BrokerDirect Plc
A better way to insure

annual report and accounts 2016

2016

Contents

Company registration number:

02958427

Registered Office:

Deakins Park
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Egerton
Bolton
BL7 9RW

Directors:

R Green
I J Gray
T E Stanley
J K Rhodes
J A Golder
B Bradshaw

Secretary:

I J Gray

Bankers:

Barclays Commercial Bank
51 Mosley Street
Manchester
M60 2AU

Auditors:

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Chairman's Report

Overview

2016 has been a year of investment for the Group. Commitments have been made to support sustainable medium term growth. New staff have been recruited in business development, systems and servicing, culminating in the appointment in October of Chris Dixon as Chief Underwriting Officer. Chris has an outstanding track record most recently as Head of Motor at Chaucer and is a very significant addition to the Company.

Premium income and turnover have increased. Profit is lower than in 2015 as a result of the above investments in staff and also due to changes in business mix which have increased aggregate broker commission rates. In addition following an independent review, the Group has incurred a one off expense for settlement to HMRC of an over recovery of VAT.

Written Premium handled by Broker Direct grew by 23% during the year, principally due to our Third Party Administration business.

The Group continued to attract attention at awards ceremonies and we were gratified that Broker Direct was highly commended at the Insurance Times awards in the MGA of the Year and Training Excellence and Impact categories.

At BDElite Ltd our claims management subsidiary, turnover increased, and broker numbers grew as a result of investments in sales staff. New service staff were recruited to consolidate our highly regarded quality of service. As a result income grew but profit fell somewhat. During the year the management of BDElite purchased a 20% shareholding in the Company and were also awarded shares with capital only rights which encourage a focus on medium term realisable share value.

At ICS Ltd our compliance subsidiary, turnover and profit were negatively affected by changes in the administration of London Market coverholder audits as forecast last year.

Results

The Group made a pre-tax profit of £286,782 (2015: £863,810), £162,930 after tax (2015: £650,191). Turnover on continuing operations increased to £19,710,260 (2015: £18,916,569) a 4% rise. Cost of Sales (primarily broker commission) increased by 11% to £9,441,542 (2015: £8,523,963). Other Operating Charges grew by 5% to £9,973,050 (2015: £9,511,365). During the year the Group reduced its debt finance by £536,750 to £542,117 (2015: £1,078,867).

Markets

Market wide, Motor operating ratios deteriorated between 2015 and 2016 and without continued reserve releases would have been very unattractive. Premiums for comprehensive motor insurance increased by around 12% in 2016. In recent years personal injury costs have been the main profitability issue, they started to stabilise in 2015, now, however, vehicle repair costs are starting to rise due to the increasingly complex vehicle safety technology. Brexit is likely to increase the cost of spare parts as evidenced by the softening of the Sterling-Euro exchange rate. In 2017 Motor profitability has declined due to changes enacted by the Government

Group results

long term disability costs (the Ogden discount rate). The Government has stated its intentions to implement further measures to curb claims costs and these include raising the Small Claims Court limit and reducing the damages for soft tissue injury. Legislation is expected at some point after the election.

Increasing penetration of vehicle technology aimed at reducing collisions and injuries is now having an impact on claims costs and may be reducing claims frequency. Connected car technology (on-line links between the car and other parties) has already impacted the young driver market and may soon start to impact more widely on underwriting and claims reporting. Management are keeping these developments in focus.

Household operating ratios whilst still profitable, deteriorated in 2016 over 2015.

Solvency II is having its effect with reducing numbers of small insurers in the market.

Lloyd's have introduced new methodology for the allocation of coverholder audits to auditing firms. We do not yet know exactly what effect this change will have on business volumes; however, ICS will be widening its market to include other insurers who need this service. As evidenced above, there seems to be no end to new regulations affecting brokers and the need for sound advice seems as great as ever.

Outlook

The recruitment of Chris Dixon as Chief Underwriting Officer is part of an arrangement to partner with him in a new, separate underwriting venture which Broker Direct will service. This will require considerable investment in 2017 and is expected to provide a substantial new stream of TPA income. Elsewhere the Company continues to bid for new TPA contracts.

Motor premiums are expected to rise due to the effects of the changes to Ogden (above). In the absence of major weather events Household should remain profitable and rates may come under competitive pressure. The profitability of our agency products will be a priority.

If enacted, the Government proposed changes to the soft tissue damages process will have an impact on BDElite's business, but as with previous changes, we believe that there will be opportunities for BDElite to continue to provide our brokers and their clients with an ethical and high quality service.

ICS profit is expected to grow as a result of increasing revenues and expense management.

Personnel

The Board congratulates management and staff on an ambitious year of progress.

Roy Green
Chairman
5 June 2017

Strategic Report

Business Model

Our Mission is to delight brokers and their clients with our service whilst also delivering excellent results to our insurer partners. In so doing, we can provide meaningful and rewarding jobs for our employees and deliver progressive returns for our shareholders.

Our focus in 2016 has been to concentrate on our core competency, to develop, distribute and service UK personal lines general insurances through insurance brokers.

We act under delegated authorities from our insurer partners and as such we only report our fees for administering policies and claims, rather than the gross premiums. Where we do carry risk, for example in the commissions ceded to our insurance brokers, our recognised revenue is inclusive of those commissions.

We only operate in the mature, well regulated United Kingdom insurance market, where we continue to believe there is significant scope for further penetration of our product and service offerings.

We believe our ability to efficiently deliver products to the UK insurance broker market and provide tailored support services through our proprietary software systems and dedicated experienced staff, gives us significant operational and cost effective leverage.

Financial Metrics

	2016	2015
Revenue	**£19.71m**	£18.92m
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**£0.57m**	£1.17m
EBITDA per share	**14p**	29p
Operating profit before exceptional items	**£0.60m**	£0.91m
Profit before tax	**£0.29m**	£0.86m
Profit after tax	**£0.16m**	£0.65m
Profit after tax adjusted for non-controlling interest	**£0.19m**	£0.65m
Operational cash inflow/ (outflow)	**(£0.1m)**	£0.65m
Net financial debt *	**(£0.7m)**	(£0.94m)

*Net financial debt is operational debt less operational cash balance and therefore excludes insurer balances.

Segmental Reporting – contributions to profit before tax

Profit/(loss) before tax	**2016**	2015
Broker Direct Plc & Broker Direct Retail Holdings Ltd	**£0.30m**	£0.47m
BDElite Ltd	**(£0.06m)**	£0.26m
Insurance Compliance Services Ltd	**£0.14m**	£0.24m
Other Group companies	**£0.04m**	£0.04m
Amortisation, impairment	**(£0.13m)**	(£0.15m)
Consolidated profit before adjustment for non-controlling interest	**£0.29m**	£0.86m
Adjustment for non-controlling interest	**£0.03m**	N/A
Consolidated profit after non-controlling interest and before tax	**£0.32m**	£0.86m

Principal risks and uncertainties

Risk and uncertainty are recognised as normal elements of doing business. The Group manages its risk appetite through the application of a risk framework cycle involving:

- identification
- probability
- impact
- mitigation
- contingency
- review

Major risks are managed through the implementation and monitoring of policies and procedures, including:

- Corporate Governance
- *Business Interruption & Recovery*
- Treating Customers Fairly, Agency Management
- Conflicts of Interest, Gifts & Inducements, Supplier Procurement and Management
- Whistle blowing, Anti Money Laundering, Anti Fraud, Anti Bribery and Corruption
- Data Inventory, Protection, Usage and Destruction, and IT Security
- Staff Recruitment, Training and Competency, Health & Safety

The directors monitor key performance and strategic indicators and agree actions to mitigate excessive risks for example by transferring the risk through insurance arrangements or delegated authority agreements.

