BrokerDirect Plc
A better way to insure

annual report and accounts 2014

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Company registration number:
2958427

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Directors:
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I J Gray
T E Stanley
J K Rhodes
J A Tomlinson
B Bradshaw

Secretary:
I J Gray

Bankers:
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51 Mosley Street
Manchester
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Auditors:
Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
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Chairman's Report

Overview

I am pleased to announce that the Group returned a small profit in 2014. Income fell slightly, but after accounting for revenues lost as a result of the disposal of subsidiary HBA Ltd in 2014 this represents an increase in the remaining businesses. Costs were down due to the disposal of HBA and to cost reductions in Broker Direct.

There was no change in supporting insurers during the year. Although one insurer is in run-off there was significant recruitment and development activity which we expect to result in more insurer partners and products in 2015.

Measurement of customer satisfaction and net promoter scores has continued to evidence exceptionally high levels of service to our brokers and policyholders. Further recognition of our claims capabilities was achieved by the winning of the Independent Fraud Investigation Team of the year at the Fraud Awards. This coupled with the earlier Claims Customer Care Award demonstrated that we excel in both service and technical excellence in our claims team.

ICS Ltd turned in another year of steady profitable growth and continues to be very well regarded by their clients.

BD Elite Ltd has adjusted to the new regulatory environment and profits before tax rose to £201,994 (2013: £175,464).

Results

The Group made a pre-tax profit of £125,067 (2013: loss £1,517,761). Operating Profit before exceptional items was £355,826 (2013: loss £519,425). Turnover was down 3% to £17,518,926 (2013: £18,086,339). Operating charges fell 16% to £9,382,872 (2013: £ 11,123,831). The Group's operational cash improved slightly as did shareholder funds.

Markets

In recent history the Personal Lines market has experienced a level of volatility not seen since the advent of the Direct Writers. Price comparison sites have eroded our brokers' market share although total small broker volumes are attractive; regulation and technology changes have created an uncertain, competitive environment for insurers. The effect has been a reduction of our business volumes over a number of years despite continued success in gaining new sources of business. However there may be signs of a better climate ahead.

There is some evidence that the growth of price comparison sites is slowing and this should be good news for our brokers.

New insurers continue to enter the UK Personal Lines market but find it difficult to reach small regional brokers, our core source. Our insurer partners and others confirm that business from the small regional broker performs significantly better than other sources. It is our aim to provide new and established insurers with an effective route to this market.

There continues to be technology changes on the horizon, but it is too soon to say what effect if any they will have on our business.

Telematics is now an established fact and it is our view that brokers can potentially provide a valuable service introducing this approach to clients.

Market movements continue to have a significant effect, but there are signs that rates may be more stable and this should be good for our volumes.

New regulations and court judgements will continue to affect the accident management market served by BD Elite Ltd. There is a widening market for compliance services which is being addressed by ICS Ltd.

Outlook

The company has new opportunities for growth through insurer recruitment and new product development activity is high. There is plenty of scope to increase our market share.

There is still a need to build the Balance Sheet, however with a lower cost base we hope to see steady improvements, especially if this is accompanied by a more stable market.

BD Elite prospects are influenced by changes in the legal and regulatory environment. A case (Stevens v Equity) came to the Court of Appeal on 26th February 2015 regarding vehicle credit hire and new regulations are expected affecting injury medical reporting. We expect that these developments will have an impact on some aspects of the business of BD Elite, however at the time of reporting it is not clear what that impact might be.

Whilst ICS was built around regulatory and compliance work for brokers on a full service basis, other tailored services and a growing requirement from insurers and Lloyd's syndicates for Coverholder audits widens ICS's market.

Personnel

The Board congratulates management on the improved situation and is grateful to management and staff who have helped the company through its difficulties with dedication and financial sacrifice. We anticipate that more normal conditions and salary reviews will now prevail.

Roy Green
Chairman

9th April 2015

Directors' Report

The directors present their annual report and audited financial statements for the year ended 31 December 2014.

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 Tomlinson	Operations Director	Executive

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). 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.

Financial risk management objectives and policies

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

Market Risk

Market risk encompasses three types of risk: 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 is managing its exposure to any one class of business or insurer by working closely with a selected panel of strategic partners who support a range of personal lines general insurance product offerings. By way of illustration the following table shows the diversity of its sources of business:

	2014	2013
Group income derived from single largest source of business **	**37%**	26%
Group income derived from continuing operations	**99%**	92%
Number of recognised sources of business to the Group – continuing operations	**18**	18
Number of personal lines products distributed by Broker Direct – continuing operations	**25**	23
Number of new personal lines products being developed by Broker Direct, to be distributed in the following year	**3**	3

** Income is deemed to be net of commissions ceded to insurance brokers.

Going forward, the objective is to balance the income sources across the core businesses.

