BrokerDirect Plc
A better way to insure

annual report and accounts 2015

Contents

Company registration number:
02958427

Registered Office:
Deakins Park
Deakins Mill Way
Egerton
Bolton
BL7 9RW

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

Secretary:
I J Gray

Bankers:
Barclays Commercial Bank
51 Mosley Street
Manchester
M60 2AU

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

Chairman's Report

Overview

I am pleased to announce that the Group returned a significantly increased profit and an improved balance sheet in 2015, with every one of our main business lines making increased positive contributions on growing revenues.

Growth was achieved both in product distribution to broker agents and in Third Party Administration (TPA) activities. In agency distribution, product from a new valued insurer came on stream. This is providing a growing revenue source, more strategic security and is increasing our footprint in our brokers' accounts. The product will continue to be rolled out to our brokers during 2016. In TPA where we provide broker and claims related administration services to insurers, we saw substantial increases in volume and increased capabilities.

At BDElite Ltd, our claims management subsidiary, revenue and profits grew and broker recruitment had some impressive wins. The management believes that their focus on service is paying dividends in recruiting and retaining quality brokers who have the same view of customer satisfaction, be they large or small. We have been shortlisted for Claims Management Company of the Year at the Modern Claims Awards.

Insurance Compliance Services Ltd (ICS) again grew profitably as a result of increasing sales of London Market coverholder audits.

Service quality measures across the group continue to be impressive (see Strategic Report). Costs were contained contributing to the profitable result.

Results

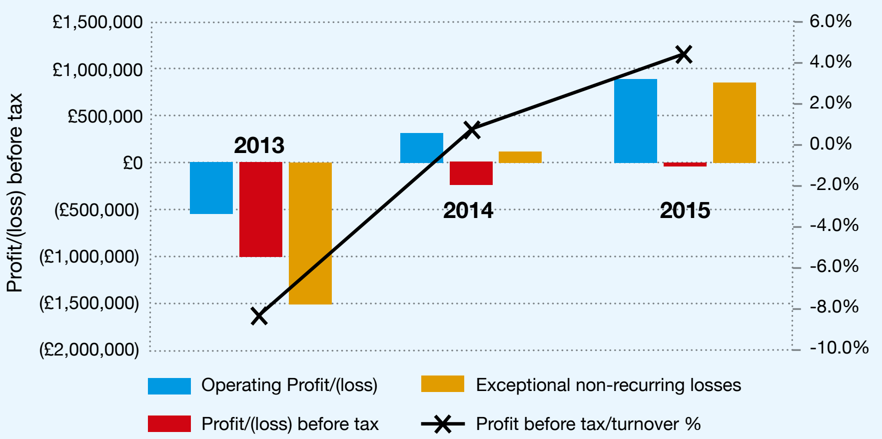
The Group made a pre-tax profit of £863,810 (2014: £125,067), £650,191 after tax (2014: £26,244). Turnover on continuing operations increased to £18,916,569 (2014: £17,332,577) a 9% rise. Cost of Sales (primarily broker commission) increased by 6.7% to £8,523,963 (2014: £7,985,860). Other Operating Charges grew by 1.4% to £9,511,366 (2014: £9,382,872). During the year the Group reduced its debt finance by £380,202 to £1,078,867. Operational cash increased by £605,913 to £1,500,302.

Markets

Motor premiums increased in 2015 and Household premiums have been fairly steady after a two year period of "soft market" where rates fell. This could be a relatively benign market for product distribution.

The Government have announced a "fundamental review" of claims management regulation, due to report in early 2016. Currently we have no information on likely outcomes. In the 2015 Autumn Statement the Chancellor announced new plans to curb whiplash payments and to increase the small claims court limit. These moves are being opposed by both defendant and claimant lawyers and the change in the small claims court limit was previously rejected by the Transport Select Committee who have concerns about their effect on access to justice. The extent and the way in which these measures are implemented may require some re-organisation of parts of BDElite's business.

Group results



Plans have also been announced to regulate point of sale procedures for add-on products such as those provided by BDElite, curb legal fees and enact various anti-fraud measures but these are not expected to affect our business model.

Other potential moves to reduce activity in the claims administration market have been suggested which could be more far reaching but may require significant primary legislation which may not be proportionate or publicly desirable. Insurers are exploring the potential of bilateral action to contain claims costs.

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

Outlook

The market penetration of both Broker Direct and BDElite leaves plenty of scope for growth. In 2016 the company will invest in increased sales and marketing activity in these areas; and in promoting our Third Party Administration capabilities.

Current market conditions should help to increase Broker Direct volumes. Add to this, new products coming on stream and the outlook for growth looks promising. The company's increasingly diversified range of products and insurers across both motor and household markets should provide greater stability in future market cycles.

This year Broker Direct will bring to the broker market a new product utilising telematics. This should be warmly welcomed by our brokers as it fulfils two longstanding requests: a product which appeals to the young driver market and an offering that makes the most of brokers' personal contact with policyholders.

