annual report and accounts 2005

Broker Direct
A better way to insure

Contents

Company registration number:
2958427

Registered Office:
Higham Business Centre
Midland Road
Higham Ferrers
Northamptonshire
NN10 8DW

Directors:
A Paddick
B Fehler
R Green
I Gray
N Harris
T Stanley

Broker Direct
A better way to insure

Secretary:
I Gray

Bankers:
National Westminster Bank Plc
Local Corporate Centre
Oldham Team
Fifth Floor
1 Spinningfields Square
Deansgate
Manchester
M3 3AP

Auditors:
Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Heron House
Albert Square
Manchester
M60 8GT

Chairman' s report

I am very pleased to report that Broker Direct Plc (BD) made a profit of £100,784 during 2005, an increase of over 400% on 2004 (£24,015). My expectations for 2006 are for a further significant growth in both GWP and profitability, as the Company continues to benefit from its unique market position, presence and the underlying strength of its technology base.

During 2005, the directors personally underwrote the purchase of Allianz Cornhill's original holding of one million shares. Large numbers of existing shareholders took advantage of their rights to buy under this offer, at what I believe was a bargain price. This was mirrored by senior management and staff who purchased the allocations available to them at the time – reflecting their confidence in and commitment to the Company.

As the Company becomes increasingly profitable, it is the intention to start paying dividends, hopefully starting with a maiden dividend in 2007 based on 2006 results. In order to be able to commence these payments to shareholders it is necessary (under company law) for us to write off the historic, sunk start-up costs through a restatement of the nominal value of shares – which will not of itself affect their market value. Therefore, an appropriate Resolution will be proposed at the forthcoming Annual General Meeting.

The transfer of our main private motor insurance account from Allianz Cornhill to Zurich has gone very well and I am gratified that this new partner is increasingly working with BD to create a host of new opportunities. In addition to Zurich we hope to see our motor accounts with Allianz Cornhill, HSBC, Premier and Service increase during 2006 to our mutual benefit.

Despite continued fierce price competition in the motor insurance market, the Board is confident that growth in premium income and profitability from this class of business during 2006 and 2007 will considerably outstrip that achieved in 2005.

BD has now laid solid foundations upon which to build its commercial insurance infrastructure, which I believe represents an important strategic initiative. Our sophisticated information technology systems are now ready to capitalise from the opportunities presented in this market sector. In this regard, I am personally very pleased with our on-line entry into insurances for SME's, which is proving to be very popular with brokers, with encouraging initial conversion rates. Over the coming years, I expect BD to become a major, competitive, reliable provider of commercial insurance, which will enhance our brokers' opportunities for profitable growth.

BD has recently established a small Lloyd's and London Market office, headed up by a highly respected market executive, who has the connections which will enable the Company to establish mutually rewarding relationships with syndicates and major international insurers seeking to expand into UK regional underwriting opportunities.

BD is absolutely determined to deliver a growing range of quality insurance products, which brokers will require, to satisfy their clients' demands and needs, in an increasingly competitive environment. The Company is committed to providing a first class service and to help ensure that the vital provision of independent professional advice flourishes – as opposed to certain 'two timing' insurers who would really like to see brokers continually marginalised and eventually eliminated.

Together, we will move forward and prosper. Please support Broker Direct as much as you can, confident that you are always putting your clients' interests first and foremost in doing so.

In closing, I would like to congratulate chief executive Roy Green, the executive directors, senior management and all members of staff for a job well done during 2005.

Andrew N Paddick
Chairman

26 May 2006

Report of the directors

The directors present their annual report and audited financial statements for the year ended 31 December 2005.

Principal activity

Broker Direct Plc is an insurance management services and marketing organisation. The Company designs and administers insurance products for exclusive distribution through its shareholding broker network and administer other products on behalf of other insurance companies.

Brokers, both as shareholders and participants in the enterprise, are involved in the planning of the Company's future growth and prosperity. In this sense, shareholding brokers are the architects of their own future.

Review of the business

The profit and loss account shows a profit after taxation for the year of £100,784 (2004 : £24,015). The directors are unable to recommend payment of a dividend at this time (2004 : £Nil).