Interest rate risk
The low interest rate environment throughout 2014, 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. For a 1% increase in interest rates, the budgeted cost of borrowing in 2015 would increase by circa £13,000 (2014: circa £14,000).

Currency risk
The Group does not transact foreign currency business.

On rare occasions, Broker Direct Plc settles motor insurance claims in Euros when any loss or gain on foreign exchange is borne by the insurance company underwriting the policy rather than by Broker Direct.

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 underwrite the risk. Premiums are settled to the insurers after deducting commission and expenses due for administering the policies. If a broker fails to settle their debt, then Broker Direct is still obliged to settle the balance due to the insurer. The Group defines acceptance criteria for the appointment of new broker agencies, then applies and monitors them against agreed credit and settlement terms. The single largest broker agency represents 5% of Group turnover (2013: 7%). Bad debt experience in 2014 was negligible (2013: negligible);
- 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. Bad debt experience in 2014 was negligible (2013: negligible);
- Third party administration and claims handling 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 BD Elite 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 represents 6% of Group turnover (2013: 3%).

At Insurance Compliance Services Ltd

- Brokers and insurers utilise a range of compliance services, the single largest customer fee income represents less than 1% of Group turnover (2013: less than 1%).

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient working capital is available to meet foreseeable needs and the Financial Conduct Authority's capital resource requirements for insurance intermediaries are met.

The Group policy during the year was unchanged, to:

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

Reserving Risk

Broker Direct maintains reserves which are released against the 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.

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.

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

Iain Gray

Iain Gray
Finance Director

9th April 2015

Review of the business
A review of the business for the year ended 31 December 2014 is included within the Chairman's report on pages 4 & 5.

The Group's result for the year ended 31 December 2014 is a profit before tax of £125,067 (2013: loss £1,517,761).
The Company's profit and loss account shows a profit after taxation for the year of £106,633 (2013: loss £822,396).
The directors do not propose a dividend at this time (2013: nil).

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

	2014	2013
Profit/(Loss) before tax to turnover	**0.7%**	(8.4%)
Current ratio	**1.0**	1.0
Profit/(Loss) before tax per employee	**£1,146**	(£8,249)
Sales per employee	**£121,659**	£98,295
E/(L)BITDA per share	**14p**	(11p)
Staff stability index in continuing operations **	**87.3%**	97.2%

** percentage of staff employed at year end with at least 12 months service.

Future developments
Future developments are included within the Chairman's report on pages 4 & 5.

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.

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
- Whistleblowing, 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 either mitigate against negative movements or exploit opportunities.

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

Operational risk

The management of the business and the nature of the Group's strategy are subject to a number of risks in its operation such as fraud, failure of management control systems and failure of data systems.

The directors have set out below what they consider to be the main operational risks facing the business.

Partners and Competitors

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. Broker Direct is therefore heavily reliant on our insurer partners' appetite for sales, relative to the pricing actions of our competitors. Income derived from the largest insurer partner represented 54% of Group income (2013: 42%). The Company is continually working to deliver a complementary range of products and services, underwritten by a selected panel of insurers - thereby reducing its reliance on individual insurer partners.

Technology

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

Legislation

By comparison with recent years, the legislative environment in 2014 was relatively stable and, other than possible legislation being considered by the Ministry of Justice concerning medical examinations of claimants injured in road traffic accidents, the outlook for 2015 is also less volatile.

Sale of HBA Ltd

The company was bought in 2007 to form part of the then strategic plan to provide Broker Direct's brokers with straightforward and assured access to the Lloyds and London market for their large or unusual risks. Whilst take-up of this service was encouraging, it did not reach sustainable volumes so on 31st March 2014 the company was sold to another Lloyds broker who are continuing to provide services to Broker Direct's brokers.

BY ORDER OF THE BOARD

Iain Gray

Iain Gray
Finance Director
9th April 2015

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 2014 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 Tomlinson 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 package for each of the executive directors Iain Gray, Terry Stanley and Ann Tomlinson comprise four elements: base salary, benefits, share options and bonus.

Along with the rest of the Board the executives have previously taken cuts in salary in response to the financial condition of the Group, these cuts have not as yet been restored. In addition in 2014 the Board deferred part of their salary until an appropriate cash balance was achieved. This balance was achieved and has been sustained and as a result the deferred remuneration was paid in November 2014.

In line with policy for all staff, the Committee awarded the Executive Directors an increase in salary of 3.5% commencing 1 Jan 2015.

A new share option scheme was announced in the 2013 Report and Accounts and took effect from 1 May 2014.

The Directors' bonus scheme expired at the end of 2012, but in view of the changing nature of the Group's targets and cash position it was not revisited until 2014 and a new bonus scheme has now been approved.

