BrokerDirect Plc
A better way to insure

Annual Report and Accounts 2009

Contents

Company registration number:
2958427

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

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

Secretary:
I Gray

Bankers:
National Westminster Bank Plc
Fifth Floor
1 Spinningfields Square
Deansgate
Manchester
M3 3AP

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

Chief executive officer's report

Overview
2009 generated a modest profit in very difficult conditions. Growing income from new sources meant that overall income was very similar to 2008, however Personal Lines income fell and fixed costs resulted in reduced profitability from this business.

Motor market profits in 2009 were poor due to the effect of continuing increases in Personal Injury Frequency. We have not been immune to this and we are taking aggressive underwriting action to deliver profitability for our insurer partners. In such a price sensitive market we are forecasting lower sales for 2010.

Commercial growth has been lacklustre due to fierce defensive competition in a soft market and slow take-up of the new technology by brokers resulting in losses. Costs have been cut to fit.

HBA performance depressed the earnings from Acquisitions however HBA has now turned the corner with the recruitment of some excellent young talent and we now expect the acquisitions programme to be self-funding.

Income was generated from four new businesses: Elite Accident Management, Claims TPA, OurNetwork and broker Barry Fenton

Results
Pre-tax profits fell to £538,000 (2008 £2,184,000). Income from operations increased to £25,366,000 (2008 £25,135,000) from a more diversified product and service offering. The new mix of businesses is reflected in the increased operating charges of £14,112,000 (2008 £13,066,000)

Market and products
Two new Personal Lines insurers Axa and Provident were recruited and the first RSA household product was launched. In 2010 we have already launched product with one new insurer MMA and we expect more to follow.

Our Accident Management business Elite was launched and is quickly approaching its first hundred brokers, attracted by the cover, service and financial plan

Fifteen products from 12 supporting insurers were launched on our web-based trading platform. The developments have proven the capability of the system as a flexible, quick and low cost to market vehicle. Whilst we have had success in some niche areas, along with the rest of the Commercial e-trading market we have seen disappointing volumes so far.

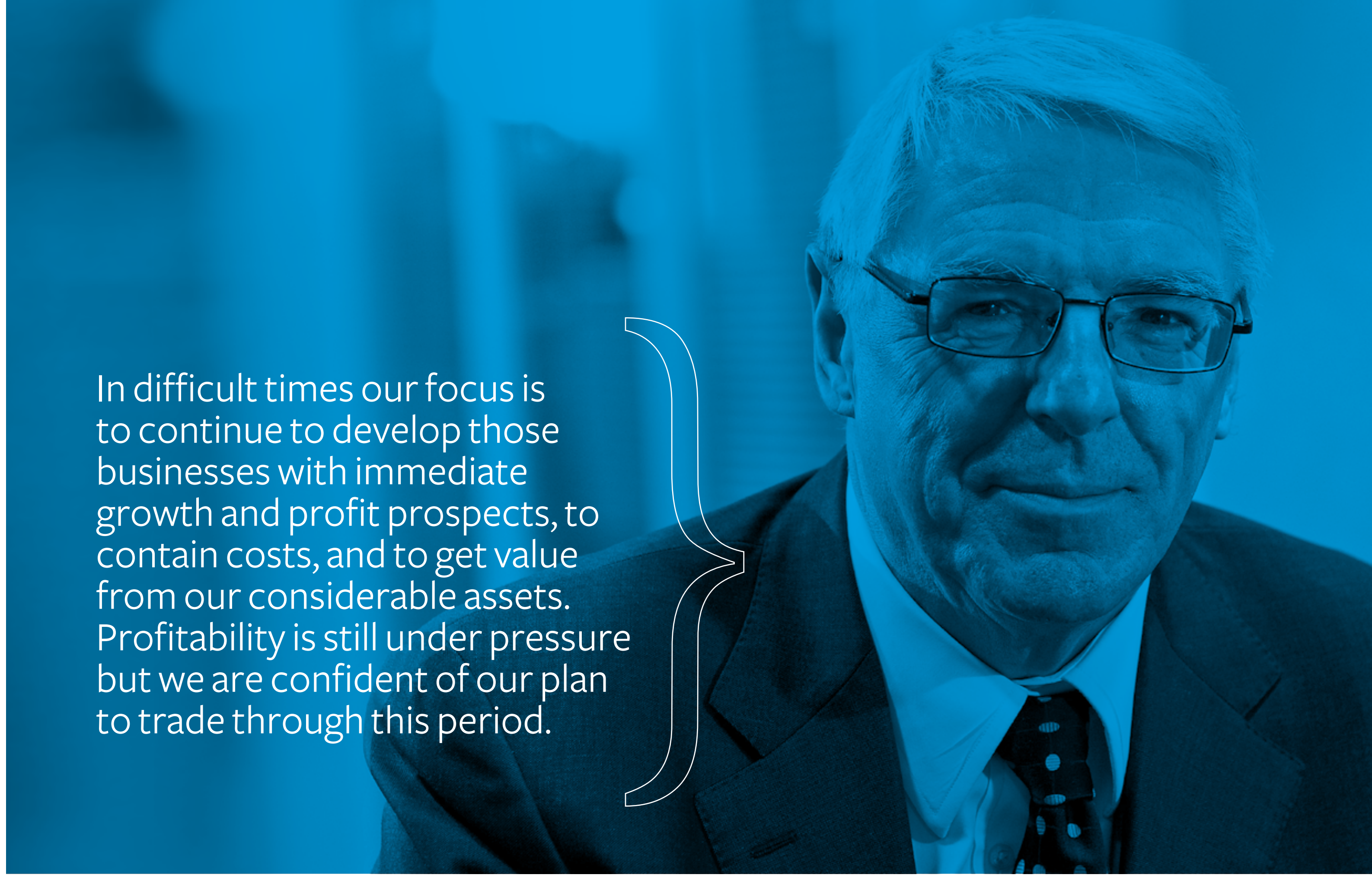
HBA recruited new expertise and binders in both international and provincial markets and BDLondon (the HBA unit providing Lloyd's access to UK provincial brokers) is well received by the brokers who are using its services.