The key business risks affecting the Group are set out below:

Market Risk

Broker Direct's income is primarily derived from the amount of premium processed on behalf of our insurer partners. The personal lines insurance market is highly price sensitive and as a result is intensely competitive. The Company's fortunes are therefore heavily reliant on our insurer partners' appetites for sales, relative to the pricing actions of the competitors. Consequently, the Company strives to deliver a complementary range of products and services, underwritten by a selected panel of insurers.

Broker Direct distributes and services a range of our own brand products to its network of insurance brokers: A range of motor products are underwritten by 4 insurers and a further range of household products are underwritten by 3 insurers. These products are suitable for a substantial part of our brokers' market and our focus in 2016 has been to improve the pricing and penetration of these products. In 2017 we expect to complement these with additional product launches underwritten by new insurer partners.

Broker Direct also ultilises its infrastructure to provide a range of administration services to insurers for their branded products distributed through their own agency base. These services are tailored to each insurer's individual requirements. For instance current and previous contracts have included: a) full, end to end product build, distribution, premium administration and claims handling; b) product build, distribution and premium administration; c) full or partial claims handling alone. It remains a core strategic objective to attract more insurers to these services.

BDElite's income is derived in the main from commission retained on the sale of motor legal expenses insurance policies, together with referral and recommender fee income earned when handling the claims arising on those policies. In 2016, the focus was, and remains, to increase motor legal expense sales primarily through the recruitment of additional brokers.

Insurance Compliance Services (ICS) income is earned primarily from two sources; the provision of regulatory compliance advice to insurance brokers and conducting audits on behalf of Lloyds insurers who have delegated underwriting control to independent firms – referred to as 'Coverholder Audits'. Through no fault of ICS, at the end of 2015 the method of allocating Coverholder Audits was changed by the Lloyds regulators which resulted in a significant loss of business to ICS in 2016. Actions have and are being taken to address the consequent loss of profitability with the full benefit only expected to begin to come through in 2017.

Sources of retained revenue

Note: Retained Revenue here is deemed to be net of commissions ceded to insurance brokers.

Operational risk

The management of the businesses and the nature of the Group's strategy are subject to a number of risks in its operation, notably:

Customer Service
The Group's businesses exist to provide services and consequently substantial attention is focused on delivery of those services. The business invests in efficient IT systems coupled with staff recruitment, training and development to meet its mission to delight brokers and their clients. Recognising that one of the key opportunities to demonstrate the value of insurance is when a claim is made, both Broker Direct and BDElite request customer feedback after conclusion of their claims.

Claimants satisfaction with Broker Direct's service

Claimants who would recommend the BDElite service

Technology
Utilising technology is fundamental to the efficient distribution and servicing of our products and services. Systems need to price the risks correctly, produce accurate policy documentation and transmit comprehensive data between the brokers, Broker Direct, insurers and others. To this end, we work closely with both our insurer partners and our brokers' software system providers to manage these complexities.

Additionally, the businesses are alert to new technologies entering the insurance market. The roll-out of advanced driver assistance systems alongside the adoption of connected car technologies has the potential to massively disrupt the insurance industry due to:

- An expectation of significant reductions in the number and severity of vehicle accidents
- Possible changes in the type of insurance and the manner that it is bought as a result of the take-up of digitally enabled insurance offerings

Broker Direct and BDElite are alert to the possibilities and are working through options to secure the businesses for the longer term.

Legislation & Regulatory Compliance
The insurance regulatory environment is constantly under review both at a regulatory and legislative level, and consequently routinely evolves with varying degrees of impact on the businesses of the Group. Notable recent developments include:

- The Solvency II Directive 2009/138/EC finally came into force in 2016. This EU Directive codifies and harmonises EU insurance regulation. Primarily it concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency.

  Whilst a number of insurers have taken advantage of transitional arrangements, others have already withdrawn from the insurance market. Broker Direct maintains vigilance through regular communication with its insurer partners
- On 10th January 2017, the Government appointed body – the Centre for Connected and Autonomous Vehicles – reported:
  i. The Government will regulate on a rolling basis
  ii. Compulsory motor vehicle insurance will be extended to create a single insurer model to protect victims where the autonomous vehicle (AV) causes a crash in automated mode. The victim will have a direct right against the motor insurer. The insurer in turn will have a right of recovery against the responsible party.

  This will mean:
  i. Part VI of the Road Traffic Act 1988 will be amended to require compulsory insurance to cover both the driver for negligent acts and the AV if it hits someone/something whilst driving without driver input
  ii. The cover for the AV will kick-in to pick up damage to third party property, injury to third parties and injury to the passengers in the AV. This will require primary legislation because currently there is no direct cause of action
  iii. Primary legislation will also be required to allow the insurer to pursue the manufacturer for the sums they pay out if the accident was caused by a manufacturing defect.

Broker Direct is closely monitoring developments and working to position itself accordingly.

- Whiplash reform:
  i. The Government has included 'whiplash injury' provisions in the Prisons and Courts Bill 2016-17 that was presented to the House of Commons for it's first reading on 23rd February 2017.
  ii. Additionally, in February 2017 the Government published a report responding to a consultation on reforming the 'whiplash' claims process.
  iii. The Bill as drafted, together with the intended actions stated in the report, would materially impact the profitability of BDElite Ltd. The Company is developing contingency plans to adapt its business model.

Staff
The group recognises the importance of attracting and retaining high quality employees. The key HR outcomes we focus on are:

- Attract high calibre staff
- Retain experienced & knowledgeable staff
- Realise returns on investment in training and development
- Be a great place to work.

Broker Direct staffing (at year end)

The quality of BDElite's product offering is backed up by highly regarded service levels that has translated into both a loyal broker customer base and in attracting new brokers to the business. The Company is satisfied that it has the employment culture and practices in place to support its continued growth in 2017

BDElite staff qualifications

Since 2014, when Broker Direct's staff levels were at their lowest and staff turnover at it's highest for recent years, the Company has stabilised and in 2015 we commenced a fresh employee engagement program addressing remuneration, recognition, progression and the working environment. This program continues into 2017.

Broker Direct staff qualifications

BDElite staffing (at year end)

Financial Risk

Credit Risk

The Group's principal assets are cash deposits and trade debtors. The credit risk associated with cash deposits is limited as the accounts are held with a major UK high street bank only. The principal credit risk arises therefore from trade debtors.

The principal trade debtor credit risks are:

- At Broker Direct
  - Broker agencies: Broker Direct collects premiums from brokers and passes them on to the insurers who carry the underwritten risk exposure. We settle the premiums to the insurers after deducting our commissions and expenses for administering the policies and handling the claims. If a broker fails to settle their debt to us, we are still obliged to settle the balance due to the insurer. The Company has strict acceptance criteria for the appointment of new broker agencies, and monitors the brokers against agreed credit and settlement terms. The single largest broker agency represents 6% of premium written (2015: 5%). Bad debt experience in 2016 was £nil (2015: £nil);
  - Policyholders paying by instalment: The Company only accepts instalment business by direct debit instruction. Debt management and cancellation terms are agreed with the Company's insurer partners to minimise the bad debt exposure. Bad debt experience in 2016 was negligible (2015: negligible);
  - Third party administration services: Income streams are invoiced for subsequent settlement by insurers and key partners. Insurers and key partners are pre-vetted for their financial stability.
- At BDElite Ltd
  The suppliers of temporary replacement vehicles and legal services to motor accident claimants pay recommender fees to the Company, the single largest recommender fee income source represents 4% of group retained revenue (2015: 6%).
- At Insurance Compliance Services Ltd
  Brokers and insurers utilise a range of compliance services, the single largest customer represents less than 1% of group turnover (2015: less than 1%).

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient working capital is available to meet both (i) its foreseeable needs, and (ii) the adequate resources obligations stipulated by the Financial Conduct Authority.