The bonus scheme is discretionary with a five year term commencing January 2014. The bonus calculation is based on medium term Group profit before tax excluding exceptional items. Payment is contingent on the availability of cash, including the ability to pay a dividend. The Committee took the advice of the Institute of Directors in the design and remuneration level of the scheme. The scheme does not preclude the award of additional bonuses warranted by exceptional conditions or performances.

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 2014 which comprise the principal accounting policies, consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities as set out on page 6 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 of the parent company's affairs as at 31 December 2014 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 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.

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

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

9th April 2015

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable law and United Kingdom 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.

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 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 pages 6 to 8 and the Strategic Report on pages 9 to 10. In addition, these reports include the Group's objectives, policies and processes for managing its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

At 31 December 2014, operational cash balances amounted to £894,389 (note 21) (2013: £864,163) and other loans amount to £1,440,290 (2013: £1,342,233).

The directors have prepared consolidated forecasts for the 2 years' ending 31 December 2016. 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.

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 31 December 2014. 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. The results of companies disposed of will be included in the Group profit and loss account up to the date of disposal, and a gain or loss on disposal will also be recognised. This gain or loss is calculated as the difference between the fair value of the consideration received and the proportion of the identifiable net assets (including goodwill) of the subsidiary disposed of.

Goodwill

Purchased goodwill arising on acquisitions represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Positive goodwill is capitalised and classified as an asset on the balance sheet and is amortised on a straight line basis over its estimated useful economic life, being twenty years. In accordance with FRS 10, 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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Website development costs are included at cost, within Computers and other equipment and amortised on a straight line basis over their useful economic lives.

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
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

Investments

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

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.

Cash at bank and in hand

Cash received for insurance premiums, claims and commissions is held on trust in separate insurance client monies 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 insurance client and operational monies (see note 21).

Leased assets

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.

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.

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 on an undiscounted basis 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 in accordance with *Financial Reporting Standard 20: Share-based Payment*.

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.

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. Exchange differences are taken into account in arriving at the operating profit.

Exceptional items

Exceptional items are material items of income and expenditure, which due to their size or nature require separate disclosure in the financial statements to allow a better understanding of the financial performance of the year and in comparison to prior periods.

In 2013, the Group impaired the value and accrued costs in relation to the disposal of a subsidiary. Further costs of disposal were incurred during 2014. In addition, the Group impaired the value of another subsidiary during 2014. These items have been recognised as exceptional items (see note 1).

Key estimates and judgements

In the application of the Group's accounting policies the Directors 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.

The Directors 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 judgements most likely to have a significant effect are in the following areas:

- Going concern (refer to Going Concern accounting policy)
- Technical reserves (refer to Turnover accounting policy)
- Impairment of goodwill (refer to Goodwill accounting policy)
- Recoverability of inter-company debtor balances.

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

Consolidated profit and loss account

	Note	**2014 £**	2013 £
Turnover			
Continuing operations		**17,332,577**	16,500,548
Discontinued operations		**186,349**	1,585,791
	1	**17,518,926**	18,086,339
Cost of sales	2	**(7,985,860)**	(8,466,791)
Gross profit		**9,533,066**	9,619,548
Other operating charges	2	**(9,382,872)**	(11,123,831)
Profit/(Loss) on operating activities before interest and taxation			
Continuing operations		**207,006**	(485,546)
Discontinued operations		**(56,812)**	(1,018,737)
		150,194	(1,504,283)
Operating Profit/(Loss) before exceptional items		**355,826**	(519,425)
Exceptional Items			
Impairment of goodwill	1	**(154,174)**	(710,834)
Costs in relation to the disposal of a subsidiary	1	**(51,458)**	(274,024)
Profit/(Loss) on operating activities before interest and taxation		**150,194**	(1,504,283)
Net interest	3	**(25,127)**	(13,478)
Profit/(Loss) on ordinary activities before taxation	1	**125,067**	(1,517,761)
Taxation	5	**(98,823)**	32,434
Profit/(Loss) for the financial year	17	**26,244**	(1,485,327)
Profit/(Loss) per share attributable to the owners of the parent Company			
- Basic (pence)	1	0.66	(37.4)
- Diluted (pence)	1	0.65	(37.4)

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

The accompanying notes form part of these financial statements.