The decision was taken to transfer some of the OurNetwork functions to the Institute of Insurance Brokers in order to provide an income source for the Institute and encourage broker use. Over two hundred brokers have taken up the offer of improved commissions from supporting insurers.

ICS (our Compliance consultancy) continues to enjoy the support of its first rate client base and has made inroads into the Lloyd's cover-holder market.

Acquisitions
In April 2009 we acquired the Scunthorpe based Commercial and Personal Lines broker Barry Fenton. Barry Fenton brings a new level of Commercial capability and is the largest of the four brokers which we now own.

We acquired a small Personal Lines book from Stockport broker Anvil and ICS acquired the client book of IDT a small Compliance firm.



People
Barry Fehler kindly accepted our offer to become non-Executive Chairman and took over the post in September 2008. Barry, a successful insurance broker, has been a non-executive Director since Broker Direct's foundation and we value his advice and guidance. We plan to further strengthen the Board this year.

Paul Brierley was recruited to spearhead our Commercial business development and he has had terrific support from insurers, who recognise that OurNetwork is a sustainable proposition bringing genuine benefits to the industry.

The growth we have experienced over recent years necessitated additional head-office premises in Bolton. The Company signed a lease on newly refurbished offices, fitted them out and occupied in the summer of 2008. This has doubled our space and substantially enhanced our business interruption protection measures.

Outlook
In difficult times our focus is to continue to develop those businesses with immediate growth and profit prospects, to contain costs, and to get value from our considerable assets. Profitability is still under pressure but we are confident of our plan to trade through this period. As expected we continue to strive to provide our broker and insurer partners with high quality products and services.

Roy Green
Chief Executive Officer
2010

The directors present their annual report and audited financial statements for the year ended 31 December 2009.

Principal activity

Broker Direct Plc (BD) is an insurance management and underwriting agency, offering product development, distribution, underwriting analysis, premium administration, full claims handling facilities and sophisticated management information.

Review of the business

A review of the business for the year ended 31 December 2009 is included within the Chief Executive Officer's report on pages 4 to 5.

The Group's result for the year ended 31 December 2009 is a profit after tax of £304,825 (2008: £1,441,643). The Company's profit and loss account shows a profit after taxation for the year of £1,273,255 (2008: £1,630,880). The directors do not propose a dividend at this time (2008: nil), subject to shareholder approval at the AGM.

The following table sets out the Group's key performance indicators:

	2009	2008
Profit before tax to turnover	**2.1%**	8.7%
Current ratio	**1.1**	1.1
Profit before tax per employee	**£1,874**	£8,951
Sales per employee	**£88,384**	£103,012
EBITDA per share	**38.3p**	65.4p

Future developments

To come

Financial risk management objectives and policies

The Group uses various financial instruments including loans, cash, equity capital and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks that are described in more detail below.

The main risks arising from the Group's financial instruments are:

- Market risks
- Credit risks
- Liquidity risk

The directors review and agree policies for managing the financial risks and these are summarised below. These policies have remained unchanged from previous years.

Market Risk

Market risk encompasses three types of risk being price risk, interest rate risk and currency risk.

Price risk

The Group's exposure to price risk consists mainly of movements in competitors' pricing policies in the insurance market. The Group has focused and is successfully diversifying its panel of strategic partners to reduce its exposure to any one class of business or insurer. By way of illustration;

In 2008, 71% of Group income was derived from one class of business, underwritten by one insurer. There were 10 recognised sources of income.

In 2009, 58% of Group income was derived from one class of business, underwritten by one insurer. There were 16 recognised sources of income.

This diversification will continue in 2010.

Interest rate risk

Interest income on treasury deposits represents less than 1% of total income. 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. For a 1% increase in interest rates, the budgeted cost of borrowing in 2010 would increase by circa £30,000.

Currency risk

Other than at the subsidiary HBA Limited, the Group does not transact foreign currency business. On rare occasions, Broker Direct Plc settles motor insurance claims in Euros. Any loss or gain on foreign exchange is borne by the insurance company underwriting the policy rather than by Broker Direct.

At HBA, the premiums are collected and settled on to insurers in local currency. Exchange rate exposure is therefore limited to that arising in the period between the brokerage income being recognised and the receipt of funds for conversion to UK sterling.

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 major UK high street banks only. The principal credit risk arises therefore from trade debtors.

The principal trade debtor credit risks are:

- Broker agencies: The Group defines acceptance criteria for the appointment of new broker agencies, then applies and monitors them against agreed credit and settlement terms. Where there is deemed to be a substantial individual or collective credit risk, the Group agrees debt capping and other arrangements with its insurance partners to limit the exposure.
- Policyholders paying by instalment: the Group only accepts instalment business by electronic direct debit instruction. Debt management and cancellation terms are agreed with the Group's insurance partners to minimise the bad debt exposure.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group policy throughout the year has been to:

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

Directors

The Directors who served during the year are shown below:

Roy Green	Chief Executive	Executive
Barry Fehler	Broker Liaison Director and Chairman	Non–Executive
Iain Gray	Finance Director	Executive
Neil Harris	Insurance Director	Executive
Terry Stanley	Director	Executive
Kedric Rhodes	Director	Non-Executive (Appointed 5th May 2009)

Statement of directors' responsibilities

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 the Group and of the profit or loss of the Group 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 that disclose with reasonable accuracy at any time the financial position of the Company and the 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 the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as 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.

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.

Charitable and political contribution

Donations to charitable organisations amounted to £5,554 (2008: £6,733).

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 suppliers 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 2009 was 35 days (2008: 39 days).

Auditors

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

BY ORDER OF THE BOARD

Roy Green
Chief Executive Officer
2010

Report of the Remuneration Committee

Introduction
The Company recognises that director's 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.

