In the event of a winding up or liquidation of the Company any surpluses shall be applied first to any arrears of preference dividends and then to repaying the issue price of the preference shares.

19. Profit and Loss Reserve

	Group 2013 £	Company 2013 £
At 1 May 2012	3,599,325	1,916,234
Profit for the year	1,538,668	1,701,619
Cancellation of shares	(60,150)	(60,150)
Dividends	(568,354)	(568,354)
Share option charge	48,256	48,256
At 30 April 2013	4,557,745	3,037,605

20. Other Reserves

	Shares to be issued	Share premium account	Capital redemption reserve	Special reserve
Group and Company	£	£	£	£
At 1 May 2012	55,998	1,480,368	257,270	976,392
Issue of ordinary shares	(55,998)	137,127	-	-
At 30 April 2013	-	1,617,495	257,270	976,392

21. Reconciliation of Movements in Shareholders' Funds

Group	2013	2012
	£	£
Profit for the year	1,538,668	203,444
Dividends	(568,354)	(598,227)
Share option charge	48,256	45,821
	<hr/>	<hr/>
New shares issued – Premium	1,018,570	(348,962)
– Capital	137,127	1,028,342
	2	26
Shares to be issued	(55,998)	-
Redemption of equity on compound instruments	-	(124,605)
Redemption of shares	(60,150)	(326,066)
	<hr/>	<hr/>
Net increase in shareholders' funds	1,039,551	228,735
	<hr/>	<hr/>
Opening shareholders' funds	6,502,584	6,273,849
	<hr/>	<hr/>
Closing shareholders' funds	7,542,135	6,502,584
	<hr/>	<hr/>
 Company	 2013	 2012
	£	£
Profit for the year	1,701,619	442,987
Dividends	(568,354)	(598,227)
Share option charge	48,256	45,821
	<hr/>	<hr/>
New shares issued – Premium	1,181,521	(109,419)
– Capital	137,127	1,028,342
	2	26
Shares to be issued	(55,998)	-
Redemption of equity on compound instruments	-	(124,605)
Redemption of shares	(60,150)	(326,066)
	<hr/>	<hr/>
Net increase in shareholders' funds	1,202,502	468,278
	<hr/>	<hr/>
Opening shareholders' funds	4,819,493	4,351,215
	<hr/>	<hr/>
Closing shareholders' funds	6,021,995	4,819,493
	<hr/>	<hr/>

22. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2013 £	2012 £
Operating profit	1,858,516	760,716
Amortisation of intangible assets	588,056	312,799
Impairment of intangible assets	-	318,333
Depreciation charge	160,287	151,917
loss on disposal of investment	-	52,287
Decrease in debtors	258,945	295,631
increase /(decrease) in creditors	170,663	(535,074)
Increase in provisions for fixed asset investment impairment	17,214	12,921
Share option charge	48,256	45,821
(Decrease) / increase in dilapidation provision	-	-
Net cash inflow from operating activities	3,101,937	1,415,351

23. Reconciliation of Net Cash Flow to Movement in Net Funds

	2013 £	2012 £
Increase /(decrease) in cash in the year	1,109,536	(241,289)
Repayment of borrowings	420,000	1,057,754
Change in net funds	1,529,536	816,465
Non-cash movements	-	-
Net cash/(debt) at the beginning of the year	3,201,550	2,385,085
Net cash at 30 April	4,731,086	3,201,550

24. Operating Lease Commitments

The Company and the Group had the following annual commitments under non-cancellable operating leases at the balance sheet date

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Land and buildings leases expiring after less than five years	206,500	206,500	206,500	206,500
	206,500	206,500	206,500	206,500

The company's lease of its Cambridge premises at 16 Regent Street expires on 24 May 2014. The company has sublet, under operating leases to third parties, a part of the land and buildings leased above.

25. Related Party Transactions

Certain directors of the Company and other Group subsidiaries have entered into insurance arrangements facilitated by the subsidiary NW Brown Insurance Brokers Limited or mortgage related through the subsidiary NW Brown & Company Limited. The business is undertaken on staff terms. On insurance business commission is rebated to the insured when received from the insurer. On mortgage business no fees are charged. Close family members are also offered staff terms and directors are granted credit terms in excess of those generally given to clients. Most directors of associated companies conduct some of their household, motor or other insurances through the Group.