	Note	2014 £	2013 £
Fixed assets			
Intangible assets	7	**1,690,373**	1,927,384
Tangible assets	8	**205,139**	252,975
		1,895,512	2,180,359
Current assets			
Debtors	10	**8,883,717**	7,940,628
Cash at bank and in hand	21	**4,271,326**	5,418,267
		13,155,043	13,358,895
Creditors: amounts falling due within one year	11	**(12,816,363)**	(12,962,585)
Net current assets		**338,680**	396,310
Total assets less current liabilities		**2,234,192**	2,576,669
Creditors: amounts falling due after more than one year	12	**(1,596,720)**	(1,929,900)
Provisions for liabilities	14	**(91,353)**	(140,395)
Net assets		**546,119**	506,374
Capital and reserves			
Called up share capital	16	**785,437**	785,437
Special reserve	17	**–**	96,858
Share option reserve	17	**44,814**	31,313
Profit and loss account	17	**(284,132)**	(407,234)
Shareholders' funds	18	**546,119**	506,374

The financial statements were approved and authorised for issue by the Board of Directors on 9th April 2015.

Company No. 2958427

T E Stanley
Chief Executive Officer

I J Gray
Operations and Finance Director

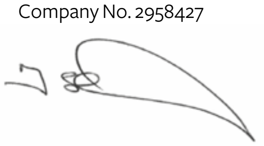
The accompanying notes form part of these financial statements.

Company balance sheet

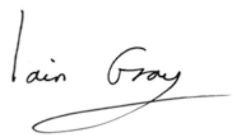
	Note	2014 £	2013 £
Fixed assets			
Tangible assets	8	**178,048**	233,376
Investments	9	**5,000**	5,000
		183,048	238,376
Current assets			
Debtors	10	**12,238,639**	9,556,241
Cash at bank and in hand		**3,840,001**	3,349,050
		16,078,640	12,905,291
Creditors: amounts falling due within one year	11	**(12,284,313)**	(8,887,132)
Net current assets		**3,794,327**	4,018,159
Total assets less current liabilities		**3,977,375**	4,256,535
Creditors: amounts falling due after more than one year	12	**(668,728)**	(1,082,992)
Provisions for liabilities	14	**(91,353)**	(76,383)
Net assets		**3,217,294**	3,097,160
Capital and reserves			
Called up share capital	16	**785,437**	785,437
Special reserve	17	**–**	96,858
Share option reserve	17	**44,814**	31,313
Profit and loss account	17	**2,387,043**	2,183,552
Shareholders' funds		**3,217,294**	3,097,160

The financial statements were approved and authorised for issue by the Board of Directors on 9th April 2015.

Company No. 2958427



T E Stanley
Chief Executive Officer



I J Gray
Operations and Finance Director

The accompanying notes form part of these financial statements.

	Note	2014 £	2013 £
Net cash outflow from operating activities	19	**(904,572)**	(58,237)
Returns on investments and servicing of finance			
Finance lease interest paid		**(1,677)**	(11,437)
Other loan interest paid		**(36,552)**	(22,290)
Interest received		**13,102**	20,249
Net cash outflow from returns on investments and servicing of finance		**(25,127)**	(13,478)
Taxation		**(189,689)**	(184,219)
Capital expenditure			
Purchase of tangible fixed assets		**(105,502)**	(86,395)
Proceeds from sale of fixed assets		**–**	11,667
Net cash outflow from capital expenditure		**(105,502)**	(74,728)
Financing			
New loans/interest		**98,057**	500,000
Capital element of finance lease and hire purchase contracts		**(20,108)**	(226,538)
Net cash inflow from financing		**77,949**	273,462
Decrease in cash in the year	21	**(1,146,941)**	(57,200)

The accompanying notes form part of these financial statements.

1 Turnover and Profit/(Loss) on ordinary activities before taxation

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

The analysis of turnover by class of business, net assets and results, as required by the Companies Act 2006 and SSAP 25 Segmental Reporting, has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the Group.

	2014	2013
	£	£
The Profit/(Loss) 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	**34,560**	31,422
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	**7,556**	12,854
– tax services	**5,200**	5,800
– other services pursuant to legislation	**–**	3,955
Amortisation of goodwill	**132,837**	186,825
Depreciation of tangible fixed assets – owned	**126,084**	146,963
– leased	**23,963**	37,881
Loss on sale of fixed assets	**3,293**	4,566
Loss on foreign currency	**–**	35,795
Operating lease charges – land and buildings	**361,335**	474,768
Operating lease charges – other	**3,350**	3,350
Exceptional Items:		
Investment impairment	**154,174**	710,834
Costs in relation to the disposal of a subsidiary	**51,458**	274,024

Impairment review and costs accrued in relation to the disposal of a subsidiary

The value of the Group's investment in HR Experts Limited was impaired during 2014 by £104,174 to reflect the Board's estimation of its current value of £30,140, recognising profitability and future prospects. The entire shareholding of HBA Limited was sold to Senator Insurance Asset Management Limited on 31st March 2014 for £1. A further impairment of £50,000 and costs of £51,458 were incurred in 2014 relating to the disposal.