The Group policy during the year was unchanged:–

- Hold cash balances in readily accessible treasury deposits
- Utilise fixed interest, asset leasing facilities
- Utilise variable rate borrowing facilities for premium instalment business.

Since 2009, the Group has taken sustained action to withdraw from non-strategic, unprofitable operations and, in the face of very difficult trading conditions, it was necessary to restructure the Group's loan arrangements in 2013.

The business has since substantially reduced its borrowings and improved its debt gearing. At the end of 2016 the Group's:

- Financial indebtedness (measured as operating cash balances less operating creditors) had reduced to £Nil (2015: (£0.9m)). Note, 'operating creditors' excludes insurer balances, deferred income & technical provisions

and

- Debt gearing (being operating creditor balances as a proportion of Shareholders' funds) improved further to 159% (2015: 197%).

Broker Direct

'Total operating creditors' here excludes insurer balances, deferred income & technical provisions.

Interest rate risk
The low interest rate environment throughout 2016, together with modest cash deposits, resulted in only nominal interest income in the year. Consequently loss of such income is not material to the financial integrity of the business.

The Group's borrowings are a mixture of fixed interest leases and variable interest borrowings.

The Group's interest cover (its ability to fund the interest charges out of profits) has decreased to a multiple of 14 (2015: 29 times profit).

For a 1% increase in interest rates, the budgeted cost of borrowing in 2017 would increase by up to £4,000 (2016: circa £9,000).

Interest cover

Reserving Risk
Broker Direct maintains reserves which are released against the future costs of servicing insurance policies incepted in prior underwriting periods. Notably the business holds reserves for:

- Policy administration; the Company incurs costs over the policy year to administer the policy. The reserve is released to income against those costs;
- Claims handling; the Company is paid in advance to administer claims and therefore holds a reserve for release to income as the expenses of handling claims arise; and
- Commission claw-back; where policies cancel mid-term and premiums are returned to policyholders, the Company must likewise return the element of its commission income associated with those cancellations; this return is met via a release from the commission clawback reserve.

There is a risk that these reserves are insufficient to meet the future servicing requirements.

Foreign Currency Risk
The Group does not transact foreign currency business. On rare occasions, Broker Direct Plc settles motor insurance claims in Euros but any loss or gain on foreign exchange is borne by the insurance company underwriting the policy rather than by Broker Direct.

BY ORDER OF THE BOARD

Iain Gray

Iain Gray
Finance Director
5 June 2017

The directors present their annual report and audited financial statements for the year ended 31 December 2016.

Directors

The directors who served during the year are shown below:

Barbara Bradshaw	Director	Non-Executive
Iain Gray	Finance Director	Executive
Roy Green	Chairman	Non-Executive
Kedric Rhodes	Director	Non-Executive
Terry Stanley	Chief Executive	Executive
Ann Golder	Operations Director	Executive

Directors' Interests

The interests in the Company of the directors in office at the year-end is as follows:

	Shareholding	Share options vested	Share options granted, not vested
Barbara Bradshaw	36,283	–	–
Iain Gray	218,817	–	427,958
Roy Green	171,613	13,728	–
Kedric Rhodes	19,280	–	–
Terry Stanley	194,942	–	427,958
Ann Golder	146,518	–	407,212

Directors may only trade in the Company's shares in compliance with its Code for Transactions in Company Securities.

Directors' Liabilities

The Company maintains Directors and Officers insurance cover for the directors.

Appointment of Directors

The directors may appoint a person to be a director, either to fill a vacancy or as an additional director. A director so appointed shall hold office only until the next following annual general meeting and then shall be eligible for election and, if then not reappointed, shall vacate office.

Employment policies

The Group maintains a policy of offering employment opportunities that are free from discrimination on any grounds, other than unsuitability for the position in question, whether this relates to initial selection for employment, promotion or any other employment matter. Equal consideration is given to disabled people, where they have the appropriate experience, qualifications and ability to do the job.

Employee involvement

We seek to employ staff who will take the opportunity presented to make positive contributions to the development of the business, and it is the approach of the Group to be as open as possible with staff and obtain their feedback.

Dividends

The Company's articles of association provide that the members in general meeting may declare dividends in accordance with the respective rights of the members, but dividends shall not exceed the amount recommended by the directors. The articles also provide that the directors may pay interim dividends out of profits of the Company available for distribution.

No interim dividend was paid during the year (2015: Nil).

The directors propose a final dividend for the year of £0.015 per share (2015: £0.02).

Going Concern

The directors consider it is appropriate to adopt the going concern basis in preparing these financial statements. In accordance with current best practice further commentary in this regard is set out in the Accounting Policies accompanying the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic Report, the Report of the Remuneration Committee 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 Group and Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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 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 of the directors are aware, there is no relevant audit information of which the Company's auditors are 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 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

Grant Thornton UK LLP have indicated their willingness to be re-appointed.

BY ORDER OF THE BOARD

Iain Gray

Iain Gray
Finance Director
5 June 2017

Introduction
The Remuneration Committee recognises that directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice.

To avoid potential conflicts of interest, the Board of Directors has delegated responsibility for determining executive remuneration to a Committee comprising of the Chairman and non-executive directors, who:

- are knowledgeable of the business
- are responsive to the shareholders' interests
- have no personal financial interest in the remuneration decisions they are taking.

During 2016 the members of the Committee were:

Roy Green – Chairman of Remuneration Committee

Kedric Rhodes – Non Executive Director

Barbara Bradshaw – Non Executive Director

Executive Directors' Remuneration policy – objectives
- To provide packages which attract, retain and motivate the executive directors
- Link rewards to the performance of both the Group and the individual
- Align the interests of directors and shareholders in promoting the Group's progress.

Directors' Service Contracts
The service contract for Terry Stanley, Iain Gray and Ann Golder are in a similar form. The term in each case is for a rolling term of six months. The Group may give three months' notice at any time subject to paying no more than six months compensation (except in specific circumstances when no compensation will be payable).

Remuneration Committee Report
The Remuneration Committee notes that the Executive Directors have not exercised certain share options (to acquire ordinary shares in the Company at a price of £1 per ordinary share). Such options vested in respect of prior year performance and have now terminated and cannot be used by the Executive Directors.

The Remuneration Committee had, in respect of 2015, considered awarding cash bonuses to the Executive Directors under the discretionary bonus scheme. Without commitment by the Company, the Remuneration Committee had previously suggested a total award of £75,112 might be made to the Executive Directors.

The Remuneration Committee considers however that an award of shares in the company (to be subscribed for at par of 20p per share) be made to the Executive Directors alongside a lower cash bonus. This is considered to give an incentive more aligned to the future performance of the Company than a cash bonus alone. Additionally this may have certain tax efficiencies compared to a higher cash bonus. Accordingly a lower bonus pool of £29,529 has been paid to the Executive Directors in respect of 2015 alongside the issue of 51,873 ordinary shares subscribed for by the Executive Directors at an effective subscription price of £0.71 per share.

This approach has been implemented which meets the needs of both the company and the executives. The Remuneration Committee has adopted the above alternative approach with the executives, without changing arrangements for future shares issued under option which will continue to vest at a subscription price of £1 per share.

This arrangement helped preserve the balance sheet of the Company and enabled the Executive Directors to increase their shareholding in a tax efficient manner.

A new share option scheme was introduced in July 2016. The scheme is designed to focus executives on medium term realisable share value.

Along with the rest of the Board the Executive Directors have previously taken cuts in salary in response to the financial condition of the Group, these cuts have now been restored (although with no allowance for inflation) by the award of an increase in salary of 9.43% payable from 1 January 2017.

This year's result means that directors have earned bonus but no share options.