The potential changes in the claims management market may affect BDElite's business model. However as with previous changes enacted over the last few years we will work to ensure that the excellent core service provided by BDElite to brokers and their clients will remain attractive.

ICS is expected to remain a steady profitable venture.

Personnel

The Board congratulates management and staff on a good year of innovation and consolidation. We look forward to further growth bringing with it opportunity for our staff.

Dividend

I am pleased to announce a resumed dividend of £0.02 per share will be proposed at the 2016 Annual General Meeting. The Board is conscious of the need to further strengthen the Balance Sheet and so have been prudent in arriving at this amount.

Roy Green
Chairman
4 April 2016

Business Model

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

We focus on our core competency, being the development, distribution and servicing of personal lines general insurances through insurance brokers.

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

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

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

Financial Metrics

	2015	2014
Revenue	**£18.92m**	£17.52m
EBITDA	**£1.17m**	£0.56m
Operating profit before exceptional items	**£0.91m**	£0.36m
Profit before tax	**£0.86m**	£0.13m
EBITDA per share	**29p**	14p
Operational cash inflow	**£0.65m**	£0.03m
Net financial debt *	**(£0.94m)**	(£1.73m)

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

Segmental Reporting – contributions to profit before tax

Profit/(loss) before tax	**2015**	2014
Broker Direct Plc & Broker Direct Retail Holdings Ltd	**£0.47m**	£0.03m
BDElite Ltd	**£0.26m**	£0.20m
Insurance Compliance Services Ltd	**£0.24m**	£0.21m
Other Group companies	**£0.04m**	£0.03m
Amortisation, impairment and, 2014 costs in relations to disposal of a subsidiary	**(£0.15m)**	(£0.34m)
Consolidated profit before tax	**£0.86m**	£0.13m

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:

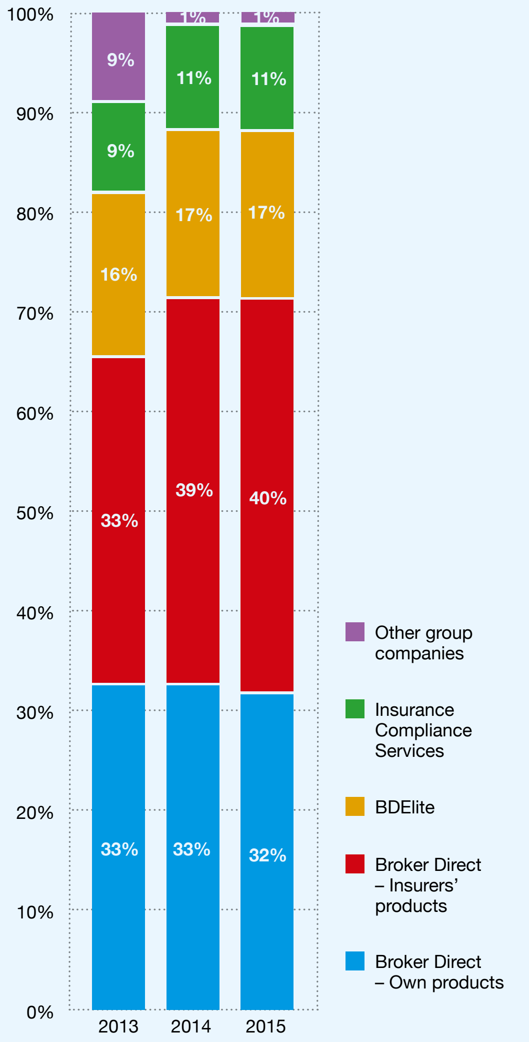
Market Risk

The Group's exposure to price risk consists mainly of movements in competitors' pricing policies in the insurance market.

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

The Company is managing its exposure to any one class of business or insurer by working closely with its selected panel of strategic partners.

Source of retained revenue



Broker Direct distributes and services a range of motor products underwritten by 4 insurers and a further range of household products, underwritten by 3 insurers, to its network of insurance brokers. These products are suitable for a substantial part of our brokers' market and as such the focus for 2016 is to concentrate on improving penetration of the current product suite, but also to develop additional products and additional insurance partnerships.

Broker Direct provides a range of administration services to insurers. This enables the company to capitalise on the quality of its operations such as its award winning claims service in the market as a whole. These services can be configured to an insurer's requirements often to fill a gap quickly and cost effectively, and are provided in the insurers own name or brand and where appropriate to an insurers own agency base. For instance current and previous contracts have included: a) full, end to end product build, distribution, premium administration and claims handling; b) product build, distribution and premium administration; c) full or partial claims handling alone. It is a core strategic objective to attract more insurers to these services.

BDElite's income is derived in the main from commission retained on the sale of motor legal expenses insurance policies, together with referral and recommender fee income earned when handling the claims arising on those policies. The focus for 2016 is to distribute the products to an increasing number of brokers.