Earnings per share

	2014	2013
	£	£
Profit/(Loss) on operating activities before interest and taxation	**150,194**	(1,504,283)
Net interest	**(25,127)**	(13,478)
Taxation	**(98,823)**	32,434
Profit/(Loss) for the year	**26,244**	(1,485,327)
Weighted average shares in issue (number) – Basic	**3,974,061**	3,974,061
– Diluted	**4,059,184**	4,071,084
Earnings per share (pence) – Basic	0.66	(37.4)
Earnings per share (pence) – Diluted	0.65	(37.4)

2 Cost of sales and other operating charges

	2014 £			2013 £		
	Continuing Operations	Discontinued Operations	Totals	Continuing Operations	Discontinued Operations	Totals
Cost of Sales*	7,887,456	98,404	7,985,860	7,715,043	751,748	8,466,791
Staff costs	4,942,072	106,786	5,048,858	5,786,655	623,206	6,409,861
Administration expenses	267,901	12,165	280,066	345,591	63,221	408,812
Other operating costs	3,988,143	25,805	4,013,948	4,123,664	181,494	4,305,158
	9,198,116	**144,756**	**9,342,872**	10,255,910	867,921	11,123,831

*Cost of sales primarily represents commission paid to brokers on premiums written.

3 Net interest

	2014 £	2013 £
Interest income on bank deposits	**13,102**	20,249
Interest payable on finance leases and hire purchase contracts	**(1,677)**	(11,437)
Interest payable on other loans	**(36,552)**	(22,290)
	(25,127)	(13,478)

4 Directors and employees

Group

Staff costs during the year were as follows:	**2014 £**	2013 £
Wages and salaries	**4,317,024**	5,487,702
Social security costs	**387,516**	506,510
Pension costs	**344,318**	415,649
	5,048,858	6,409,861

The average number of employees during the year was:	**2014 Number**	2013 Number
Management	**24**	29
Other	**120**	155
	144	184

Remuneration in respect of company directors was as follows:

	2014 £	2013 £
Emoluments	**385,054**	444,533
Pension costs	**47,215**	45,215
	432,269	489,748

During the year, 4 directors (2013: 4 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:

	2014 £	2013 £
Emoluments	**115,453**	123,154
Pension costs	**18,009**	17,869
	133,462	141,023

5 Tax on Profit/Loss on ordinary activities

The taxation charge is based on the profit for the year and represents:	**2014** **£**	2013 £
Current tax:		
UK corporation tax at 21.49% (2013: 23.25%)	**84,238**	–
Adjustment in respect of prior periods	**–**	(2,662)
Total current tax	**84,238**	(2,662)
Deferred tax:		
Origination and reversal of timing differences	**25,618**	(60,666)
Adjustment in respect of prior periods	**(1,780)**	–
Effect of tax rate changes on opening balance	**(9,253)**	30,894
Total deferred tax (note 15)	**14,585**	(29,772)
Tax on profit on ordinary activities	**98,823**	(32,434)

Factors affecting the tax charge/(credit) for the year
The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 21.49% (2013: 23.25%). The differences are explained as follows:

	2014 **£**	2013 £
Profit/(Loss) on ordinary activities before tax	**125,067**	(1,517,761)
Profit/(Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	**26,877**	(352,879)
Effect of:		
Expenses not deductible for tax purposes	**83,707**	285,430
Depreciation in excess of capital allowances	**(25,605)**	(15,161)
Short term timing differences	**(4)**	(7,281)
Unrelieved tax losses and other deductions	**–**	89,891
Difference attributable to application of non standard tax rate	**(489)**	–
Previous period adjustments	**–**	(2,662)
Marginal relief	**(248)**	–
	84,238	(2,662)

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 £106,633 (2013: Loss £822,396).

7 Intangible fixed assets

Group	Goodwill on business acquired £	Goodwill on consolidation £	Total £
Cost			
At 1 January 2014	593,808	6,055,675	6,649,483
Additions	-	50,000	50,000
Disposals	-	(1,512,472)	(1,512,472)
At 31 December 2014	593,808	4,593,203	5,187,011
Amortisation			
At 1 January 2014	574,433	4,147,666	4,722,099
Provided in the year	1,250	131,587	132,837
Impairment	–	154,174	154,174
Disposals	–	(1,512,472)	(1,512,472)
At 31 December 2014	575,683	2,920,955	3,496,638
Net book amount			
At 31 December 2014	**18,125**	**1,672,248**	**1,690,373**
At 31 December 2013	19,375	1,908,009	1,927,384

8 Tangible fixed assets

Group

	Leasehold improvements £	Fixtures & fittings £	Cars £	Computers and other equipment £	Total £
Costs					
At 1 January 2014	567,699	310,285	75,540	3,296,320	4,249,844
Additions	-	-	19,000	86,502	105,502
Disposals	-	(79,589)	-	(80,626)	(160,215)
At 31 December 2014	567,699	230,696	94,540	3,302,196	4,195,131
Depreciation					
At 1 January 2014	565,189	308,815	59,894	3,062,971	3,996,869
Provided in the year	1,041	390	8,502	140,114	150,047
Disposed in the year	-	(78,668)	-	(78,256)	(156,924)
At 31 December 2014	566,230	230,537	68,396	3,124,829	3,989,992
Net book amount					
At 31 December 2014	**1,469**	**159**	**26,144**	**177,367**	**205,139**
At 31 December 2013	2,510	1,470	15,646	233,349	252,975

Included in the total net book value is £44,208 (2013: £49,172) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £23,963 (2013: £37,881).