Report of the independent auditors to the members of Broker Direct Plc

Grant Thornton

Independent auditor's report to the members of Broker Direct Plc

We have audited the financial statements of Broker Direct Plc for the year ended 31 December 2016 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated cash flow statement, the consolidated and company statement of changes in equity 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 auditors

As explained more fully in the statement of directors' responsibilities as set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 31 December 2016 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

Michael Frankish
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

5 June 2017

Consolidated statement of comprehensive income

	Note	2016 £	2015 £
Turnover	5		
Continuing operations		**19,710,260**	18,916,569
Cost of sales		**(9,441,542)**	(8,523,963)
Gross profit		**10,268,718**	10,392,606
Other operating charges		**(9,973,050)**	(9,511,366)
Profit on operating activities before interest and taxation		**295,668**	881,240
Operating profit before exceptional items		**598,263**	909,147
Exceptional Items			
Impairment of goodwill	6	**-**	(27,907)
VAT over recovery	6	**(302,595)**	–
Profit on operating activities after exceptionals and before interest and taxation		**295,668**	881,240
Interest receivable and similar income		**14,614**	14,382
Interest payable and similar charges		**(23,500)**	(31,812)
Profit on ordinary activities before taxation	6	**286,782**	863,810
Taxation	8	**(123,852)**	(213,619)
Profit for the financial year		**162,930**	650,191
Profit for the year attributable to:			
Non-controlling interests		**(31,153)**	–
Owners of the parent company		**194,083**	650,191
Profit for the financial year		**162,930**	650,191
Profit per share attributable to the owners of the parent Company			
- Basic (pence)	28	4.82	16.36
- Diluted (pence)	28	3.47	15.93

There were no recognised gains or losses other than the profit for the year.

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

	Note	2016 £	2015 £
Fixed assets			
Investments	12	**300**	–
Intangible assets	10	**1,408,181**	1,541,412
Tangible assets	11	**259,432**	287,447
		1,667,913	1,828,859
Current assets			
Debtors	14	**14,468,711**	10,532,680
Cash at bank and in hand	13	**4,024,855**	5,036,241
		18,493,566	15,568,921
Creditors: amounts falling due within one year	15	**(17,933,675)**	(14,898,051)
Net current assets		**559,891**	670,870
Total assets less current liabilities		**2,227,804**	2,499,729
Creditors: amounts falling due after more than one year	16	**(807,379)**	(1,163,127)
Provisions for liabilities	17	**(93,470)**	(116,706)
Net assets		**1,326,955**	1,219,896
Capital and reserves			
Called up share capital	20	**795,812**	785,437
Share option reserve	21	**91,435**	68,400
Profit and loss account	21	**445,273**	366,059
Equity attributable to the owners of the parent company		**1,332,520**	1,219,896
Non-controlling interests	21	**(5,565)**	–
Shareholders' funds		**1,326,955**	1,219,896

The financial statements were approved and authorised for issue by the Board of Directors on 5 June 2017.

Company No. 02958427

T E Stanley
Chief Executive Officer

Iain Gray

I J Gray
Finance Director

The accompanying notes form part of these financial statements.

Company statement of financial position

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	10	**-**	34
Tangible assets	11	**222,532**	248,031
Investments	12	**4,300**	5,000
		226,832	253,065
Current assets			
Debtors	14	**15,923,699**	12,083,799
Cash at bank and in hand		**3,577,612**	4,483,028
		19,501,311	16,566,827
Creditors: amounts falling due within one year	15	**(16,951,459)**	(13,846,719)
Net current assets		**2,549,852**	2,720,108
Total assets less current liabilities		**2,776,684**	2,973,173
Creditors: amounts falling due after more than one year	16	**(799,470)**	(741,370)
Provisions for liabilities	17	**(93,470)**	(116,706)
Net assets		**1,883,744**	2,115,097
Capital and reserves			
Called up share capital	19	**795,812**	785,437
Share option reserve	20	**91,435**	68,400
Profit and loss account	20	**996,497**	1,261,260
Shareholders' funds		**1,883,744**	2,115,097

The company made a loss of £185,282 in the year ended 31 December 2016 (2015: loss £1,125,783).

The financial statements were approved and authorised for issue by the Board of Directors on 5 June 2017.

Company No. 02958427

T E Stanley
Chief Executive Officer

Iain Gray

I J Gray
Finance Director

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the financial year		**162,930**	650,191
Amortisation and impairment review		**135,982**	159,253
Depreciation		**137,594**	110,253
(Profit) on sale of fixed assets		**(8,258)**	(552)
(Profit) on sale of shareholdings in subsidiaries		**(1,000)**	–
Share option expense		**23,035**	23,586
Interest paid		**23,500**	31,812
Interest received		**(14,614)**	(14,382)
Taxation		**123,852**	213,619
(Increase) in debtors		**(3,947,384)**	(1,747,021)
Increase in creditors		***3,204,550***	*2,014,200*
Cash from operations		**(159,813)**	1,440,959
Corporation tax paid		**(123,658)**	(76,111)
Net cash generated from operating activities		**(283,471)**	1,364,848
Cash flows from investing activities			
Payments to acquire investments		**(300)**	–
Proceeds from sale of tangible assets		**19,860**	4,102
Purchase of tangible and intangible fixed assets		**(123,733)**	(206,403)
Interest received		**14,614**	14,382
Sale of subsidiary undertakings		**21,000**	–
Net cash used in investing activities		**(68,559)**	(187,919)
Cash flows from financing activities			
(Loan repayments)/Loan interest		**(526,514)**	(490,266)
Finance lease interest paid		**(9,456)**	(8,380)
Other loan interest paid		**(14,044)**	(23,432)
New finance leases and hire purchase contracts		**47,795**	125,048
Repayment of finance leases and hire purchase contracts		**(58,031)**	(14,984)
Issue of ordinary share capital		**10,375**	-
Equity dividends paid		**(109,481)**	-
Net cash from financing activities		**(659,356)**	(412,014)
Net increase/(decrease) in cash and cash equivalents		**(1,011,386)**	764,915
Cash and cash equivalents at the beginning of the year		**5,036,241**	4,271,326
Cash and cash equivalents at the end of the year		**4,024,855**	5,036,241

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

	Called up share capital	Share option reserve	Profit and loss account	Share-holders equity	Non-Controlling Interest	**Total Equity**
	£	£	£	£		**£**
At 1 January 2015	**785,437**	**44,814**	**(284,132)**	**546,119**	–	**546,119**
Profit and total comprehensive income for the year	–	–	650,191	**650,191**	–	**650,191**
Increase in share option reserve	–	23,586	–	**23,586**	–	**23,586**
31 December 2015	**785,437**	**68,400**	**366,059**	**1,219,896**	**–**	**1,219,896**
Profit and total comprehensive income for the year	–	–	194,083	**194,083**	(31,153)	**162,930**
Equity dividends paid	–	–	(79,481)	**(79,481)**	–	**(79,481)**
New shares issued	10,375	–	–	**10,375**	–	**10,375**
Increase in share option reserve	–	23,035	–	**23,035**	–	**23,035**
Non-controlling interest transactions			(35,388)	**(35,388)**	25,588	**(9,800)**
At 31 December 2016	**795,812**	**91,435**	**445,273**	**1,332,520**	**(5,565)**	**1,326,955**

Company statement of changes in equity

	Called up share capital	Share option reserve	Profit and loss account	**Total**
	£	£	£	**£**
At 1 January 2015	785,437	44,814	2,387,043	**3,217,294**
Profit and total comprehensive income for the year	–	–	(1,125,783)	**(1,125,783)**
Increase in share option reserve	–	23,586	–	**23,586**
At 31 December 2015	**785,437**	**68,400**	**1,261,260**	**2,115,097**
(Loss) and total comprehensive income for the year	–	–	(185,282)	**(185,282)**
New shares issued	10,375	–	–	**10,375**
Equity dividends paid	–	–	(79,481)	**(79,481)**
Increase in share option reserve	–	23,035	–	**23,035**
At 31 December 2016	**795,812**	**91,435**	**996,497**	**1,883,744**

1 Company information

Broker Direct Plc is incorporated in the United Kingdom. Its principal place of business and registered address is Deakins Park, Deakins Mill Way, Egerton, Bolton, BL7 9RW.