A review of the business for the year ended 31 December 2005 is included within the Chairman's Statement on page 4.

Directors

The directors who served during the year are shown below:

Andrew Paddick	Chairman	Non–Executive
Roy Green	Chief Executive	Executive
Barry Fehler	Broker Liaison Director	Non–Executive
Iain Gray	Finance Director	Executive
Neil Harris	Insurance Director	Executive
Terry Stanley	Broker Services and Marketing Director	Executive

Allianz Cornhill Nominated Director

Stuart Robertson*	Allianz Cornhill Insurance PLC	Non–Executive

* Resigned 27 July 2005

Directors' interests

The interest of the directors in office at the end of the year, in the shares of the Company at 1 January 2005 and 31 December 2005, were as follows:

Directors Name	Share Type	At 1/1/05	At 31/12/05
Andrew Paddick	"A" Ordinary shares	25,394	186,675
Barry Fehler	"A" Ordinary shares	6,250	7,300
Roy Green	"A" Ordinary shares	12,500	171,613
Iain Gray	"A" Ordinary shares	Nil	157,012
Neil Harris	"A" Ordinary shares	Nil	50,000
Terry Stanley	"A" Ordinary shares	Nil	125,000

According to the register of directors' interests, no rights to subscribe for shares or debentures of the Company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Report of the directors (continued)

Transactions in which directors had a material interest

The Institute of Insurance Brokers Group, of which Andrew Paddick and Barry Fehler are directors, provided dispute resolution services during the year. The fees for these services were £6,767 (2004: £5,784).

South Essex Insurance Brokers (SEIB), of which Barry Fehler is the Managing Director, are nominated advisers to Broker Direct Plc as follows:

Company insurances:	Office
	Company Cars

No fee is paid directly for these services, though SEIB do receive commission from the providing insurers.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 maintaining proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

Employment policies

The Company 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 Company to be as open as possible with staff and obtain their feedback.

Report of the directors (continued)

Creditor payment policy

The Company does not follow any formal code of practice on payment to its creditors. However, it is the Company's policy to:

- settle to the terms of payment with its supplier when agreeing the terms of each transaction
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts
- pay in accordance with its contractual and other legal obligations

The payment policy applies to all creditors for revenue and capital suppliers of goods and services without exception.

The Company's average creditor payment period at 31 December 2005 was 42 days (2004: 51 days).

Auditors

Grant Thornton UK LLP have indicated their willingness to be re–appointed and a resolution concerning their re–appointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

A N Paddick
Chairman

26 May 2006

Report of the remuneration committee

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 of 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

The members of the Committee are:

Barry Fehler – Chairman of Remuneration Committee

Andrew Paddick

Executive Directors' Remuneration Policy – objectives

- To provide packages that attract, retain and motivate the Executive Directors
- Link rewards to the performance of both the Company and the individual
- Align the interests of Directors and shareholders in promoting the Company's progress

Directors' service contracts

The service contracts for Roy Green, Neil Harris, Terry Stanley and Iain Gray are in a similar form. The term in each case is for a rolling term of two years. The Company may give three months notice at any time subject to paying not more than two years compensation (except in specific circumstances when no compensation will be payable).

Report

It is pleasing to report that the efforts put in by the executive directors over the past few years are now having an effect in the balance sheet and accounts going forward. In the circumstances, salary increases have been agreed to reflect this improvement and the self imposed wage freezes of the past few years.

A modest bonus scheme has been agreed for 2006 and we will make a payment subject to certain thresholds of retained profit and a dividend payment to shareholders.

At the forthcoming Annual General Meeting a resolution will be put to the members to restructure the business in a manner that will allow the commencement of dividend payments. At that time it will also be necessary to cancel the current Share Option Schemes and a further resolution will be put to the members to approve replacement Schemes. Full details of which will be included with the Notice of Annual General Meeting.

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

We have audited the financial statements of Broker Direct Plc for the year ended 31 December 2005 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 19. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Report and the Report of the Remuneration Committee. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 December 2005.