During 2009, the members of the Committee were:

Barry Fehler	– Chairman of Remuneration Committee
Kedric Rhodes	– Appointed 23rd June 2009

Executive Directors' Remuneration Policy – objectives

- To provide packages that 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 contracts for Roy Green, Neil Harris, Terry Stanley and Iain Gray are in 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 no more than two years compensation (except in specific circumstances when no compensation will be payable).

Report
In last year's Remuneration Committee Report, it was noted that the directors had recognised the difficult trading conditions and acted in 2008 to both waive their annual salary reviews and accept only 50% of their performance bonus entitlements.

In 2009, trading conditions have been tougher than expected and this is reflected in the financial results. Again the directors have taken decisive action to contain costs including agreeing to reduce their salaries. Those salaries will not be increased before business returns to acceptable, profitable growth.

The 2009 financial result has also meant that only 8% of the shares granted to directors under the Executive Management Incentive scheme will vest. Accordingly, the Remuneration Committee is considering new share option rules to freshly incentivise and reward the directors on achievement of still challenging profit targets.

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 2009 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities as set out on page 8 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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 Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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

Kevin Engel
Senior Statutory Auditor

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Manchester

2010

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 were required from the previous year, except as disclosed in the income recognition policy in relation to provisions for claims handling and premium administration costs and potential commission clawback.

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

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 Chief Executive Officer’s report on pages 3 to 5. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the report of the directors on pages 6 to 7. In addition the Directors’ report includes the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long term contracts with a number of brokers and insurers across different geographic areas. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, 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.

Basis of consolidation
The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 31 December 2009. The acquisition of the subsidiaries is dealt with by the acquisition method of accounting. The results of companies acquired are included in the Group profit and loss account from the date that control passes.

Goodwill
Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life of 20 years.

In accordance with FRS 10, the value of goodwill will be subject to review at the end of the first financial year following acquisition and may be subject to review at the end of the accounting period in which events or changes of circumstances indicate that the carrying value may not be recoverable.

Intangible assets
Website development costs are included at cost and amortised on a straight line over their useful economic lives.

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
Computer – hardware	3 years
Computer – software development	5 years
Equipment	4 years
Furniture and fittings	4 years
Cars	3 years

Investments
Investments are included at cost.

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

Income recognition
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, claims handling and premium administration costs and potential commission clawback for policies that could cancel in the future.

In relation to claims handling and premium administration costs and potential commission claw back for policies, the provisions (technical reserves) are analysed between amounts to be recognised within one year and amounts to be recognised after more than one year. This allocation to current liabilities is a prudency measure to reflect management’s calculation of the amount that would be released to revenue to match against expenses that would be incurred in the event of a substantial reduction in sales in the forthcoming 12 months.

In addition, income for 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.

Leased assets
Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet 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 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.

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 Group 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.

Employee share schemes
All share-based payment arrangements granted after 7 November 2002 are recognised in the financial statements. FRS 20 has been applied to grants before 7 November 2002 only where the Group/Company has disclosed publicly the fair value of those equity instruments, determined as at the grant date in accordance with FRS 20.

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 "other 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.

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Consolidated profit and loss account
The accompanying notes form part of these financial statements.

	Note	**2009 £**	2008 £
Sales and commission			
Continuing activities		**24,685,213**	24,636,163
Acquisitions		**600,391**	589,193
		25,285,604	25,225,356
Movement in deferred commission		**80,521**	(90,318)
Turnover	1	**25,366,125**	25,135,038
Cost of sales		**(10,660,289)**	(10,183,625)
Gross profit		**14,705,836**	14,951,413
Other operating charges	2	**(14,111,974)**	(13,066,115)
Profit on operating activities before interest and taxation			
Continuing activities		**469,536**	1,784,728
Acquisitions		**124,326**	100,570
		593,862	1,885,298
Net interest	3	**(56,061)**	298,824
Profit on ordinary activities before taxation	1	**537,801**	2,184,122
Taxation	5	**(232,976)**	(742,479)
Profit for the financial year	17	**304,825**	1,441,643

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

12695_BD_AR2009_v2.indd 14-15 24/05/2010 16:07

Consolidated balance sheet

The accompanying notes form part of these financial statements.

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	8	**6,295,240**	4,463,574
Tangible assets	9	**1,166,688**	1,425,772
		7,461,928	5,889,346
Current assets			
Debtors	11	**10,130,778**	8,660,551
Cash at bank and in hand		**7,420,223**	5,722,743
		17,551,001	14,383,294
Creditors: amounts falling due within one year	12	**(16,664,613)**	(12,973,080)
Net current assets		**886,388**	1,410,214
Total assets less current liabilities		**8,348,316**	7,299,560
Creditors: amounts falling due after one year	13	**(3,945,844)**	(3,062,164)
Net assets		**4,402,472**	4,237,396
Capital and reserves			
Called up share capital	16	**785,437**	785,437
Special reserve	17	**96,858**	96,858
Share option reserve	17	**20,818**	160,567
Profit and loss account	17	**3,499,359**	3,194,534
Equity shareholders' funds	18	**4,402,472**	4,237,396

The financial statements were approved by the Board of Directors on ??? 2010.

R Green
Chief Executive Officer

I Gray
Financial Director

Company balance sheet

The accompanying notes form part of these financial statements.

	Note	2009 £	2008 £
Fixed assets			
Intangible assets	8	**119,370**	–
Tangible assets	9	**1,060,503**	1,360,904
Investments	10	**4,000**	3,000
		1,183,873	1,363,904
Current assets			
Debtors	11	**11,520,877**	10,107,263
Cash at bank and in hand		**5,167,641**	3,722,267
		16,688,518	13,829,530
Creditors: amounts falling due within one year	12	**(10,236,821)**	(8,370,793)
Net current assets		**6,451,697**	5,458,737
Total assets less current liabilities		**7,635,570**	6,822,641
Creditors: amounts falling due after one year	13	**(1,977,257)**	(2,297,834)
Net assets		**5,658,313**	4,524,807
Capital and reserves			
Called up share capital	16	**785,437**	785,437
Special reserve	17	**96,858**	96,858
Share option reserve	17	**20,818**	160,567
Profit and loss account	17	**4,755,200**	3,481,945
Equity shareholders' funds		**5,658,313**	4,524,807

The financial statements were approved by the Board of Directors on ??? 2010.