Insurance Compliance Services' income is earned primarily from two sources; the provision of regulatory compliance advice to insurance brokers and conducting audits on behalf of insurers who delegate underwriting control to independent firms. This continues to be the strategy for 2016.

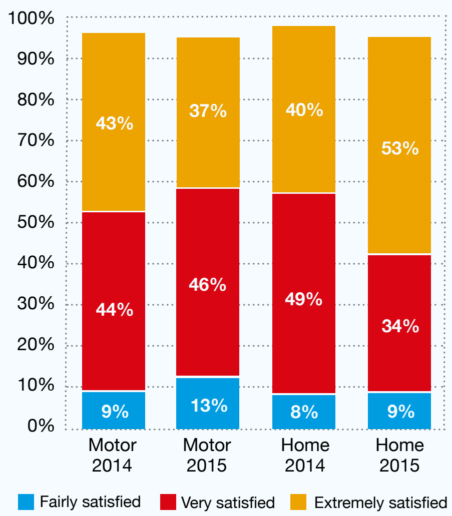
Operational risk

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

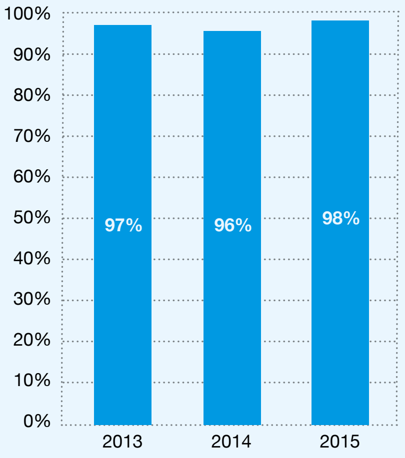
Customer Service

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

Claimants satisfaction with Broker Direct's service



Claimants who would recommend BDElite service



Technology

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

Additionally, the business is positioning itself to utilise new technologies where appropriate, for example, in the development of vehicle telematics and mobile apps for claims notification.

Legislation & Regulatory Compliance

The insurance regulatory environment is constantly under review and consequently routinely evolves with varying degrees of impact on the businesses of the Group. For example, in March 2016 the Government announced that it accepts the recommendations of the independent review into the regulation of claims management companies (CMC's). The government intends to transfer responsibility for regulating CMCs to the Financial Conduct Authority and make the new regime tougher. The details of this new regime are as yet unknown but will include a requirement for all CMC's, BDElite being one, to apply for re-authorisation.

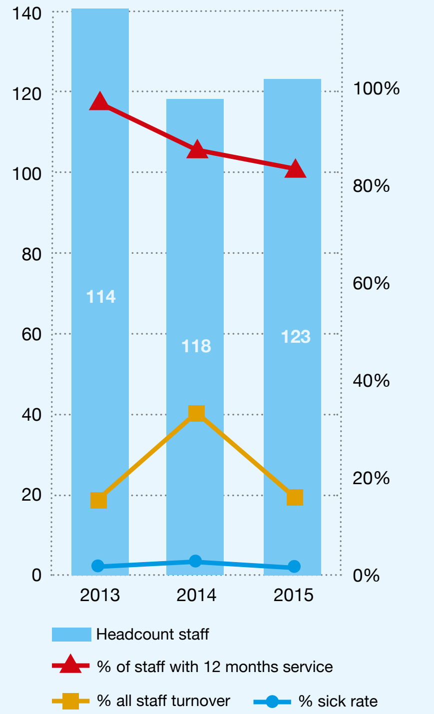
Staff

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

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

To this end the business has co-ordinated employee engagement policies addressing remuneration, recognition, progression and environment.

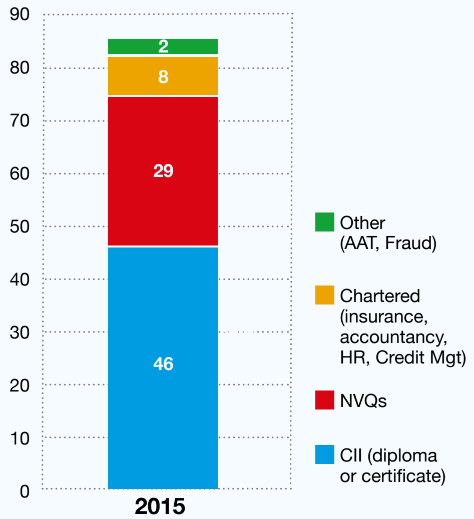
Broker Direct staffing (at year end)



In 2014 Broker Direct's staff levels dropped to the lowest level in recent years, when the Company also experienced its highest staff turnover rate, primarily driven by the redundancy program in that year which was a necessary part of the recovery plan.