8 Tangible fixed assets (continued)

Company

	Leasehold improvements £	Fixtures & fittings £	Cars £	Computers and other equipment £	Total £
Costs					
At 1 January 2014	559,737	221,825	75,540	3,137,047	3,994,149
Additions	–	–	19,000	63,632	82,632
Disposals	–	–	–	(33,610)	(33,610)
At 31 December 2014	559,737	221,825	94,540	3,167,069	4,043,171
Depreciation					
At 1 January 2014	557,226	221,408	59,894	2,922,245	3,760,773
Provided in the year	1,041	260	8,502	128,157	137,960
Disposed in the year	–	–	–	(33,610)	(33,610)
At 31 December 2014	558,267	221,668	68,396	3,016,792	3,865,123
Net book amount					
At 31 December 2014	**1,470**	**157**	**26,144**	**150,277**	**178,048**
At 31 December 2013	2,511	417	15,646	214,802	233,376

Included in the total net book value is £44,208 (2013: £49,172) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £23,963 (2013: £37,881).

9 Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 January and 31 December 2014	**5,000**

At 31 December 2014, 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	Dormant	Ordinary shares	100%	Broker Direct Retail Holdings Limited
Fitzsimons Insurance Consultants Limited	Dormant	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
Barry Fenton Insurance Brokers Limited	Dormant	Ordinary shares	100%	Broker Direct Retail Holdings Limited
Intelligent Trading Solutions Limited	Dormant	Ordinary shares	100%	Broker Direct Plc
BD Elite Limited	Motor Accident Management	Ordinary shares	100%	Broker Direct Plc

10 Debtors

	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
Broker and policyholder debtors	**7,887,723**	**7,751,428**	6,855,134	4,847,664
Insurer debtors	**518,748**	**518,748**	432,858	432,857
Amount owed by Group undertakings	**–**	**3,522,813**	–	3,731,013
Prepayments and accrued income	**284,364**	**253,781**	351,628	269,580
Other debtors	**16,326**	**13,828**	109,867	85,600
Deferred tax asset (note 15)	**176,556**	**178,041**	191,141	189,527
	8,883,717	**12,238,639**	7,940,628	9,556,241

Amounts owed by Group undertakings are repayable on demand, however the directors consider it unlikely that these will be demanded for repayment within twelve months of the balance sheet date.

11 Creditors: amounts falling due within one year

	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
Other loans	**513,698**	**513,698**	–	–
Payable to insurers	**11,126,205**	**11,070,616**	11,114,164	7,715,173
Pension contributions	**35,998**	**35,998**	52,909	41,263
Corporation tax	**84,271**	**–**	189,722	86,100
Other taxation and social security costs	**191,431**	**91,924**	189,644	88,158
Accruals and deferred income	**858,130**	**565,447**	1,378,388	918,680
Obligations under finance leases and hire purchase contracts	**6,630**	**6,630**	37,758	37,758
	12,816,363	**12,284,313**	12,962,585	8,887,132

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

Included in payables to insurers is £130,431 (2013: £207,947), which is secured by way of a fixed and floating charge over the assets of the Group.

12 Creditors: amounts falling due after more than one year

	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
Other loans	**926,592**	**–**	1,342,233	500,000
Technical reserves creditor	**594,625**	**594,625**	520,130	520,130
Obligations under finance leases and hire purchase contracts	**12,149**	**12,149**	1,129	1,129
Deferred income	**63,354**	**61,954**	66,408	61,733
	1,596,720	**668,728**	1,929,900	1,082,992

13 Borrowings

Borrowings are repayable as follows:

Within one year	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
Other loans	**513,698**	**513,698**	–	–
Amounts due under finance leases and hire purchase contracts	**6,630**	**6,630**	37,758	37,758
After one year and within two years				
Other loans	**505,474**	**–**	973,466	500,000
Amounts due under finance leases and hire purchase contracts	**12,149**	**12,149**	1,129	1,129
After two years and within five years				
Other loans	**421,118**	**–**	368,767	–
Amounts due under finance leases and hire purchase contracts	**–**	**–**	–	–
	1,459,069	**532,477**	1,381,120	538,887

Group and Company

The other loans are made up of two elements:

- £513,698 unsecured loan repayable in 2015.
- £926,592 repayable over two years in quarterly instalments commencing in January 2016. This is secured by a charge over the company's shareholding in Broker Direct Retail Holdings Limited, by Broker Direct Acquisitions Limited's shareholding in Insurance Compliance Services Limited, by a fixed charge over the assets of Insurance Compliance Services Limited and by a capped cross guarantee with Broker Direct Retail Holdings Limited.