R Green
Chief Executive Officer

I Gray
Financial Director

12695_BD_AR2009_v2.indd 16-17 24/05/2010 16:07

Consolidated cash flow statement

The accompanying notes form part of these financial statements.

	Note	2009 £	2008 £
Net cash inflow from operating activities	19	**4,030,196**	4,861,199
Returns on investments and servicing of finance			
Finance lease interest paid		**(109,606)**	(29,833)
Interest received		**53,545**	328,657
Net cash (outflow) / inflow from returns on investments and servicing of finance		**(56,061)**	298,824
Taxation		**(850,220)**	(208,810)
Capital expenditure			
Purchase of tangible fixed assets		**(310,153)**	(193,775)
Proceeds from sale of fixed assets		**16,302**	8,298
Net cash outflow from capital expenditure		**(293,851)**	(185,477)
Acquisitions			
Purchase of unincorporated business		**–**	(219,391)
Net cash from purchase of subsidiaries		**387,637**	257,356
Purchase of subsidiary undertakings	22	**(908,305)**	–
Purchase of goodwill and assets	22	**(182,763)**	(2,534,262)
Net cash outflow from acquisitions		**(703,431)**	(2,496,297)
Equity dividends paid		**–**	(198,703)
Financing			
Repayment of other loans		**(184,735)**	–
Capital element of finance lease and hire purchase contracts		**(244,418)**	(104,395)
Net cash outflow from financing		**(429,153)**	(104,395)
Increase in cash in the year	20	**1,697,480**	1,966,341

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 Group which is carried out entirely within the United Kingdom.

The turnover and profit on ordinary activities before taxation is stated after charging/(crediting):

	2009 £	2008 £
Auditors' remuneration:		
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	**26,613**	26,450
Fees payable to the Group's auditor for other services		
– fees payable to the Group's auditor for the audit of the subsidiaries' annual financial statements	**44,600**	36,801
– tax services	**22,429**	25,392
– other services pursuant to legislation	**7,705**	4,830
Amortisation of goodwill	**320,193**	194,047
Depreciation of tangible fixed assets – owned	**545,797**	454,784
– leased	**61,235**	65,273
Profit on sale of fixed assets	**(6,879)**	(969)
Gain on foreign currency	**(982)**	(19,349)
Operating lease charges – land and buildings	**674,087**	592,636
Operating lease charges – other	**3,792**	15,674

2 Other operating charges

	2009 £	2008 £
Staff costs	**8,678,537**	7,392,365
Administration expenses	**706,769**	719,032
Other operating costs	**4,726,668**	4,954,718
	14,111,974	13,066,115

3 Net interest

	2009 £	2008 £
Interest income on bank deposits	**53,545**	328,657
Interest payable on finance leases and hire purchase	**(109,606)**	(29,833)
	(56,061)	298,824

4 Directors and employees

Group

Staff costs during the year were as follows:	2009 £	2008 £
Wages and salaries	**7,390,093**	6,361,458
Social security costs	**730,859**	602,185
Pension costs	**557,585**	428,722
	8,678,537	7,392,365

Notes to the financial statements continued

4 Directors and employees (continued)

The average number of employees during the year was:	2009 Number	2008 Number
Management	**37**	36
Other	**250**	208
	287	244

Remuneration in respect of directors was as follows:	2009 £	2008 £
Emoluments	**742,589**	722,475
Pension costs	**62,352**	65,388
	804,941	787,863

During the year, 7 directors (2008: 7 directors) participated in money purchase pension schemes.

Company

Staff costs during the year were as follows:	2009 £	2008 £
Wages and salaries	**5,280,368**	5,366,735
Social security costs	**511,033**	500,899
Pension costs	**471,369**	400,740
	6,262,770	6,268,374

The average number of employees during the year was:	2009 Number	2008 Number
Management	**22**	24
Other	**207**	197
	229	221

Remuneration in respect of directors was as follows:	2009 £	2008 £
Emoluments	**527,851**	593,112
Pension costs	**51,596**	50,562
	579,447	643,674

During the year, 4 directors (2008: 4 directors) participated in money purchase pension schemes.

Directors' remuneration disclosed above includes amounts paid to the highest paid director for both the Group and the Company:

	2009 £	2008 £
Emoluments	**143,447**	163,747
Pension Costs	**16,476**	17,602
	159,923	181,349

5 Tax on profit on ordinary activities

The taxation charge is based on the profit for the year and represents:	2009 £	2008 £
UK corporation tax at 28% (2008: 29%)	**261,399**	752,638
Deferred tax (note 14)	**(28,423)**	(10,159)
	232,976	742,479

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 28% (2008: 29%). The differences are explained as follows:

	2009 £	2008 £
Profit on ordinary activities before tax	**537,801**	2,184,122
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 29%)	**150,584**	637,108
Effect of:		
Expenses not deductible for tax purposes	**85,221**	91,067
Differences between capital allowances and depreciation	**28,601**	5,776
Short term timing differences	**4,017**	18,983
Trade losses utilised	**–**	(296)
Previous period adjustments	**2,825**	–
Tax credits	**(9,849)**	–
	261,399	752,638

6 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 profit for the year was £1,273,255 (2008: £1,630,880).