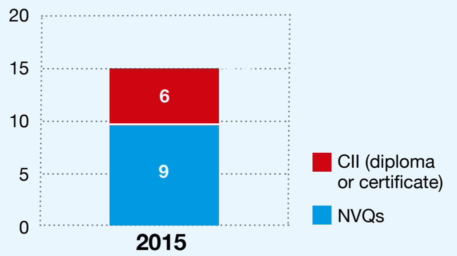
In making the redundancies, the Company recognised that once the financial position improved, it would be necessary to invest in some areas to rebuild the expertise that will support future growth. With the marked improvement in results, the Company began this exercise in the latter half of 2015.

Broker Direct staff qualifications

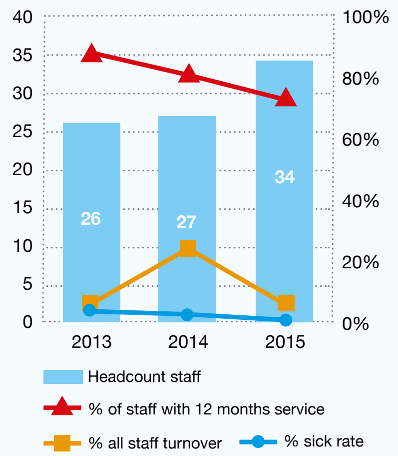


At BDElite, the upheaval to the accident management industry in 2013 arising from the ban on personal injury referral fees and the reduction in fixed recoverable costs for personal injury lawyers, was highly disruptive, lead to many firms withdrawing from the industry and others (BDElite included) having to markedly restructure the business. Throughout, BDElite has demonstrated its robustness and relevance to motor claimants which has translated into growth.

BDElite staff qualifications



BDElite staffing (at year end)



Financial Risk

Credit Risk

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

The principal trade debtor credit risks are:

- At Broker Direct
  - Broker agencies: Broker Direct collects premiums from brokers and passes them on to the insurers who 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 4% of group retained revenue (2014: 5%). Bad debt experience in 2015 was negligible (2014: 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 2015 was negligible (2014: negligible);
  - Third party administration services: Income streams are invoiced for subsequent settlement by insurers and key partners. Insurers and key partners are pre-vetted for their financial stability.
- At BDElite Ltd
  The suppliers of temporary replacement vehicles and legal services to motor accident claimants pay recommender fees to the Company, the single largest recommender fee income represents 7% of group retained revenue (2014: 5%)
- At Insurance Compliance Services Ltd
  Brokers and insurers utilise a range of compliance services, the single largest customer represents less than 1% of group turnover (2014: 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:

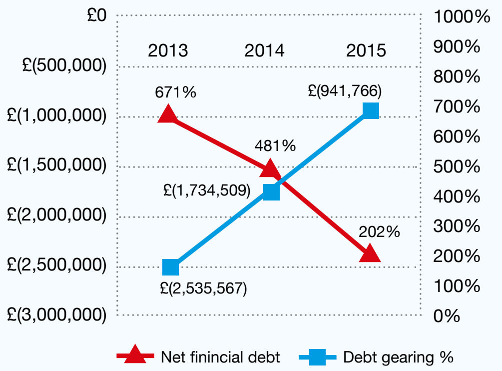
- Hold cash balances in readily accessible treasury deposits
- Utilise fixed interest, asset leasing facilities
- Utilise variable rate borrowing facilities for premium instalment business

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

The business has substantially reduced its borrowings and improved its debt gearing. At the end of 2015 the Group's:

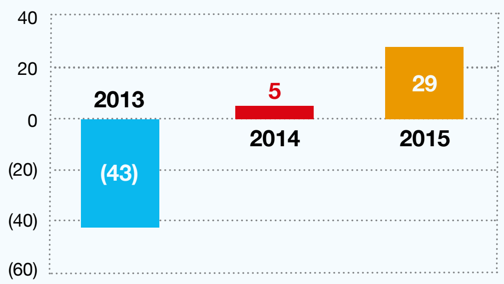
- financial indebtedness (measured as operating cash less total amounts payable) was down to (£0.9m), and
- debt gearing (total payable as a proportion of Shareholders' funds) improved from 671% in 2013 to 202% in 2015.

Broker Direct – Group Financial indebtedness



Interest rate risk
The low interest rate environment throughout 2015, 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.

Interest cover



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

The Group's interest cover (its ability to fund the interest charges out of profits) has improved to a multiple of 29 times profit. For a 1% increase in interest rates, the budgeted cost of borrowing in 2016 would increase by circa £9,000 (2015: circa £13,000).

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

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

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

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

BY ORDER OF THE BOARD

Iain Gray

Iain Gray
Finance Director

4 April 2016

The directors present their annual report and audited financial statements for the year ended 31 December 2015.

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

Directors' Interests

The directors who served during the year are shown below:

	Shareholding	Share options vested	Share options granted, not vested
Barbara Bradshaw	36,283	–	–
Iain Gray	200,108	18,709	106,291
Roy Green	171,613	13,728	–
Kedric Rhodes	19,280	–	–
Terry Stanley	151,602	18,709	106,291
Ann Tomlinson	123,913	14,455	85,545

Because of their modest shareholdings (less than 1% of issued share capital), Barbara Bradshaw and Kedric Rhodes are considered to be independent directors.