Broker Direct Plc was established in 1997 with a unique proposition: the establishment of a general insurance management operation for brokers, majority owned by brokers. Still, today, close to 100% of our shares are owned by brokers and staff and many of our broker shareholders are the same professional independent firms which first placed business through us and remains a key feature in our business.

We use our position in the market to secure attractive products, rates and commissions for our brokers, backed by leading edge technology which brings savings in time and costs through efficient online trading.

As Broker Direct has evolved we have added more companies and services to our group. We now support brokers, not just in their core area of writing profitable and sustainable business, but also compliance and accident management services.

We value the relationships we have established, both with our brokers and our supporting insurers, and we continually strive to provide high-quality, technology-lead support services to give savings in time and cost so that working with Broker Direct delivers benefits for all.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in Sterling (£) as this is the functional currency of the Group.

The Group financial statements consolidate the financial statements of Broker Direct Plc and all its subsidiary undertakings drawn up to 31 December each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss for the year was £185,282 (2015: Loss £1,125,783).

The individual accounts of Broker Direct Plc have also adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes
- Financial instrument disclosures, including:
  - Categories of financial instruments
  - Items of income, expenses, gains or losses relating to financial instruments, and
  - Exposure to and management of financial risks.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Report on pages 4 to 5. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Directors' Report on page 11 and 12, and the Strategic Report on pages 6 to 10.

At 31 December 2016, operational cash balances amounted to £1,405,154 (note 13) (2015: £1,500,302) and other loans amount to £423,509 (notes 15 and 16) (2015: £950,023).

The directors have prepared consolidated forecasts for the 2 years' ending 31 December 2018. The forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current cash balances. After review of the forecasts and consideration of the Group's resources, together with its long standing relationships with insurers and brokers, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3 Significant judgements and estimates

In the application of the Group's accounting policies management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historic experience and other factors that are considered to be relevant and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Management have considered the key assumptions used to estimate the Group's assets and liabilities as at the balance sheet date, and believe these assumptions to be entirely appropriate. The estimates and judgments most likely to have a significant effect are in the following areas:

- Going concern (refer to Note 2 – Basis of preparation, Going Concern)
- Technical reserves (refer to Turnover accounting policy)
- Impairment of goodwill (refer to Intangible Assets accounting policy)
- Intangible fixed assets and software development (refer to Intangible Assets accounting policy)
- Deferred tax (refer to Taxation accounting policy)
- Share options (refer to Employee Share Schemes accounting policy)
- Recoverability of inter-company debtor balances
- Useful economic life of tangible fixed assets for depreciation (refer to Tangible Assets accounting policy)

With respect to the above, the directors consider that there are no individual underlying assumptions to which the monetary amount is particularly sensitive.

4 Principal accounting policies

a) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

b) Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

c) Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Purchased goodwill arising on acquisitions is amortised on a straight line basis over its estimated useful economic life, being twenty years. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently when necessary if circumstances indicate that its carrying value may not be recoverable.

If the recoverable amount of any goodwill is estimated to be less than its carrying amount, the carrying amount of the goodwill is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the software so that it will be available for use or sale
- The intention to complete the software and use or sell it

- The ability to use the software or sell it
- How the software will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following economic lives:

• Software development costs	5 years
• Goodwill	20 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

d) Tangible assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less the estimated residual value of all tangible fixed assets by equal monthly instalments over their expected useful economic lives. The periods generally applicable are:

Leasehold improvements	4 years straight line (or to end of lease if shorter)
Computer – hardware	3 years straight line
Computer – software development	5 years straight line
Equipment	4 years straight line
Furniture and fittings	4 years straight line
Cars	3 years straight line

e) Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

f) Investments

In respect of the parent company, investments are included at cost, net of provision for impairment.

g) Cash at bank and in hand

Cash received for insurance premiums, claims and commissions is held on trust in separate insurer accounts until either settled to third parties or in the case of commissions, transferred to Group operational cash balances. Cash at hand and in bank therefore includes both insurer and operational monies (see note 13).

h) Insurance debtors and creditors

The Group acts as an agent of insurance companies in broking and administering insurance products and is liable as a principal for premiums due to those underwriters. The Group has followed generally accepted accounting practice for insurance brokers by showing debtors, creditors and cash balances relating to insurance business as assets and liabilities of the Group itself. Revenue is recognised on such agency arrangements as set out in the turnover accounting policy.

i) Other debtors

Short term debtors are measured at transaction price, less any impairment.

j) Other creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including loans, are measured at fair value inclusive of unpaid interest accrued to date.

k) Leases

Where the Group enters into a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee, the lease is treated as a finance lease. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. Future instalments under such leases, net of finance charges, are included in creditors. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

l) Operating leases

Rentals under operating leases are charge to the statement of comprehensive income account on a straight line basis over the lease term.

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

m) Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the accounting period, taking into account the risks and uncertainties surrounding the obligation.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of the absence.

n) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

o) Turnover

Turnover is the amount receivable, by the Group, for services provided, exclusive of Value Added Tax ("VAT"). VAT is chargeable on services relating to motor accident management, insurance compliance and human resource consultancy.

Income from commission is received for selling and administering insurance policies and is recognised in the profit and loss account at policy inception. Provisions are maintained to meet potential subsequent bad debts and commission clawbacks for policies that could cancel in the future. Trade debtors are shown net of any provision for bad debts.

An element of commission income relates to post placement services for claims handling and premium administration, hence is deferred and released to the profit and loss account in the periods in which these services are provided. The claims handling and policy servicing deferred income accrual are included in "technical reserves" and are analysed between amounts to be recognised within one year and amounts to be recognised after more than one year.

In addition:

- Income is received from insurer partners to help fund the development of the IT systems that support the distribution and administration of their products. This is recognised in the profit and loss account in the month in which the expense is incurred.
- Income from service charges is received for providing instalment premium funding. A proportion of this income is deferred and released to the profit and loss account throughout the term of the policy in equal monthly instalments.

p) Employee benefits

Employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

q) Employee share schemes

All share-based payment arrangements granted after 7 November 2002 are recognised in the financial statements in accordance with Financial Reporting Standard 102.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "share option reserve".

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

r) Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the statement of comprehensive income account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest to the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

s) Exceptional Items

Items which are material either because of their size or their nature, and which are non-recurring are presented separately within the Statement of Comprehensive Income. The separate reporting or exceptional items helps provide a better picture of the Company's underlying performance.

5 Turnover and Profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activity of the Group which is carried out entirely within the United Kingdom.

Turnover, analysed by category, was as follows:

	2016 £	2015 £
Rendering of services and commissions	**19,710,260**	18,916,569

6 Profit on ordinary activities before taxation

	2016 £	2015 £
The Profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration:		
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	**47,390**	33,197
Fees payable to the Group's auditors for other services:		
– fees payable to the Group's auditors for the audit of the subsidiaries' annual financial statements	**–**	8,223
– tax services	**–**	3,554
– other services pursuant to legislation	**–**	7,200
Amortisation of goodwill	**129,838**	125,121
Depreciation of intangible fixed assets	**6,144**	6,225
Depreciation of tangible fixed assets – owned	**80,773**	77,795
– leased	**56,821**	32,458
(Gain) on sale of fixed assets	**(8,256)**	(552)
Operating lease charges – land and buildings	**348,769**	369,004
Operating lease charges – other	**–**	2,490
Exceptional Items:		
VAT over recovery	**302,595**	–
Investment impairment	**–**	27,907

VAT Assessment

The group has undertaken a comprehensive VAT review of the recognition and treatment of transactions for VAT purposes. Some failings were identified and have been disclosed to HMRC, together with recalculations of 4 years VAT returns. A provision for over recovery of VAT has been accounted for in 2016, ahead of receiving a formal assessment from HMRC.