7 Dividends

	2009 £	2008 £
Proposed equity dividends – £Nil (2008: £Nil) per share	**–**	–

Notes to the financial statements continued

8 Intangible fixed assets

The Group

	Website development costs £	Goodwill on business acquired £	Goodwill on consolidation £	Total £
Cost				
At 1 January 2009	-	429,917	4,300,570	4,730,487
Final fair value adjustment	-	(15,872)	(49,664)	(65,536)
Additions	137,632	-	-	137,632
On acquisition	-	204,763	1,875,000	2,079,763
	137,632	618,808	6,125,906	6,882,346
Amortisation				
At 1 January 2009	-	46,922	219,991	266,913
Provided in the period	18,262	23,626	278,305	320,193
At 31 December 2009	18,262	70,548	498,296	587,106
Net book amount				
At 31 December 2009	**119,370**	**548,260**	**5,627,610**	**6,295,240**
At 31 December 2008	**-**	**382,995**	**4,080,579**	**4,463,574**

The Company

	Website development costs £
Cost	
Additions in the year	137,632
At 31 December 2009	137,632
At 1 January 2009	
Provided in the period	18,262
At 31 December 2009	18,262
Net book amount	
At 31 December 2009	**119,370**
At 31 December 2008	**–**

9 Fixed assets

Group

	Leasehold improvements £	Computers, furniture, fittings, cars & equipment £	Total £
Cost			
At 1 January 2009	481,456	3,275,462	3,756,918
Additions	78,851	232,020	310,871
On acquisition	–	46,500	46,500
Disposals	–	(31,935)	(31,935)
At 31 December 2009	560,307	3,522,047	4,082,354

9 Fixed assets (continued)

	Leasehold improvements £	Computers, furniture, fittings, cars & equipment £	Total £
Depreciation			
At 1 January 2009	208,545	2,122,601	2,331,146
Provided in the year	94,701	512,331	607,032
Disposed in the year	–	(22,512)	(22,512)
At 31 December 2009	303,246	2,612,420	2,915,666
Net book amount			
At 31 December 2009	**257,061**	**909,627**	**1,166,688**
At 31 December 2008	**272,911**	**1,152,861**	**1,425,772**

Included in the total net book value is £144,327 (2008: £200,423) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £61,235 (2008: £65,273).

Company

	Leasehold improvements £	Computers, furniture, fittings, cars & equipment £	Total £
Cost			
At 1 January 2009	473,494	2,965,383	3,438,877
Additions	78,851	186,045	264,896
Disposals	–	(16,418)	(16,418)
At 31 December 2009	552,345	3,135,010	3,687,355
Depreciation			
At 1 January 2008	205,062	1,872,911	2,077,973
Provided in the year	92,711	468,482	561,193
Disposed in the year	–	(12,314)	(12,314)
At 31 December 2008	297,773	2,329,079	2,626,852
Net book amount			
At 31 December 2009	**254,572**	**805,931**	**1,060,503**
At 31 December 2008	**268,432**	**1,092,472**	**1,360,904**

Included in the total net book value of motor vehicles is £144,327 (2008: £200,423) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £61,235 (2008: £65,273).

10 Fixed asset investments

	Subsidiary undertaking £
Cost	
At 1 January 2009	3,000
Additions	1,000
	4,000

12695_BD_AR2009_v2.indd 22-23 24/05/2010 16:07

10 Fixed asset investments (continued)

At 31 December 2009, the Company had the following principal subsidiaries which are registered in England and Wales.

Name of subsidiary	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
Greenhalgh & Gregson Limited	Insurance Broker	Ordinary shares	100%	Broker Direct Retail Holdings Limited
Fitzsimons Insurance Consultants Limited	Insurance Broker	Ordinary shares	100%	Broker Direct Retail Holdings Limited
Insurance Compliance Services Limited	Management Consultants	Ordinary shares	100%	Broker Direct Acquisitions Limited
HR Experts Limited	Management Consultants	Ordinary shares	100%	Broker Direct Acquisitions Limited
HBA Limited	Insurance Broker	Ordinary shares	100%	Broker Direct Acquisitions Limited
Barry Fenton Insurance Brokers Limited	Insurance Broker	Ordinary shares	100%	Broker Direct Retail Holdings Limited
Intelligent Trading Solutions Limited	Dormant	Ordinary shares	100%	Broker Direct Plc

11 Debtors

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Broker and policyholder receivables	**7,912,576**	**4,659,640**	6,598,702	4,447,933
Insurer receivables	**901,498**	**901,498**	1,378,945	1,378,945
Deferred acquisition costs	**595,339**	**–**	–	–
Amount owed by Group undertaking	**–**	**5,483,218**	–	3,813,628
Prepayments and accrued income	**470,852**	**328,482**	431,918	293,835
Other debtors	**142,110**	**41,267**	171,006	92,539
Deferred taxation asset (see note 14)	**108,403**	**106,772**	79,980	80,383
	10,130,778	**11,520,877**	8,660,551	10,107,263

Notes to the financial statements continued

12 Creditors: amounts falling due within one year

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Other loans	**439,508**	**–**	55,899	–
Payable to insurers	**12,964,571**	**8,491,640**	9,011,187	5,921,323
Payable to group companies	**–**	**18,500**	–	–
Technical reserves	**6,493**	**–**	242,523	242,523
Deferred consideration	**1,082,561**	**–**	1,165,806	–
Pension contributions	**116,987**	**110,356**	92,891	92,891
Corporation tax	**209,318**	**183,867**	752,638	705,775
Other taxation and social security costs	**262,509**	**192,983**	228,323	203,680
Accruals and deferred income	**1,316,238**	**973,047**	1,188,159	968,947
Obligations under finance leases and hire purchase contracts	**266,428**	**266,428**	235,654	235,654
	16,664,613	**10,236,821**	12,973,080	8,370,793

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

The other loans, from ZPC Capital Limited are repayable within 5 years.