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

Directors' Liabilities

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

Appointment of Directors

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

Employment policies

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

Employee involvement

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

Dividends

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

No interim dividend was paid during the year (2014: Nil).

The directors propose a final dividend for the year of £0.02 per share (2014: Nil)

Going Concern

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

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic Report, the Report of the Remuneration Committee and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Grant Thornton UK LLP have indicated their willingness to be re–appointed 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
4 April 2016

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 2015 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 Terry Stanley, Iain Gray 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 now been partially restored by the award of an increase in salary of 9% payable from 1 January 2016. This year's result means that the executive directors have earned bonus and share options.

The current share holder authority allowing the Board to allocate up to 1,000,000 shares to employee share option schemes expires in July this year, at which time 653,639 shares are expected to have been granted with the potential to be exercised in the future. The Remuneration Committee wish to renew this authority for a further 1,372,300 shares in order to create new schemes which encourage entrepreneurship.

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 2015 which comprise the principal accounting policies, consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated cash flow statement, the consolidated and parent company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 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

4 April 2016

Consolidated statement of comprehensive income

	Note	**2015 £**	2014 £
Turnover			
Continuing operations		**18,916,569**	17,332,577
Discontinued operations		**–**	186,349
	5	**18,916,569**	17,518,926
Cost of sales		**(8,523,963)**	(7,985,860)
Gross profit		**10,392,606**	9,533,066
Other operating charges		**(9,511,366)**	(9,382,872)
Profit on operating activities before interest and taxation			
Continuing operations		**881,240**	207,006
Discontinued operations		**–**	(56,812)
		881,240	150,194
Operating profit before exceptional items		**909,147**	355,826
Exceptional Items			
Impairment of goodwill	6	**(27,907)**	(154,174)
Costs in relation to the disposal of a subsidiary	6	**–**	(51,458)
Profit on operating activities before interest and taxation		**881,240**	150,194
Interest receivable and similar income		**14,382**	13,102
Interest payable and similar charges		**(31,812)**	(38,229)
Profit on ordinary activities before taxation	6	**863,810**	125,067
Taxation	8	**(213,619)**	(98,823)
Profit/(Loss) for the financial year		**650,191**	26,244
Profit per share attributable to the owners of the parent Company			
- Basic (pence)		16.36	0.66
- Diluted (pence)		15.93	0.65

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

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

	Note	**2015** **£**	2014 £
Fixed assets			
Intangible assets	10	**1,541,412**	1,696,741
Tangible assets	11	**287,447**	198,771
		1,828,859	1,895,512
Current assets			
Debtors	14	**10,532,680**	8,883,717
Cash at bank and in hand	13	**5,036,241**	4,271,326
		15,568,921	13,155,043
Creditors: amounts falling due within one year	15	**(14,898,051)**	(12,816,363)
Net current assets		**670,870**	338,680
Total assets less current liabilities		**2,499,729**	2,234,192
Creditors: amounts falling due after more than one year	16	**(1,163,127)**	(1,596,720)
Provisions for liabilities	17	**(116,706)**	(91,353)
Net assets		**1,219,896**	546,119
Capital and reserves			
Called up share capital	19	**785,437**	785,437
Share option reserve	20	**68,400**	44,814
Profit and loss account	20	**366,059**	(284,132)
Shareholders' funds		**1,219,896**	546,119

The financial statements were approved and authorised for issue by the Board of Directors on 4 April 2016.

Company No. 02958427

T E Stanley
Chief Executive Officer

I J Gray
Operations and Finance Director

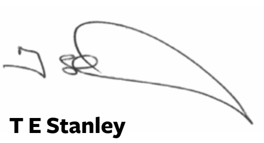
The accompanying notes form part of these financial statements.

Company statement of financial position

	Note	**2015** **£**	2014 £
Fixed assets			
Intangible assets	10	**34**	595
Tangible assets	11	**248,031**	177,453
Investments	12	**5,000**	5,000
		253,065	183,048
Current assets			
Debtors	14	**12,083,799**	12,238,639
Cash at bank and in hand		**4,483,028**	3,840,001
		16,566,827	16,078,640
Creditors: amounts falling due within one year	15	**(13,846,719)**	(12,284,313)
Net current assets		**2,720,108**	3,794,327
Total assets less current liabilities		**2,973,173**	3,977,375
Creditors: amounts falling due after more than one year	16	**(741,370)**	(668,728)
Provisions for liabilities	17	**(116,706)**	(91,353)
Net assets		**2,115,097**	3,217,294
Capital and reserves			
Called up share capital	19	**785,437**	785,437
Share option reserve	20	**68,400**	44,814
Profit and loss account	20	**1,261,260**	2,387,043
Shareholders' funds		**2,115,097**	3,217,294

The financial statements were approved and authorised for issue by the Board of Directors on 4 April 2016.