Impairment review

The value of the Group's investments in Insurance Compliance Services Limited and HR Experts Limited were impaired during 2015 to reflect the Board's estimation of their value, recognising both net asset values and future profits. No further impairment was deemed necessary in 2016.

7 Directors and employees

Group

Staff costs during the year were as follows:	2016 £	2015 £
Wages and salaries	**4,731,941**	4,479,903
Social security costs	**429,065**	405,382
Pension costs	**405,835**	368,460
	5,566,841	5,253,745

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £405,835 (2015: £368,460)

The average number of employees during the year was:	2016 Number	2015 Number
Management	**23**	23
Other	**134**	127
	157	150

Remuneration in respect of company directors was as follows:

	2016 £	2015 £
Emoluments	**453,617**	479,640
Pension costs	**55,095**	50,000
	508,712	529,640

During the year, 3 directors (2015: 3 directors) participated in money purchase pension schemes. No directors exercised share options in the current or prior year.

Directors' remuneration disclosed above includes amounts paid to the highest paid director as follows:

	2016 £	2015 £
Emoluments	**133,912**	144,035
Pension costs	**20,222**	18,612
	154,134	162,647

Company

Staff costs during the year were as follows:	2016 £	2015 £
Wages and salaries	**3,403,885**	3,231,438
Social security costs	**303,611**	280,060
Pension costs	**292,961**	271,382
	4,000,457	3,782,880

The Company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £292,961 (2015: £271,382).

The average number of employees during the year was:	2016 Number	2015 Number
Management	**17**	17
Other	**97**	95
	114	112

Remuneration in respect of company directors was as follows:

	2016 £	2015 £
Emoluments	**453,617**	479,640
Pension costs	**55,095**	50,000
	508,712	529,640

During the year, 3 directors (2015: 3 directors) participated in money purchase pension schemes. No directors exercised share options in the current or prior year.

Directors' remuneration disclosed above includes amounts paid to the highest paid director as follows:

	2016 £	2015 £
Emoluments	**133,912**	144,035
Pension costs	**20,222**	18,612
	154,134	162,647

8 Tax on Profit on ordinary activities

	2016	2015
The taxation charge is based on the profit for the year and represents:	**£**	£
Current tax:		
UK corporation tax at 20.25% (2014: 21.49%)	**112,563**	123,721
Adjustment in respect of prior periods	**(64)**	(8,160)
Total current tax	**112,499**	115,561
Deferred tax:		
Origination and reversal of timing differences	**8,226**	90,438
Resulting from a change in tax rate	**3,127**	7,620
Total deferred tax (note 18)	**11,353**	98,058
Total tax charge on profit on ordinary activities	**123,852**	213,619

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 20% (2015: 20%). The differences are explained as follows:

	2016 £	2015 £
Profit on ordinary activities before tax	**286,782**	863,810
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20%)	**57,356**	174,892
Effect of:		
Expenses not deductible for tax purposes	**63,432**	39,810
Effect of reduction in opening deferred tax on change of rate	**4,362**	17,655
Adjustment for tax rate differences	**(1,234)**	(10,571)
Effect of current year events on prior period deferred tax	**(64)**	(8,160)
Marginal relief	**-**	(7)
	123,852	213,619

9 Profit for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £185,282 (2015: Loss £1,125,783).

10 Intangible fixed assets

Group

	Computer Software Development £	Goodwill on business acquired £	Goodwill on consolidation £	Total £
Cost				
At 1 January 2016	1,142,814	593,808	4,593,203	6,329,825
Additions	2,550	–	201	2,751
At 31 December 2016	1,145,364	593,808	4,593,404	6,332,576
Depreciation and impairment				
At 1 January 2016	1,138,747	576,933	3,072,733	4,788,413
Provided in the year	6,144	1,250	128,588	135,982
Impairment	–	-	–	-
At 31 December 2016	1,144,891	578,183	3,201,321	4,924,395
Net book amount				
At 31 December 2016	**473**	**15,625**	**1,392,083**	**1,408,181**
At 31 December 2015	4,067	16,875	1,520,470	1,541,412

Amortisation of intangible fixed assets is included in administration expenses.

Company

	Computer Software Development £
Cost	
At 1 January 2016	1,105,920
Additions	–
At 31 December 2016	1,105,920
Depreciation and impairment	
At 1 January 2016	1,105,886
Provided in the year	34
At 31 December 2016	1,105,920
Net book amount	
At 31 December 2016	–
At 31 December 2015	34

Amortisation of intangible fixed assets is included in administration expenses.

The Company's insurance transaction processing system is included within software development costs and has a carrying value of £Nil (2015: £34).

11 Tangible fixed assets
Group

	Leasehold improvements £	Fixtures & fittings £	Cars £	Computers and other equipment £	Total £
Costs					
At 1 January 2016	582,334	230,142	100,970	2,273,925	3,187,371
Additions	8,113	–	48,995	64,075	121,183
Disposals	–	–	(59,040)	–	(59,040)
At 31 December 2016	590,447	230,142	90,925	2,338,000	3,249,514
Depreciation					
At 1 January 2016	569,104	230,142	47,877	2,052,801	2,899,924
Provided in the year	10,103	–	24,728	102,763	137,594
Disposed in the year	–	–	(47,436)	–	(47,436)
At 31 December 2016	579,207	230,142	25,169	2,155,564	2,990,082
Net book amount					
At 31 December 2016	**11,240**	**–**	**65,756**	**182,436**	**259,432**
At 31 December 2015	13,230	–	53,093	221,124	287,447

Included in the total net book value is £114,241 (2015: £131,275) in respect of motor vehicles and computer equipment held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £56,821 (2015: £32,458).

Company

	Leasehold improvements £	Fixtures & fittings £	Cars £	Computers and other equipment £	Total £
Costs					
At 1 January 2016	574,372	221,425	80,040	2,200,537	3,076,374
Additions	8,113	–	48,995	55,757	112,865
Disposals	–	–	(59,040)	–	(59,040)
At 31 December 2016	582,485	221,425	69,995	2,256,294	3,130,199
Depreciation					
At 1 January 2016	561,141	221,425	45,261	2,000,516	2,828,343
Provided in the year	10,103	–	18,449	98,208	126,760
Disposed in the year	–	–	(47,436)	–	(47,436)
At 31 December 2016	571,244	221,425	16,274	2,098,724	2,907,667
Net book amount					
At 31 December 2016	**11,241**	**–**	**53,721**	**157,570**	**222,532**
At 31 December 2015	13,231	–	34,779	200,021	248,031

Included in the total net book value is £102,207 (2015: £112,961) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £50,542 (2015: £29,842).

12 Fixed asset investments

Group

	Investment in associates
	£
At 1 January 2016	-
Additions	300
31 December 2016	**300**

Broker Direct Plc purchased a 30% shareholding in CPD Underwriting Ltd on 1 October 2016 at a cost of £300.

On 31 October 2016, Broker Direct Acquisitions Limited sold its 100% shareholding in HR Experts Limited. Consideration for the sale is composed of:

- £5,000 cash deposit on 31 October 2016
- At 31 October 2017, the balance of the total invoice value achieved from the existing clients in the 12 month period commencing on 1 November 2016, less the £5,000 cash deposit.

Company

Investment in subsidiaries and associates

	£
At 1 January 2016	**5,000**
Additions	300
Disposals	(1,000)
31 December 2016	**4,300**

Broker Direct Plc purchased a 30% shareholding in CPD Underwriting Ltd on 1 October 2016 at a cost of £300.