13 Creditors: amounts falling due after more than one year

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Other loans	**1,965,055**	**–**	350,179	–
Technical reserves	**1,264,550**	**1,264,550**	1,398,764	1,398,764
Obligations under finance leases and hire purchase contracts	**636,315**	**636,315**	778,708	778,707
Deferred acquisitions costs	**–**	**–**	400,000	–
Deferred income	**79,924**	**76,392**	134,513	120,363
	3,945,844	**1,977,257**	3,062,164	2,297,834

Notes to the financial statements continued

14 Borrowings

Borrowings are repayable as follows:

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Within one year				
Other loans	**439,508**	**–**	55,899	–
Amounts due under finance leases and hire purchase contracts	**266,428**	**266,428**	235,654	235,654
After one year and within two years				
Other loans	**439,508**	**–**	55,899	–
Amounts due under finance leases and hire purchase contracts	**219,395**	**219,395**	244,957	244,957
After two years and within five years				
Other loans	**1,525,547**	**–**	294,280	–
Amounts due under finance leases and hire purchase contracts	**416,920**	**416,920**	533,751	533,750
	3,307,306	**902,743**	1,420,440	1,014,361

15 Deferred taxation

The potential deferred taxation asset is as follows:

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Accelerated capital allowances	**63,267**	**61,636**	38,375	38,778
Technical reserves	**45,136**	**45,136**	41,605	41,605
Deferred tax asset	**108,403**	**106,772**	79,980	80,383

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 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Deferred tax asset brought forward	**79,980**	**80,383**	69,821	72,000
Provision on acquisition	**–**	**–**	–	–
Reversal of timing differences on trading losses	**–**	**–**	–	–
Other timing differences	**28,423**	**26,389**	10,159	8,383
Deferred taxation asset recognised (see note 11)	**108,403**	**106,772**	79,980	80,383

16 Called up share capital

	2009 £	2008 £
Authorised		
6,000,000 "A" ordinary shares of £0.20 (2007 : £0.20) each	**1,200,000**	1,200,000
Allotted		
3,974,061 "A" ordinary shares of £0.20 (2007 : £0.20) each	**794,812**	794,812
Called up		
Fully paid 3,911,561 "A" ordinary shares of £0.20 (2007 : £0.20) each	**782,312**	782,312
Partly paid 62,500 "A" ordinary shares of £0.20 (2007 : £0.20) each one quarter called up and paid	**3,125**	3,125
	785,437	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. 3,911,561 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 23.

17 Reserves

Group	Special reserve £	Share option reserve £	Profit and loss account £	Total £
At 1 January 2009	96,858	160,567	3,194,534	3,451,959
Share option reserve	–	(139,749)	–	(139,749)
Profit for the year	–	–	304,825	304,825
Dividend	–	–	–	–
At 31 December 2009	**96,858**	**20,818**	**3,499,359**	**3,617,035**

The special reserve was created by the reduction in share capital being set against the deficit on the profit and loss reserve. The reduction in share capital was greater than the deficit on the profit and loss reserve and this residual established the special reserve.

Company	Special reserve £	Share option reserve £	Profit and loss account £	Total £
At 1 January 2009	96,858	160,567	3,481,945	3,739,370
Share option reserve	–	(139,749)	–	(139,749)
Profit for the year	–	–	1,273,255	1,273,255
Dividend	–	–	–	–
At 31 December 2009	**96,858**	**20,818**	**4,755,200**	**4,872,876**

12695_BD_AR2009_v2.indd 26-27 24/05/2010 16:07

Notes to the financial statements continued

18 Reconciliation of movements in shareholders' funds

Group	2009 £	2008 £
Profit for the financial year	**304,825**	1,441,643
Dividends paid	**–**	(198,703)
Share option reserve	**(139,749)**	82,036
Shareholders' funds at 1 January	**4,237,396**	2,912,420
Shareholders' funds at 31 December	**4,402,472**	4,237,396

19 Net cash inflow from operating activities

	2009 £	2008 £
Operating profit	**593,862**	1,885,298
Profit on sale of fixed assets	**(6,879)**	(969)
Depreciation	**607,032**	520,057
Amortisation	**320,193**	194,047
Share option reserve	**(139,749)**	82,036
Increase in debtors	**(708,616)**	(334,750)
Increase in creditors	**3,364,353**	2,515,480
Net cash inflow from operating activities	**4,030,196**	4,861,199

20 Reconciliation of net cash flow to movement in net funds

	2009 £	2008 £
Increase in cash in the year	**1,697,480**	1,966,341
Cash outflow from other loans	**184,735**	–
Cash outflow from finance leases and hire purchase contracts	**244,418**	104,395
Movement in net funds in the year	**2,126,633**	2,070,736
Inception of other loans on acquisitions	**(1,587,880)**	(406,078)
Inception of new finance leases and hire purchase contracts	**(132,801)**	(986,523)
Net funds at 1 January	**4,302,304**	3,624,169
Net funds at 31 December	**4,708,256**	4,302,304

21 Analysis of changes in net funds

	At 1 January 2009 £	Cashflows £	Acquisitions £	Non-cash items £	At 31 December 2009 £
Cash in hand and at bank	5,722,743	1,309,843	387,637	–	**7,420,223**
Other Loans	(406,078)	184,735	–	(1,587,880)	**(1,809,223)**
Finance leases and hire purchase contracts	(1,014,361)	244,418	–	(132,801)	**(902,744)**
	4,302,304	1,738,996	387,637	(1,720,681)	**4,708,256**

21 Analysis of changes in net funds (continued)

Cash at hand and in bank 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 31 December 2009, £5,507,457 (2008: £2,704,574) of the total £7,420,223 (2008: £5,722,743) cash held was insurance client monies and operational monies amounted to £1,912,766 (2008: £3,080,119).

22 Acquisitions

Barry Fenton Insurance Brokers Limited

On 3 April 2009, Broker Direct Retail Holdings Limited acquired the entire share capital of Barry Fenton Insurance Brokers Limited. The purchase of the subsidiary undertaking is accounted for by the acquisition method of accounting. The results of the company acquired are included in the consolidated profit and loss account of the Group from the date that control passed, being 3 April 2009.