Company No. 02958427



T E Stanley
Chief Executive Officer

I J Gray
Operations and Finance Director

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

	Note	2015 £	2014 £
Cash flows from operating activities			
Profit for the financial year		**650,191**	26,244
Amortisation and impairment review		**159,253**	254,261
Depreciation		**110,253**	132,797
(Profit)/loss on sale of fixed assets		**(552)**	3,293
Share option expense		**23,586**	13,501
Interest paid		**31,812**	38,229
Interest received		**(14,382)**	(13,102)
Taxation		**213,619**	98,823
(Increase) in debtors		**(1,747,021)**	(957,676)
Increase/(decrease) in creditors		**2,014,200**	(500,942)
Cash from operations		**1,440,959**	(904,572)
Income taxes paid		**(76,111)**	(189,689)
Net cash used in investing activities		**1,364,848**	(1,094,261)
Cash flows from investing activities			
Proceeds from sale of tangible assets		**4,102**	–
Purchase of tangible and intangible fixed assets		**(206,403)**	(105,502)
Interest received		**14,382**	13,102
Net cash used in investing activities		**(187,919)**	(92,400)
Cash flows from financing activities			
(Loan repayments)/loan interest		**(490,266)**	98,057
Finance lease interest paid		**(8,380)**	(1,677)
Other loan interest paid		**(23,432)**	(36,552)
New finance leases and hire purchase contracts		**125,048**	–
Repayment of finance leases and hire purchase contracts		**(14,984)**	(20,108)
Net cash from financing activities		**(412,014)**	39,720
Net increase/(decrease) in cash and cash equivalents		**764,915**	(1,146,941)
Cash and cash equivalents at the beginning of the year		**4,271,326**	5,418,267
Cash and cash equivalents at the end of the year		**5,036,241**	4,271,326

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

	Called up share capital	Special reserve	Share option reserve	Profit and loss account	**Total – all attributable to owners of the parent**
	£	£	£	£	**£**
At 1 January 2014	785,437	96,858	31,313	(407,234)	**506,374**
Profit for the year	–	–	–	26,244	**26,244**
Other comprehensive income for the year:					
Reclassification from special reserve to profit and loss account	–	(96,858)	–	96,858	**–**
Increase in share option reserve	–	–	13,501	–	**13,501**
Total comprehensive income for the year	**–**	**(96,858)**	**13,501**	**123,102**	**39,745**
At 31 December 2014	**785,437**	**–**	**44,814**	**(284,132)**	**546,119**
Profit for the year				650,191	**650,191**
Other comprehensive income for the year:					
Increase in share option reserve	–	–	23,586	–	**23,586**
Total comprehensive income for the year	**–**	**–**	**23,586**	**650,191**	**673,777**
At 31 December 2015	**785,437**	**–**	**68,400**	**366,059**	**1,219,896**

Company statement of changes in equity

	Called up share capital	Special reserve	Share option reserve	Profit and loss account	**Total – all attributable to owners of the parent**
	£	£	£	£	**£**
At 1 January 2014	785,437	96,858	31,313	2,183,552	**3,097,160**
Profit for the year	–	–	–	106,633	**106,633**
Other comprehensive income for the year:					
Reclassification from special reserve to profit and loss account	–	(96,858)	–	96,858	**–**
Increase in share option reserve	–	–	13,501	–	**13,501**
Total comprehensive income for the year	**–**	**(96,858)**	**13,501**	**203,491**	**120,134**
At 31 December 2014	**785,437**	**–**	**44,814**	**2,387,043**	**3,217,294**
(Loss) for the year				(1,125,783)	**(1,125,783)**
Other comprehensive income for the year:					
Increase in share option reserve	–	–	23,586	–	**23,586**
Total comprehensive income for the year	**–**	**–**	**23,586**	**(1,125,783)**	**(1,102,197)**
At 31 December 2015	**785,437**	**–**	**68,400**	**1,261,260**	**2,115,097**

1 Company information

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

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

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

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

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

2 Basis of preparation

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

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 28 for an explanation of the transition.

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

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

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's loss for the year was £1,125,783 (2014: Profit £106,633).

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

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

Going Concern

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

At 31 December 2015, operational cash balances amounted to £1,500,302 (note 13) (2014: £894,389) and other loans amount to £950,023 (notes 15 and 16) (2014: £1,440,290).

The directors have prepared consolidated forecasts for the 2 years' ending 31 December 2017. The forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash balances. After review of the forecasts and consideration of the Group's resources, together with its long standing relationships with insurers and brokers, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

3 Significant judgements and estimates

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

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

- Going concern (refer to Note 2 – Basis of preparation, Going Concern)
- Technical reserves (refer to Turnover accounting policy)
- Impairment of goodwill (refer to Intangible Assets accounting policy)
- Software development (refer to Intangible Assets accounting policy)
- Deferred tax (refer to Taxation accounting policy)
- Share options (refer to Employee Share Schemes accounting policy)
- Recoverability of inter-company debtor balances.