Intelligent Trading Solutions Limited (dormant up to the date of disposal) was dissolved on 26 January 2016.

At 31 December 2016, the Company had the following principal subsidiaries which are registered in England and Wales.

	Nature of Business	**Class of share capital held**	**Proportion held**	**Held by**
Broker Direct Retail Holdings Limited	Holding Company	Ordinary shares	100%	Broker Direct Plc
Broker Direct Acquisitions Limited	Holding Company	Ordinary shares	100%	Broker Direct Plc
Our Network Services Limited	Insurance Services	Ordinary shares	100%	Broker Direct Plc
Insurance Compliance Services Limited	Management Consultants	Ordinary shares	100%	Broker Direct Acquisitions Limited
BDElite Limited	Motor Accident Management	Ordinary shares	80%	Broker Direct Plc

The following dormant subsidiaries were dissolved during the year:

Barry Fenton Insurance Brokers Limited	Dissolved 26 January 2016
Intelligent Trading Solutions Limited	Dissolved 26 January 2016
Fitzsimons Insurance Consultants Limited	Dissolved 26 January 2016
Greenhalgh & Gregson Limited	Dissolved 02 August 2016

In 2016 the share structure of BDElite Ltd was altered from 100,000 ordinary shares to:

A' Ordinary shares of 1p	80,000	Shares rank pari pasu for voting, dividend and capital rights
B' Ordinary shares of 1p	20,000	
C' Ordinary shares of 1p	20,000	Shares do not have voting or dividend rights. The shares only have growth capital rights on disposal of the whole Company
	120,000	

The Board of Broker Direct Plc determined that it was for the benefit of the Company and was most likely to promote the success of the Company for the benefit of its members as a whole, to introduce a long-term incentive scheme for the two Executive Directors of BDElite Ltd as follows:

- Broker Direct Plc sold 10,000 B ordinary shares in BDElite Limited to each of the two Executive Directors of BDElite Limited for £0.99 per share (total £9,900 each).
- Those 2 individuals also each subscribed for 10,000 C ordinary shares at their nominal value of £0.01 per share (total £100 each).

13 Cash at bank and in hand

Cash at bank and in hand includes both insurance client and operational monies. Insurance client monies include unsettled premiums and claims and commission not yet transferred into the operational bank accounts.

	At 1 January 2016 £	Movement £	**At 31 December 2016 £**
Operational cash at bank and in hand	1,500,302	(95,148)	**1,405,154**
Insurer cash at bank and in hand	3,535,939	(916,238)	**2,619,701**
Total cash at bank and in hand	5,036,241	(1,011,386)	**4,024,855**

14 Debtors

	Group 2016 £	**Company 2016 £**	Group 2015 £	Company 2015 £
Broker and policyholder debtors	**13,364,714**	**13,295,868**	9,666,789	9,435,543
Insurer debtors	**727,975**	**727,975**	503,388	503,388
Amount owed by Group undertakings	**–**	**1,580,501**	–	1,806,649
Prepayments and accrued income	**269,686**	**234,039**	276,785	251,218
Other debtors	**39,191**	**16,458**	7,220	6,675
Deferred tax asset (note 18)	**67,145**	**68,858**	78,498	80,326
	14,468,711	**15,923,699**	10,532,680	12,083,799

Amounts owed by Group undertakings are repayable on demand; however the debts will only be called in to the extent that the undertaking is able to pay it without financial hardship.

15 Creditors: amounts falling due within one year

	Group 2016 £	**Company 2016 £**	Group 2015 £	Company 2015 £
Other loan	**423,509**	**–**	540,779	–
Payable to insurers	**15,894,322**	**15,841,254**	12,982,223	12,907,473
Pension contributions	**36,090**	**32,589**	31,761	30,094
Corporation tax	**112,563**	**74,764**	123,722	18,971
Other taxation and social security costs	**233,562**	**119,293**	194,845	83,624
Accruals and deferred income	**1,182,201**	**839,046**	979,347	767,773
Obligations under finance leases and hire purchase contracts	**51,428**	**44,513**	45,374	38,784
	17,933,675	**16,951,459**	14,898,051	13,846,719

Amounts due under finance lease and hire purchase contracts are secured on the assets to which they relate.

Included in payables to insurers is £62,856 (2015: £94,711), which is secured by way of a fixed and floating charge over the assets of the Group.

16 Creditors: amounts falling due after more than one year

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Other loan	-	-	409,244	-
Technical reserves creditor	718,374	718,374	642,344	642,344
Obligations under finance leases and hire purchase contracts	67,180	62,381	83,470	71,757
Deferred income	21,825	18,715	28,069	27,269
	807,379	799,470	1,163,127	741,370

Loans are repayable as follows:

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Within one year				
Other loan	423,509	-	540,779	-
Amounts due under finance leases and hire purchase contracts	50,878	43,963	45,374	38,784
After one year and within two years				
Other loan	-	-	409,244	-
Amounts due under finance leases and hire purchase contracts	44,837	40,039	83,470	71,757
After two years and within five years				
Other loan	-	-	-	-
Amounts due under finance leases and hire purchase contracts	22,893	22,893	-	-
	542,117	106,895	1,078,867	110,541

Group and Company

The other loan is repayable within one year in quarterly instalments commencing in January 2017. This is secured by:

i) a charge over the Company's shareholding in Broker Direct Retail Holdings Limited,

ii) Broker Direct Acquisitions Limited's shareholding in Insurance Compliance Services Limited,

iii) a fixed charge over the assets of Insurance Compliance Services Limited, and

iv) a capped cross guarantee with Broker Direct Retail Holdings Limited.

The interest rate on the loan is 2% above Basic Rate.

17 Provisions for liabilities

Group and Company

Commission clawback provision

A provision is maintained to meet potential commission clawbacks for policies that could cancel in the future.

The movement in the provisions during the year were:	Commission clawback provision £
At 1 January 2016	116,706
Utilised in the year	(116,706)
Additional provision for the year	93,470
At 31 December 2016	**93,470**

18 Deferred taxation

The potential deferred taxation asset is as follows:

	Group 2016 £	Company 2016 £	Group 2015 £	Company 2015 £
Depreciation in excess of capital allowances	**36,598**	**38,331**	46,689	48,517
Technical reserves	**30,527**	**30,527**	31,809	31,809
Deferred tax asset	**67,125**	**68,858**	78,498	80,326

The deferred taxation asset has been recognised to the extent that in the directors' opinion the Group's and Company's forecasts indicate there will be suitable taxable profits from which the partial reversal of the underlying timing differences can be deducted, this is shown below:

	Group 2016 £	Company 2016 £	Group 2015 £	Company 20154 £
Deferred tax asset brought forward	**78,498**	**80,326**	176,556	178,041
Profit and loss account movement in the year (note 8)	**(11,373)**	**(11,468)**	(98,058)	(97,715)
Deferred tax asset carried forward (note 14)	**67,125**	**68,858**	78,498	80,326

The amount of the net reversal of deferred tax expected to occur next year is £14,811 (2015: £5,890), relating to the reversal of existing timing differences on tangible fixed assets and provisions.

The Group has a deferred tax asset of £406,757, (2015: £430,684) that has not been provided for in the accounts. This relates to capital losses of £2.4m (2015: £2.4m) arising on the sale of subsidiaries in 2011.

19 Financial Instruments

	31 December 2016	31 December 2015
Financial assets that are debt instruments measured at amortised cost	18,156,735	15,213,638
Financial liabilities measured at amortised cost	17,375,394	14,972,670

Financial assets measured at amortised cost comprise of cash and debtors. Financial liabilities measured at cost comprise of loans and creditors.