Grant Thornton UK LLP

Grant Thornton UK LLP, Registered Auditors,
Chartered Accountants, Manchester

26 May 2006

Principal accounting policies

Basis of preparation

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

The directors have reviewed the accounting policies in accordance with FRS 18 "Accounting Policies" and have concluded that no changes are required from the previous year.

Additionally the directors have considered FRS 21 "Events after the balance sheet date" and FRS 25 "Financial Instruments:Disclosure and Presentation" and have concluded that they have no current year effect.

The principal accounting policies of the Company are set out below.

Turnover

Turnover is the amount receivable for goods and services provided. VAT is chargeable on products relating to Uninsured Loss Recovery services and Financial Services Authority professional advisory services.

Depreciation

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 lives. The periods generally applicable are:

Leasehold improvements	4 years	Equipment	4 years
Computer – Hardware	3 years	Furniture and fittings	4 years
Computer – Software Development	5 years	Cars	3 years

Deferred acquisition costs

Acquisition costs comprise the commission expenses of acquiring policies written during the year.

Acquisition costs that relate to a subsequent financial year are deferred to the extent that the policies underwritten are unearned at the balance sheet date. The amount not yet passed through the profit and loss account is held in the balance sheet.

Income recognition

Motor

- Income from commission is received for selling and administering annual insurance policies.
- Income from commission is received for providing instalment premium funding and is recognised in the profit and loss account at policy inception. A provision is maintained to meet potential subsequent bad debt.
- In addition, income from a service charge is also 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.

Non Motor

- Income received from other product lines is 100% recognised in the profit and loss account, when written.

Principal accounting policies (continued)

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their expected useful lives. 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.

Insurance Debtors and Creditors

The Company 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 Company 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 Company itself.

Contributions to pension funds

Defined contribution schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Profit and loss account

	Note	**2005** **£**	2004 £
Sales and commission		11,122,882	8,764,241
Movement in deferred commission		470,402	2,112,176
Turnover	1	11,593,284	10,876,417
Cost of sales		(6,933,175)	(6,977,967)
Gross profit		4,660,109	3,898,450
Other operating charges	2	(4,649,832)	(3,983,546)
Operating profit/(loss)		10,277	(85,096)
Interest income	3	90,507	109,111
Profit on ordinary activities before taxation	1	100,784	24,015
Taxation	5	–	–
Profit transferred to reserves	11	100,784	24,015

The above activities all relate to continuing activities.

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

The accompanying notes form part of these financial statements.

Balance sheet

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	6	539,130	478,944
Current assets			
Debtors	7	4,171,313	4,796,238
Cash at bank and in hand		1,089,768	1,423,228
		5,261,081	6,219,466
Creditors: amounts falling due within one year	8	(4,886,073)	(5,916,899)
Net current assets		375,008	302,567
Creditors: amounts falling due after one year	8	(31,843)	–
Net assets		882,295	781,511
Capital and reserves			
Called up share capital	10	3,927,186	3,927,186
Profit and loss account	11	(3,044,891)	(3,145,675)
Equity shareholders' funds	12	882,295	781,511

The financial statements were approved by the Board of Directors on 26 May 2006

A N Paddick
Chairman

R Green
Director

Cash flow statement

	Note	**2005** **£**	2004 £
Net cash (outflow)/inflow from operating activities	13	(142,100)	1,089,822
Returns on investments and servicing of finance			
Interest received		90,507	109,111
Capital expenditure			
Purchase of tangible fixed assets		(287,612)	(272,825)
Proceeds from sale of fixed assets		5,745	10,212
Net cash outflow from capital expenditure		(281,867)	(262,613)
(Decrease)/increase in cash in the year	14	(333,460)	936,320

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 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 Company. The turnover on ordinary activities before taxation is stated after:

	2005	2004
	£	£
Auditors' remuneration		
– Audit	21,840	21,840
– Non audit services	10,330	12,255
Depreciation of tangible fixed assets – owned	216,902	211,345
– leased	5,142	–
Profit on sale of fixed assets	(363)	(1,281)
Operating lease charges – land and building	210,144	219,596
Operating lease charges – other	7,144	7,144