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

4 Principal accounting policies

a) Business combinations

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

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

b) Investment in subsidiaries

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

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

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

c) Intangible assets

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

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

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

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

- The technical feasibility of completing the software so that it will be available for use or sale
- The intention to complete the software and use or sell it
- The ability to use the software or sell it
- How the software will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the software
- The ability to measure reliably the expenditure attributable to the software during its development.

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

• Software development costs	5 years
• Goodwill	20 years

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

d) Tangible assets

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

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

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

e) Impairment of assets

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

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

f) Investments

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

g) Cash at bank and in hand

Cash received for insurance premiums, claims and commissions is held on trust in separate 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 13).

h) Insurance debtors and creditors

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

i) Other debtors

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

j) Other creditors

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

k) Leases

Where the Group enters into a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee, the lease is treated as a finance lease. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives.

Future instalments under such leases, net of finance charges, are included in creditors. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

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

l) Provisions for liabilities

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

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

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

m) Taxation

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

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

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

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

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

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

n) 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.

o) Employee benefits

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

p) Employee share schemes

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

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

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

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

q) 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.

5 Turnover and Profit on ordinary activities before taxation

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

Turnover, analysed by category, was as follows:

	2015 £	2014 £
Commissions	**15,070,668**	13,899,581
Rendering of services	**3,845,901**	3,619,345
	18,916,569	17,518,926

6 Profit on ordinary activities before taxation

	2015 £	2014 £
The Profit on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration:		
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	**33,197**	34,560
Fees payable to the Group's auditors for other services:		
– fees payable to the Group's auditors for the audit of the subsidiaries' annual financial statements	**8,223**	7,556
– tax services	**3,554**	5,200
– other services pursuant to legislation	**7,200**	–
Amortisation of goodwill	**125,121**	132,837
Depreciation of intangible fixed assets	**6,225**	17,250
Depreciation of tangible fixed assets – owned	**77,795**	108,834
– leased	**32,458**	23,963
(Gain)/Loss on sale of fixed assets	**(552)**	3,293
Operating lease charges – land and buildings	**369,004**	361,335
Operating lease charges – other	**2,490**	3,350
Exceptional Items:		
Investment impairment	**27,907**	154,174
Costs in relation to the disposal of a subsidiary	**–**	51,458

Impairment review

The value of the Group's investment in Insurance Compliance Services Limited was impaired during 2015 by £825,406 to reflect the Board's estimation of its current value, recognising both net asset values and future profits. In addition, the investment value of HR Experts Limited was impaired by £30,140 (2014: £222,386), bringing its holding value down to nil (2014: £30,140).

7 Directors and employees

Group

Staff costs during the year were as follows:	**2015 £**	2014 £
Wages and salaries	**4,479,903**	4,317,024
Social security costs	**405,382**	387,516
Pension costs	**368,460**	344,318
	5,253,745	5,048,858

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider. Pension payments recognised as an expense during the year amount to £368,460 (2014: £344,318).

The average number of employees during the year was:	**2015 Number**	2014 Number
Management	**23**	24
Other	**127**	120
	150	144

Remuneration in respect of company directors was as follows:

	2015 £	2014 £
Emoluments	**479,640**	385,054
Pension costs	**50,000**	47,215
	529,640	432,269

During the year, 3 directors (2014: 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:

	2015 £	2014 £
Emoluments	**144,035**	115,453
Pension costs	**18,612**	18,009
	162,647	133,462

8 Tax on Profit on ordinary activities

The taxation charge is based on the profit for the year and represents:	**2015 £**	2014 £
Current tax:		
UK corporation tax at 20.25% (2014: 21.49%)	**123,721**	84,238
Adjustment in respect of prior periods	**(8,160)**	–
Total current tax	**115,561**	84,238
Deferred tax:		
Origination and reversal of timing differences	**90,438**	25,618
Resulting from a change in tax rate	**7,620**	(1,780)
In respect of prior periods	**–**	(9,253)
Total deferred tax (note 18)	**98,058**	14,585
Total tax charge on profit on ordinary activities	**213,619**	98,823

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 20.25% (2014: 21.49%). The differences are explained as follows:

	2015 £	2014 £
Profit on ordinary activities before tax	**863,811**	125,067
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.49%)	**174,892**	26,877
Effect of:		
Expenses not deductible for tax purposes	**39,810**	83,712
Effect of reduction in opening deferred tax on change of rate	**17,655**	–
Adjustment for tax rate differences	**(10,571)**	(2,265)
Effect of current year events on prior period current tax	**(8,160)**	–
Effect of current year events on prior period deferred tax	**–**	(9,253)
Marginal relief	**(7)**	(248)
	213,619	98,823

9 Profit for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent company's loss for the year was £1,125,783 (2014: Profit £106,633).