Certain directors of the Company and other Group subsidiaries who have entered into SIPP arrangements through the subsidiary NW Brown & Company Limited do so on preferential terms – that is, that fees are reduced or waived. Close family members are also offered staff terms.

Certain directors of the Company and other Group subsidiaries are required to conduct their securities business through the subsidiary NW Brown & Company Limited and do so on staff terms – that is a reduced commission scale applies. Directors working full time in the investment division do not pay management fees when they are managing their own or closely related family funds. All other directors who have discretionary funds managed by the Group pay fees that are reduced from those which would be paid by unrelated clients.

The Company provides administrative services in respect of Group personal pensions with Standard Life at no cost to members of staff, including several directors.

OK To Travel Limited owed the Group £464,817 at the year end (Freedom Insurance Services Limited £254,820, NW Brown Group Limited £209,741 and NW Brown Insurance Brokers Limited £256) for the settlement of various invoices on the Company's behalf during the period.

Kirly Limited, a company controlled by M W Johnson and his family, its subsidiaries and its pension scheme, have investments managed by NW Brown & Company Limited on staff terms. NW Brown (Trustees) Limited is a trustee of the Kirly pension scheme, and is remunerated on an arm's length basis.

H R Parnell provides consultancy services to the Group through HRP Consulting & Training Ltd. The Group paid £21,423.98 (2012 £23,009.63) in respect of these services during the year of which £nil (2012 £906.90) was outstanding at the year end.

The Eastern Alliance Ltd, a company of which P A Thorpe is a director, is a collective of independent insurance brokers, including NW Brown Insurance Brokers, designed to obtain higher service standards and reduce administration burdens and negotiate favourable commission rates for its members with major insurance companies. Mr Thorpe receives no remuneration for his directorship.

Anglian Archives Ltd, a company controlled by M W Johnson and his family, provides confidential waste disposal services to the Group. Transactions are dealt with on an arms length basis and on normal terms. The Group paid Anglian Archives Ltd £3,272.82 (2012 £2,753.11) during the year of which £150.48 (2012 £125.40) was outstanding at the year end. A R Kefford is also a director of Anglian Archives Ltd and has an interest in the share capital of the Company.

Pantaxia Limited, a company controlled by J Goodger, provides consultancy services to the Group. It charged the Group £6,500 (2012 £6,500) in respect of these services during the year all of which was outstanding at the year end (2012 £6,500).

Questgate Limited facilitates specialist services to the clients of NW Brown Insurance Brokers Limited. J Steward a director, is married to a director of Questgate Limited. The Group has not incurred any costs for these services during the year.

Interest free loans of up to £5,000 are made available to all staff to purchase NW Brown Group Ltd shares. The following loans to directors and subsidiary directors were outstanding at the year end.

	Loan from Group / Company		Interest on loan	
	2013	2012	2013	2012
	£	£	£	£
P B Burke	3,300	4,000	-	-
J Steward	101,172	183,524	4,220	4,084
S Lenton	125,052	156,689	4,289	2,844
A F Mulligan	61,883	59,170	1,892	1,892
D E Evans	46,227	57,197	1,470	1,571
L Turner	91,217	216,772	3,654	3,999
O Phillips	32,595	155,477	1,246	1,437
S Biggs	-	14,051	114	235
R Rampley	14,674	25,499	787	586
T Green	972	1,134	-	-
	<u>477,092</u>	<u>873,513</u>		

	Loan to Group / Company		Interest on loan	
	2013 £	2012 £	2013 £	2012 £
A F Mulligan	-	37,713	-	1,050
D E Evans	<u>46,227</u>	<u>44,713</u>	<u>1,050</u>	<u>1,050</u>
	46,227	82,246	1,050	2,100

26. Acquisition of subsidiaries

The Group purchased the 49% minority interest holding in OK To Travel Limited on 30 April 2013 for a total consideration of £108,000. OK To Travel is now a wholly owned subsidiary of NW Brown Group Limited.

The book value of the assets and liabilities attributable to the minority interest were taken from the statutory accounts of NW Brown Group Ltd as at 30 April 2013. No fair value adjustments were made.

	£
Consideration	108,000
Net liabilities acquired	(59,516)
Goodwill	<u>167,516</u>