14 Provisions for liabilities

Group

The movement in the provisions during the year was:	Commission clawback provision £	Onerous lease provisions £	Total £
At 1 January 2014	87,395	53,000	140,395
Utilised in the year	(87,395)	(53,000)	(140,395)
Additional provision for the year	91,353	–	91,353
At 31 December 2014	**91,353**	**–**	**91,353**

Onerous lease provision

A provision been created as the Group expects to receive no further benefit under lease and software contracts that it is still committed to pay despite no longer utilising the assets within the business following the trade disposals in 2011. The obligations under these agreements were fully settled during 2014.

Commission clawback provision

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

14 Provisions for liabilities (continued)

Company

The movement in the provisions during the year was:	**Commission clawback provision £**
At 1 January 2014	76,383
Utilised in the year	(76,383)
Additional provision for the year	91,353
At 31 December 2014	**91,353**

15 Deferred taxation

The potential deferred taxation asset is as follows:

	Group 2014 £	**Company 2014 £**	Group 2013 £	Company 2013 £
Depreciation in excess of capital allowances	**86,027**	**87,512**	109,033	107,419
Technical reserves	**12,056**	**12,056**	8,058	8,058
Trade losses	**78,473**	**78,473**	74,050	74,050
Deferred tax asset	**176,556**	**178,041**	191,141	189,527

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 2014 £	**Company 2014 £**	Group 2013 £	Company 2013 £
Deferred tax asset brought forward	**191,141**	**189,527**	161,369	160,143
Profit and loss account movement in the year (note 5)	**(14,585)**	**(11,486)**	29,772	29,384
Deferred tax asset carried forward (note 10)	**176,556**	**178,041**	191,141	189,527

16 Called up share capital

	2014 £	2013 £
Authorised		
6,000,000 "A" ordinary shares of £0.20 (2013 : £0.20) each	**1,200,000**	1,200,000
Allotted		
3,974,061 "A" ordinary shares of £0.20 (2013 : £0.20) each	**794,812**	794,812
Called up		
Fully paid		
3,911,561 "A" ordinary shares of £0.20 (2013 : £0.20) each	**782,312**	782,312
Partly paid		
62,500 "A" ordinary shares of £0.20 (2013 : £0.20) each one quarter called up and paid	**3,125**	3,125
	785,437	785,437

16 Called up share capital (continued)

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 22.

17 Reserves

Group

	Special reserve £	Share option reserve £	Profit and loss account £	Total £
At 1 January 2014	96,858	31,313	(407,234)	(279,063)
Share option reserve (note 22)	–	13,501	–	13,501
Transfer	(96,858)	–	96,858	–
Profit for the year	–	–	26,244	26,244
At 31 December 2014	**–**	**44,814**	**(284,132)**	**(239,318)**

On 23rd August 2006 the capital of the Company was reduced:

- from £6,000,000 divided into 6,000,000 shares of £1.00 each
- to £1,200,000 divided into 6,000,000 shares of £0.20 each

A special reserve of £96,858 was created by this reduction in share capital which could be returned to shareholders once all creditors as at the date of the reduction are discharged.

In 2014 the Board determined that all Creditors at the time of the reduction were discharged and accordingly, the special reserve was released to shareholder funds.

Company

	Special reserve £	Share option reserve £	Profit and loss account £	Total £
At 1 January 2014	96,858	31,313	2,183,552	2,311,723
Share option reserve (note 23)	–	13,501	–	13,501
Transfer	(96,858)	–	96,858	–
Profit for the year	–	–	106,633	106,633
At 31 December 2014	**–**	**44,814**	**2,387,043**	**2,431,857**

18 Reconciliation of movements in shareholders' funds

Group

	2014 £	2013 £
Profit/(Loss) for the financial year	**26,244**	(1,485,327)
Share option reserve	**13,501**	(10,786)
Shareholders' funds at 1 January	**506,374**	2,002,487
Shareholders' funds at 31 December	**546,119**	506,374