The assets and liabilities of the acquired company on 3 April 2009 were as follows:

	Provisional fair value £
Fixed assets	46,500
Trade debtors	134,848
Cash at bank and in hand	390,621
Creditors	(399,042)
	172,927
Goodwill	1,875,000
	2,047,927
Satisfied by	
Cash consideration	27,362
Consideration funded by other loans	1,426,226
Deferred consideration	595,339
	2,047,927

The summary profit and loss of Barry Fenton Insurance Brokers Limited, excluding fair value adjustments, for the period from 1 June 2008 to 31 March 2009, the date of acquisition was as follows:

	£
Turnover	694,699
Administrative expenses	(490,767)
Net interest receivable	10,600
Profit on ordinary activities before taxation	214,532

The profit after taxation for the nine months ended 31 December 2009 was £90,318.

21 Acquisitions (continued)

Anvil

On 30 June 2009, Broker Direct Retail Holdings Limited acquired selected assets of Anvil Insurance. The purchase of these assets has been accounted for by the acquisition method of accounting and any purchased goodwill arising has been capitalised as an intangible asset.

The assets and liabilities acquired at 30 June 2009 were as follows:

	Provisional fair value £
Goodwill	154,763
Tangible assets	3,000
	157,763
Consideration	157,763
	157,763

IDT

On 30 June 2009, insurance Compliance Services acquired selected assets of the IDT Limited. The purchase of the subsidiary undertaking has been accounted for by the acquisition method of accounting and any purchased goodwill arising has been capitalised as an intangible asset.

The assets and liabilities acquired at 30 June 2009 were as follows:

	Provisional fair value £
Goodwill	50,000
Tangible assets	50,000
Consideration	25,000
Deferred contingent consideration	25,000
	50,000

Notes to the financial statements continued

21 Acquisitions (continued)

Bevan Fox

On 1 April 2008, Greenhalgh & Gregson Limited acquired certain assets of the Bevan Fox Insurance Partnership. The purchase of these assets has been accounted for by the acquisition method of accounting and any purchased goodwill arising has been capitalised as an intangible asset.

On 30 June 2008, the above assets and liabilities were transferred at cost from Greenhalgh & Gregson Limited to Broker Direct Retail Holdings Limited.

As a result of the finalisation of the fair value of the net assets and consideration, goodwill on this acquisition has decreased from £397,917 to £382,045 and the final fair value of the acquired net assets has increased from £15,144 to £20,693.

HBA Limited

On 1 March 2007, the Company acquired the entire share capital of HBA Limited. The purchase of the subsidiary undertaking was accounted for by the acquisition method of accounting. The results of the company acquired were included in the consolidated profit and loss account of the Group from the date that control passed, being 1 March 2007.

On 31 August 2008, the investment in HBA Limited was transferred from the Company to Broker Direct Acquisitions Limited, a subsidiary of the Company.

The contingent consideration was finalised in the year under review at £1,522,472, being a decrease of £860,250, being paid during the year.

As a result of the finalisation, the deferred contingent consideration, consolidated goodwill on this acquisition has decreased from £1,200,000 to £1,150,336.

23 Share based payments

Details of the share options granted are set out below:

No 1 Approved Share Option Scheme

The Company adopted an approved share option scheme in 1996 - the No 1 Approved Share Option Scheme. Options under this scheme have been granted to certain directors.

Name of Director	1 January 2009	Granted	31 December 2009	Exercise price	Exercise date
Roy Green	30,000	–	30,000	£1	1 August 2000 – 1 August 2010
Iain Gray	30,000	–	30,000	£1	1 August 2000 – 1 August 2010
Neil Harris	30,000	–	30,000	£1	1 August 2000 – 1 August 2010
Terry Stanley	30,000	–	30,000	£1	1 August 2000 – 1 August 2010

The requirement to expense share options only applies to those granted since 7th November 2002. The No 1 Approved Share Option Scheme was granted in 2000.

No 4 Enterprise Management Incentive Scheme

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.

Between 10 April 2007 and 13 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) over a maximum of 300,000 of its shares to certain employees and a maximum of 440,000 of its shares to certain directors. The options have an exercise price of £1.00 and are subject to a financial performance target.

The total number of shares over which each option may be exercised will depend upon Broker Direct Plc's pre-tax profit for the financial year ending 31 December 2009 and each option may only be exercised (to the extent that such performance target has been satisfied) at such time as the 2009 pre-tax profit has been formally determined by the Board.

On 14 March 2008, 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) over a maximum of 100,000 of its shares to the Director of Sales and Marketing. On 4th February 2010 the Director of Sales and Marketing resigned and his scheme lapsed with no shares having vested.

The fair values were calculated using the Black Scholes Model. The inputs into the model were as follows:

Date of issue	Number Granted	Share price (£)	Exercise Price	Expected volatility (%)	Expected life (years)	Risk free rate (%)	Expected Dividend Yield	Fair Value at grant date (£)
10th to 13th April 2007	740,000	0.79	1	64.96	2	5.25	–	235,594

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 2 years.

The Company released expenses of £141,720 (2008: recognised £82,036 of expense) related to equity-settled share-based payment transactions during the year.

23 Share based payments (continued)

No 5 Company Share Option Plan

At the Annual General Meeting on 23rd 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 11th December 2008.

On 20th January 2009, the Company granted options over a maximum of 70,000 of its shares to certain employees. The options have an exercise price of £1.20 and are subject to a various financial performance targets including Broker Direct Plc's pre-tax profit for the financial year ending 31 December 2009 and increasing revenues from existing and new income sources.

During the year, one option-holder left the Company and his scheme with 20,000 shares granted, lapsed with none having vested.

The fair values were calculated using the Black Scholes Model. The inputs into the model were as follows;

Date of issue	Number Granted	Share price (£)	Exercise Price	Expected volatility (%)	Expected life (years)	Risk free rate (%)	Expected Dividend Yield	Fair Value at grant date (£)
20th January 2009	30,000	1.40	1.20	47.80	1	3.4	4.9%	10,559
20th January 2009	20,000	1.40	1.20	78.52	2	3.6	4.9%	12,059

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 1 and 2 years.