2 Other operating charges

	2005	2004
	£	£
Staff costs	2,785,337	2,396,084
Administration expenses	312,726	297,867
Other operating costs	1,551,769	1,289,595
	4,649,832	3,983,546

3 Interest income

	2005	2004
	£	£
Interest income on bank deposits	90,507	109,111

4 Directors and employees

	2005	2004
Staff costs during the year were as follows:	**£**	£
Wages and salaries	2,345,716	2,006,776
Social security costs	232,862	196,905
Pension costs	206,759	192,403
	2,785,337	2,396,084

	2005	2004
The average number of employees during the year was:	**Number**	Number
Management	22	19
Other	86	73
	108	92

Notes to the financial statements (continued)

4 Directors and employees (continued)

Remuneration in respect of directors was as follows:	**2005** **£**	2004 £
Emoluments	444,312	444,690
Pension Contributions	56,565	56,115
	500,877	500,805

During the year, 4 directors (2004: 4 directors) participated in money purchase pension schemes.

Directors' remuneration disclosed above includes amounts paid to the highest paid director	**2005** **£**	2004 £
– Emoluments	118,842	119,018
– Pension Contributions	15,944	15,696
	134,786	134,714

5 Tax on profit on ordinary activities

The taxation charge is based on the profit for the year and represents:	**2005** **£**	2004 £
UK corporation tax at 30% (2004: 30%)	–	–

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 30% (2004: 30%). The differences are explained as follows:

	2005 **£**	2004 £
Profit on ordinary activities before tax	100,784	24,015
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	30,235	7,205
Effect of:		
Expenses not deductible for tax purposes	13,964	8,108
Difference between capital allowances and depreciation	39,086	(7,577)
Short term timing differences	50,043	68,968
Trade losses utilised	(133,328)	(76,704)
	–	–

Notes to the financial statements (continued)

6 Fixed assets

	Leasehold improvement £	Computers, furniture, fittings, cars & equipment £	**Total £**
Cost			
At 1 January 2005	145,382	1,355,491	1,500,873
Additions	–	287,612	287,612
Disposals	–	(49,177)	(49,177)
At 31 December 2005	145,382	1,593,926	1,739,308
Depreciation			
At 1 January 2005	(135,700)	(886,229)	(1,021,929)
Provided in the year	(7,214)	(214,830)	(222,044)
Disposals	–	43,795	43,795
At 31 December 2005	(142,914)	(1,057,264)	(1,200,178)
Net book amount			
At 31 December 2005	2,468	536,662	539,130
Net book amount			
At 31 December 2004	9,682	469,262	478,944

Included in the total net book value of motor vehicles is £53,641 (2004: £Nil) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £5,142 (2004: £Nil).

7 Debtors

	2005 £	2004 £
Broker and policyholder receivables	3,246,365	3,825,693
Insurer receivables	553,584	269,207
Deferred acquisition costs	93,437	534,166
Prepayments and accrued income	237,096	161,152
Other debtors	40,831	6,020
	4,171,313	4,796,238

Included in other debtors is an amount of £5,000 (2004: £Nil) in respect of a loan to a director (Mr T Stanley). There is no fixed repayment term on this loan and the interest rate is set at 5% per annum.

Notes to the financial statements (continued)

8 Creditors: amounts falling due within one year

	2005 **£**	2004 £
Payable to insurers	3,211,365	4,378,668
Technical reserves	598,258	416,376
Deferred acquisition costs	93,437	534,166
Pension contributions	20,787	27,904
Taxation and social security costs	106,047	84,192
Accruals and deferred income	842,965	475,593
Obligations under finance leases	13,214	–
	4,886,073	5,916,899

The maturity of obligations under finance leases and hire purchase contracts is as follows:

	2005 **£**	2004 £
Within one year	13,214	–
In the second to fifth years	31,843	–
Over five years	–	–
	45,057	–

9 Deferred Taxation

The deferred taxation asset has not been provided for in the financial statements on the basis that it is not certain when it will be utilised.

	2005 **£**	2004 £
Accelerated capital allowances	65,213	23,127
Technical reserves	196,572	144,118
Tax losses carried forward	417,024	554,491
Deferred tax asset	678,809	721,736

At 31 December 2005, tax losses available for offset against future trading profits were £2,263,000 (2004: £2,410,000).