20 Called up share capital

	2016 £	2015 £
Authorised		
6,000,000 "A" ordinary shares of £0.20 (2014 : £0.20) each	**1,200,000**	1,200,000
Allotted		
4,025,934 "A" ordinary shares of £0.20 (2015 : 3,974,061 "A" ordinary shares of £0.20) each	**805,187**	794,812
Called up		
Fully paid		
3,963,434 "A" ordinary shares of £0.20 (2015 : 3,911,561 "A" ordinary shares of £0.20) each	**792,687**	782,312
Partly paid		
62,500 "A" ordinary shares of £0.20 (2015 : £0.20) each one quarter called up and paid	**3,125**	3,125
	795,812	785,437

All shares are equity shares, carrying the same right to dividends and priority on a winding up and are non-redeemable.

The capital of the Company is £1,200,000 divided into 6,000,000 'A' Ordinary shares of £0.20 each. 3,963,434 of such shares are in issue and fully paid up and 62,500 of such shares are partly paid up to the extent of £0.05 each and none of the remaining shares have been issued.

A number of share options have been granted to directors and staff and these are detailed in note 22.

21 Reserves

Called-up share capital – represents the nominal value of shares that have been issued and paid.

Share option reserve – the provision required to date for the fair value of share options likely to vest in employee schemes currently in place.

Profit and loss account – includes all current and prior period retained profits and losses.

Non-controlling interest – includes the amount of capital and reserves attributable to minority interests.

22 Share based payments

	Scheme 4(a)	Scheme 4(b)	Scheme 5	Scheme 6	All schemes
Exercise Price	£1.00	£1.00	£1.20	£1.00	£1.00
Granted at 1 January 2016	84,436	568,516	687	0	653,639
Granted in the year	0	0	0	965,001	965,001
Forfeited during the year	(30,203)	(21,670)	0	0	(51,873)
Exercised during the year	0	0	0	0	0
Expired during the year	0	0	0	0	0
Granted at 31 December 2016	54,233	546,846	687	965,001	1,566,767
Exercisable at 31 December 2016	54,233	0	687	0	54,920

No 4 Enterprise Management Incentive Scheme (2007)

At the Annual General Meeting on 20 July 2006, the shareholders passed a resolution authorising the establishment of the Broker Direct Plc 2006 Share Option Scheme.

In April 2007, the Company granted options (which were granted as qualifying Enterprise Management Incentives pursuant to Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003) to certain employees and directors. The total number of shares over which each option could be exercised depended upon Broker Direct Plc's profit before tax for the financial year ending 31 December 2009 and each option could only be exercised (to the extent that such performance target has been satisfied) at the time the 2009 pre-tax profit was formally determined by the Board. During the prior year, the options were modified such that the financial years on which the performance targets were based were extended to 31 December 2013. In line with FRS 102, the modification did not result in a change to the fair value of the options, however could have increased the number of options expected to vest over the extended vesting period.

In 2016 the Company cancelled 30,203 vested options.

54,233 shares have vested to qualifying individuals as at 31 December 2016.

Vested options are exercisable at any time until 8 April 2017.

No 4 Enterprise Management Incentive Scheme (2014)

At the Annual General Meeting on 20 July 2006, the shareholders passed a resolution authorising the establishment of the Broker Direct Plc 2006 Share Option Scheme.

In May 2014, the Company granted options (which were granted as qualifying Enterprise Management Incentives pursuant to Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003) to certain employees and directors.

a) For the executive directors, the total number of shares over which each option can be exercised depends upon Broker Direct Plc's consolidated profit before amortisation and tax for the financial years ending 31 December 2014 to 31 December 2019 and each option can only be exercised (to the extent that such performance target has been satisfied).

   In 2016 the Company cancelled 21,670 vested options.

   Nil shares have vested to qualifying individuals as at 31 December 2016.

   Vested options are exercisable at any time until 30 April 2024.

b) For the managers, the total number of shares over which each option can be exercised depends upon Broker Direct Plc's Company profit before tax for the financial years ending 31 December 2014 to 31 December 2019 and each option can only be exercised (to the extent that such performance target has been satisfied).

   Nil shares have vested to qualifying individuals as at 31 December 2016.

   Vested options are exercisable at any time until 30 April 2024.

No 5 Company Share Option Plan

At the Annual General Meeting on 23 June 2009, the shareholders passed a resolution authorising the establishment of the Broker Direct Plc 2009 Company Share Option Plan adopted by Resolution of the Board of Directors on 11 December 2008.

These options were subject to various financial performance targets including Broker Direct Plc's profit before amortisation for the financial year ending 31 December 2009 and increasing revenues from existing and new income sources. During the prior year, the options were modified such that the financial years on which the performance targets were based were extended to 31 December 2013. In line with FRS 102, the modification did not result in a change to the fair values of the option, however could have increased the number of options expected to vest over the extended vesting period.

687 shares have vested to qualifying individuals as at 31 December 2016.

Vested options are exercisable at any time until 19 January 2019.

No 6 Enterprise Management Incentive Scheme (2016)

At the Annual General Meeting on 16 May 2016, the shareholders passed a resolution authorising the establishment of the Broker Direct Plc 2016 Share Option Scheme.

In July 2016, the Company granted options (which were granted as qualifying Enterprise Management Incentives pursuant to Schedule 5 of the Income Tax (Earnings and Pensions) Act 2003) to certain directors.

a) The options may only vest and be exercised on a sale of the Company.

b) The number of option shares over which the option may be exercised is determined with reference to the sale proceeds.

Because the shares only vest and are exercisable on a sale of the Company, nil shares have vested to qualifying individuals as at 31 December 2016.

Vested options are exercisable at any time until 20 July 2026.

Assumptions:
The Group uses the Black-Scholes model to fair value the Group's share options. During the year the debit was £23,035 (2015: £23,586 debit) and a corresponding credit (2015: credit) to other reserves.

23 Leasing commitments

Future operating lease payments are due as follows:

	2016 Land and buildings £	2015 Land and buildings £
Operating lease payments payable:		
– within one year	**341,249**	363,154
– within two to five years	**156,297**	291,305
	497,546	654,459

24 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities at 31 December 2016 or 31 December 2015.

25 Related party transactions

The Company has taken advantage of the exemption within FRS 102 (section 33) and has not disclosed transactions with wholly owned subsidiaries.

Management determine that the key management personnel are the directors of the group and Company whose remuneration is disclosed in note 7.

During the year, the Company entered into an agreement with CPD Underwriting Solutions Ltd (CPD), whereby:

a) CPD supplies the consultancy of Chris Dixon to provide the services of a Chief Underwriting Officer, overseeing the underwriting performance of the Company's motor and household insurance products

b) The Company has taken a 30% share interest in CPD. The remaining 70% is held by Chris Dixon

As a result, CPD is considered to be a Related Party. £31,020 of fees were paid by the group to CPD during 2016.

26 Financial risk management

The group is exposed to a variety of financial risks as summarised below.

Credit risk
Liquidity risk
Interest rate risk
Reserving risk
Foreign currency risk

The directors review and agree policies for managing these risks, which are addressed in more detail in the Strategic Report.

27 Controlling party

The directors do not consider that there is a controlling party of the entity.

28 Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to the shareholders of the parent company as the numerator.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	2016	2015
Weighted average number of shares used in basic earnings per share	**4,025,934**	3,974,061
Share options granted	**1,566,767**	653,639
Weighted average number of shares used in diluted earnings per share	**5,592,701**	4,627,700

29 Subsidiary company audit exemption

Our Network Services Limited (company number 06600982) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

BDElite Limited (company number 07636844) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

Broker Direct Acquisitions Limited (company number 06625914) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

Insurance Compliance Services Limited (company number 04398255) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

Broker Direct Retail Holdings Limited (company number 05947615) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

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