The Company expensed £1,970 related to equity-settled share-based payment transactions during the year.

24 Leasing commitments

Operating lease payments amounting to £676,722 (2008: £604,298) are due within one year. The leases to which these amounts relate expire as follows:

	2009 Land and buildings £	2009 Other £	2008 Land and buildings £	2008 Other £
Operating leases which expire:				
– within one year	**65,547**	**–**	39,615	7,429
– within two to five years	**337,188**	**3,792**	353,008	3,792
– over five years	**270,195**	**–**	200,454	–
	672,930	**3,792**	593,077	11,221

25 Pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £557,585 (2008: £428,722). Contributions amounting to £116,987 (2008: £92,891) were payable to the scheme at 31 December 2009 and are included in creditors.

26 Contingent liabilities

There were no contingent liabilities at 31 December 2009 or 31 December 2008.

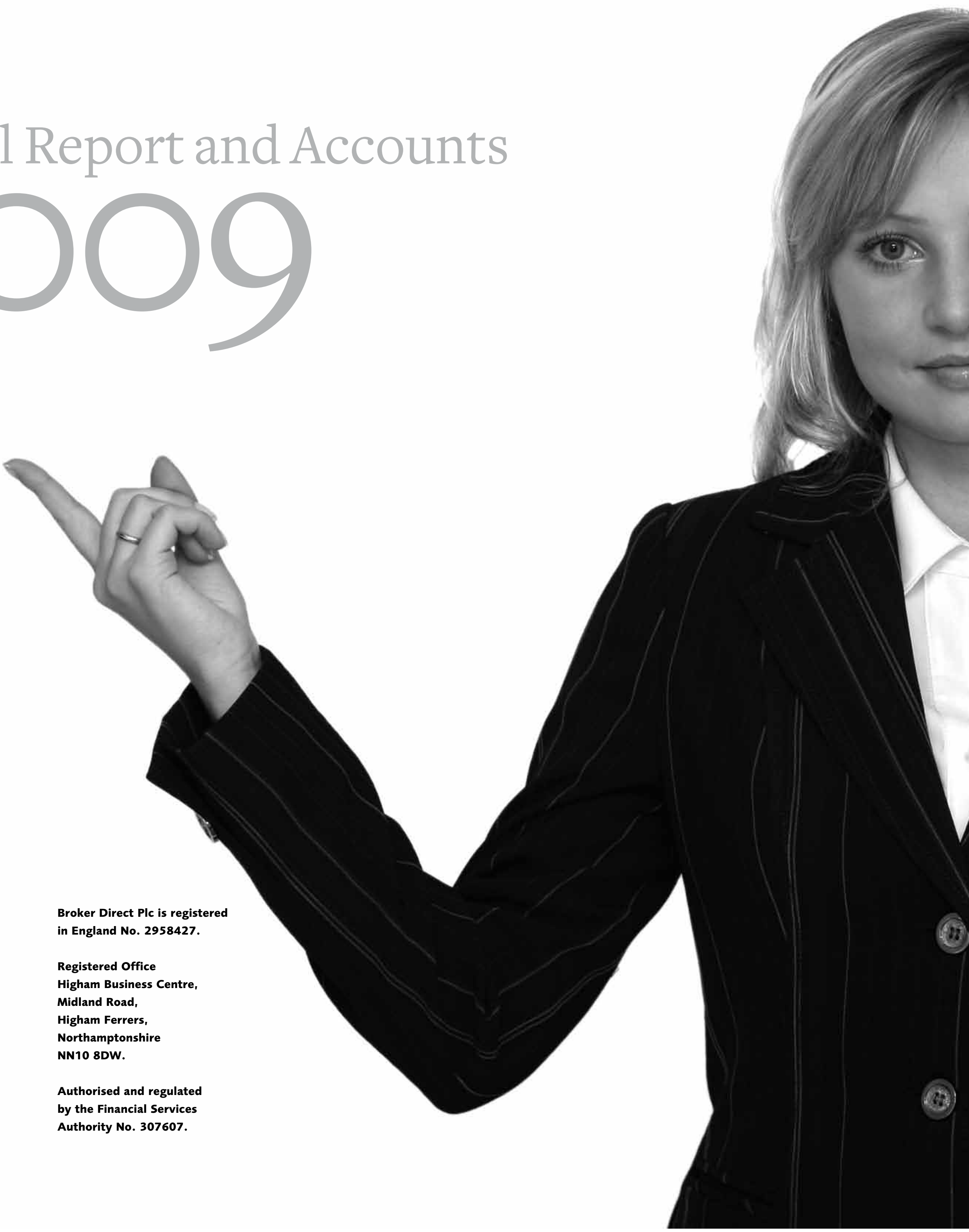
27 Related party transactions

As a the parent of seven wholly owned subsidiaries, being HBA Limited, Greenhalgh & Gregson Limited, Fitzsimons Insurance Consultants Limited, Barry Fenton Insurance Brokers Limited, Our Network Services Limited, Broker Direct Acquisitions Limited and Broker Direct Retail Holdings Limited, the Company is exempt from the requirements of Financial Reporting Standard 8 “Related Party Disclosures” to disclose transactions with the subsidiaries on the grounds that the consolidated financial statements are publicly available from Companies House.

The Institute of Insurance Brokers Group, of which Barry Fehler was a director in 2009, provided resolution and other general administration services during the year. The fees for these services were £106,673 (2008: £30,025).

Included in creditors is £8,601 (2008: £5,831) due to the Institute of Insurance Broker Group.

Annual Report and Accounts
2009



Broker Direct Plc
Deakins Park,
Hall Coppice Road,
Egerton,
Bolton
BL7 9RW

Tel: 01204 600 200
Fax: 01204 600 255

Broker Direct Plc is registered in England No. 2958427.

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

Authorised and regulated by the Financial Services Authority No. 307607.