Notes to the financial statements (continued)

10 Called up share capital

	2005	2004
	£	£
Authorised		
6,000,000 (2004: 5,000,000) "A" ordinary shares of £1 each	6,000,000	5,000,000
Nil (2004: 1,000,000) "C" ordinary shares of £1 each	–	1,000,000
	6,000,000	6,000,000
Allotted		
3,974,061 (2004: 2,974,061) "A" ordinary shares of £1 each	3,974,061	2,974,061
Nil (2004: 1,000,000) "C" ordinary shares of £1 each	–	1,000,000
	3,974,061	3,974,061

	2005	2004
	£	£
Called up		
Fully paid		
3,911,561 (2004: 2,911,561) "A" ordinary shares of £1 each	3,911,561	2,911,561
Partly paid		
62,500 "A" ordinary shares of £1 each one quarter called up	15,625	15,625
Fully paid		
Nil (2004: 1,000,000) "C" ordinary shares of £1 each	–	1,000,000
	3,927,186	3,927,186

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

The "C" ordinary shares were converted to "A" ordinary shares on 11 August 2005

11 Reserves

	Profit and loss account £
At 1 January 2005	(3,145,675)
Profit for the year	100,784
At 31 December 2005	(3,044,891)

Notes to the financial statements (continued)

12 Reconciliation of movements in shareholders' funds

	2005 **£**	2004 £
Profit for the financial year	100,784	24,015
Opening shareholders' funds	781,511	757,496
Closing shareholders' funds	882,295	781,511

13 Net cash (outflow)/inflow from operating activities

	2005 **£**	2004 £
Operating profit/(loss)	10,277	(85,096)
Profit on sale of fixed assets	(363)	(1,281)
Depreciation	222,044	211,345
Decrease in debtors	624,925	3,761,640
Decrease in creditors	(998,983)	(2,796,786)
Net cash (outflow)/inflow from operating activities	(142,100)	1,089,822

14 Reconciliation of net cash flow to movement in net funds

	2005 **£**	2004 £
(Decrease)/increase in cash in the year	(333,460)	936,320
Opening net funds	1,423,228	486,908
Closing net funds	1,089,768	1,423,228

15 Analysis of changes in net funds

	At 1 January 2005 £	Cashflow £	At 31 December 2005 £
Cash at bank and in hand	1,423,228	(333,460)	1,089,768

Notes to the financial statements (continued)

16 Leasing commitments

Operating lease payments amounting to £217,288 (2004: £226,740) are due within one year. The leases to which these amounts relate expire as follows:

	2005 Land & buildings £	**2005** Other £	2004 Land & buildings £	2004 Other £
Operating leases which expire:				
– within two to five years	–	7,144	–	7,144
– over five years	210,144	–	219,596	–
	210,144	7,144	219,596	7,144

There were no other revenue commitments at 31 December 2005 or 31 December 2004.

17 Pension scheme

The Company offers defined contributions to approved pension and benefit schemes. The cost charged for the period represents contributions payable by the Company to the schemes and amounted to £206,759 (2004: £192,403). Contributions amounting to £20,787 (2004: £27,904) were payable to the schemes and are included in creditors.

18 Contingent liabilities

There were no contingent liabilities at 31 December 2005 or 31 December 2004.

19 Related parties

During the year and up to 11 August 2005, Broker Direct Plc earned £111,795 (2004: 12 months to 31 December £1,210,496) commission from Trafalgar Insurance PLC, a wholly owned subsidiary of Allianz Cornhill PLC, which had 25% shareholding in Broker Direct Plc until this date.

At the year end a balance of £5,131 (2004: £8,889) was due from Trafalgar Insurance PLC in respect of this commission.

Broker Direct Plc collects insurance premium payments on behalf of Trafalgar Insurance PLC. At the year end, a balance of £192,711 (2004: £400,284) was owed to Trafalgar Insurance PLC in respect of these premiums.

Broker Direct
A better way to insure

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Tel: 01204 600 200 Fax: 01204 600 255