19 Net cash inflow from operating activities

	Discontinued £	Continued £	2014 Total £	2013 £
Operating profit/(loss)	**(56,812)**	**207,006**	**150,194**	(1,504,283)
Loss on sale of fixed assets	**–**	**3,293**	**3,293**	4,566
Depreciation	**749**	**149,298**	**150,047**	184,844
Amortisation and impairment review	**–**	**237,011**	**237,011**	897,659
Share option reserve	**–**	**13,501**	**13,501**	(10,786)
Decrease in debtors	**75,606**	**85,197**	**160,803**	190,735
Increase/(decrease) in trade creditors	**(166,235)**	**(346,748)**	**(512,983)**	109,645
Net cash inflow/(outflow) on trading	**(146,692)**	**348,558**	**201,866**	(127,620)
(Increase)/decrease in insurance debtors	**1,951,863**	**(3,070,342)**	**(1,118,479)**	(1,235,169)
Increase/(decrease) in insurance creditors	**(3,365,592)**	**3,377,633**	**12,041**	1,304,552
Net cash (outflow)/inflow from operating activities	**(1,560,421)**	**655,849**	**(904,572)**	(58,237)

Analysis of movement in insurance balances:

Continuing Activities:

	Continuing Activities at 1 January 2014 £	Movement £	Continuing Activities at 31 December 2014 £
Broker and policyholder debtors	4,903,271	2,984,452	7,887,723
Insurer debtors	432,858	85,890	518,748
Insurance cash balances	2,906,637	470,300	3,376,937
Payable to insurers	(7,748,572)	(3,377,633)	(11,126,205)
	494,194	163,009	657,203

Discontinuing Activities:

	Discontinuing Activities at 1 January 2014 £	Movement £	Discontinuing Activities at 31 December 2014 £
Broker and policyholder debtors	1,951,863	(1,951,863)	–
Insurance cash balances	1,647,467	(1,647,467)	–
Payable to insurers	(3,365,592)	3,365,592	–
	233,738	(233,738)	–

20 Reconciliation of net cash flow to movement in net funds

	2014 £	2013 £
(Decrease) in cash in the year (note 21)	**(1,146,941)**	(57,200)
Cash inflow from other loans	**(98,057)**	(500,000)
Cash outflow from finance leases and hire purchase contracts	**20,108**	226,538
Movement in net funds in the year	**(1,224,890)**	(330,662)
Net funds at 1 January	**4,037,147**	4,367,809
Net funds at 31 December	**2,812,257**	4,037,147

21 Analysis of changes in net funds

	At 1 January 2014 £	Cashflows £	At 31 December 2014 £
Cash in hand and at bank	5,418,267	(1,146,941)	**4,271,326**
Other loans	(1,342,233)	(98,057)	**(1,440,290)**
Finance leases and hire purchase contracts	(38,887)	20,108	**(18,779)**
	4,037,147	(1,224,890)	**2,812,257**

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 1 January 2014 £	Movement £	At 31 December 2014 £
Operational cash at bank and in hand	864,163	30,226	**894,389**
Insurance and client cash at bank and in hand	4,554,104	(1,177,167)	**3,376,937**
Total cash at bank and in hand	5,418,267	(1,146,941)	**4,271,326**

22 Share based payments

All schemes are equity settled. Details of the share options granted are set out below.

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.

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 20, 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.

84,436 shares have vested to qualifying individuals as at 31 December 2014.

Vested options are exercisable at any time until 31st March 2017.

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 20, 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 2014.

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

No 6 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.

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.

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).

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 2014.

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

Assumptions:

The Group uses the Black-Scholes model to fair value the Group's share options. During the year the debit was £13,501 (2013: £10,786 credit) and a corresponding credit (2013: debit) to other reserves.

23 Leasing commitments

Operating lease payments amounting to £348,502 (2013: £441,185) are due within one year. The leases to which these amounts relate expire as follows:

		2014		2013
	Land and buildings £	**Other £**	Land and buildings £	Other £
Annual commitments under operating leases which expire:				
– within one year	139,233	–	231,358	–
– within two to five years	206,477	2,792	206,477	3,350
	345,710	**2,792**	437,835	3,350

24 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 £344,318 (2013: £415,649). Contributions amounting to £35,998 (2013: £52,909) were payable to the scheme at 31 December 2014 and are included in creditors.

25 Contingent liabilities

There were no contingent liabilities at 31 December 2014 or 31 December 2013.

26 Related party transactions

The company has taken advantage of the exemption within FRS 8 and has not disclosed transactions with wholly owned subsidiaries.

27 Controlling party

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

28 Subsidiary company audit exemption

Greenhalgh & Gregson Limited (company number 01884731) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

Fitzsimons Insurance Consultant Limited (company number 02597609) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

Barry Fenton Insurance Brokers Limited (company number 03328483) is entitled to and has taken advantage of the exemption from statutory audit conferred under Section 479A of the Companies Act 2006.

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.

BD Elite 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.

HR Experts Limited (company number 04293917) 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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