10 Intangible fixed assets

Group

	Computer Software Development £	Goodwill on business acquired £	Goodwill on consolidation £	Total £
Cost				
At 1 January 2015	1,138,890	593,808	4,593,203	6,325,901
Additions	3,924	–	–	3,924
At 31 December 2015	1,142,814	593,808	4,593,203	6,329,825
Depreciation and impairment				
At 1 January 2015	1,132,522	575,683	2,920,955	4,629,160
Provided in the year	6,225	1,250	123,871	131,346
Impairment	–	–	27,907	27,907
At 31 December 2015	1,138,747	576,933	3,072,733	4,788,413
Net book amount				
At 31 December 2015	**4,067**	**16,875**	**1,520,470**	**1,541,412**
At 31 December 2014	6,368	18,125	1,672,248	1,696,741

Amortisation of intangible fixed assets is included in administration expenses.

Company

	Computer Software Development £
Cost	
At 1 January 2015	1,105,920
Additions	–
At 31 December 2015	1,105,920
Depreciation and impairment	
At 1 January 2015	1,105,325
Provided in the year	561
At 31 December 2015	1,105,886
Net book amount	
At 31 December 2015	**34**
At 31 December 2014	595

Amortisation of intangible fixed assets is included in administration expenses.

The company's insurance transaction processing system is included within software development costs and has a carrying value of £34 (2014: £595). It will be fully amortised in 2016.

11 Tangible fixed assets

Group

	Leasehold improvements £	Fixtures & fittings £	Cars £	Computers and other equipment £	Total £
Costs					
At 1 January 2015	567,699	230,694	94,540	2,163,306	3,056,239
Additions	14,635	–	41,930	145,914	202,479
Disposals	–	(552)	(35,500)	(35,295)	(71,347)
At 31 December 2015	582,334	230,142	100,970	2,273,925	3,187,371
Depreciation					
At 1 January 2015	566,230	230,537	68,396	1,992,305	2,857,468
Provided in the year	2,874	157	11,431	95,791	110,253
Disposed in the year	–	(552)	(31,950)	(35,295)	(67,797)
At 31 December 2015	569,104	230,142	47,877	2,052,801	2,899,924
Net book amount					
At 31 December 2015	**13,230**	**–**	**53,093**	**221,124**	**287,447**
At 31 December 2014	1,469	157	26,144	171,001	198,771

Included in the total net book value is £131,275 (2014: £44,208) in respect of motor vehicles and computer equipment held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £32,458 (2014: £23,963).

Company

	Leasehold improvements £	Fixtures & fittings £	Cars £	Computers and other equipment £	Total £
Costs					
At 1 January 2015	559,737	221,825	94,540	2,061,149	2,937,251
Additions	14,635	–	21,000	139,388	175,023
Disposals	–	(400)	(35,500)	–	(35,900)
At 31 December 2015	574,372	221,425	80,040	2,200,537	3,076,374
Depreciation					
At 1 January 2015	558,267	221,668	68,396	1,911,467	2,759,798
Provided in the year	2,874	157	8,815	89,049	100,895
Disposed in the year	–	(400)	(31,950)	–	(32,350)
At 31 December 2015	561,141	221,425	45,261	2,000,516	2,828,343
Net book amount					
At 31 December 2015	**13,231**	**–**	**34,779**	**200,021**	**248,031**
At 31 December 2014	1,470	157	26,144	149,682	177,453

Included in the total net book value is £112,961 (2014: £44,208) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £29,842 (2014: £23,963).

12 Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 January and 31 December 2015	**5,000**

At 31 December 2015, the Company had the following principal subsidiaries which are registered in England and Wales.

Name of	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	Dissolved 26 January 2016
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	Dissolved 26 January 2016
Intelligent Trading Solutions Limited	Dormant	Ordinary shares	100%	Broker Direct Plc	Dissolved 26 January 2016
BDElite Limited	Motor Accident Management	Ordinary shares	100%	Broker Direct Plc	

13 Cash at bank and in hand

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

	At 1 January 2015 £	Movement £	At 31 December 2015 £
Operational cash at bank and in hand	894,389	605,913	**1,500,302**
Insurance and client cash at bank and in hand	3,376,937	159,002	**3,535,939**
Total cash at bank and in hand	4,271,326	764,915	**5,036,241**

14 Debtors

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Broker and policyholder debtors	**9,666,789**	**9,435,543**	7,887,723	7,751,428
Insurer debtors	**503,388**	**503,388**	518,748	518,748
Amount owed by Group undertakings	**-**	**1,806,649**	-	3,522,813
Prepayments and accrued income	**276,785**	**251,218**	284,364	253,781
Other debtors	**7,220**	**6,675**	16,326	13,828
Deferred tax asset (note 18)	**78,498**	**80,326**	176,556	178,041
	10,532,680	**12,083,799**	8,883,717	12,238,639

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.

15 Creditors: amounts falling due within one year

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Other loan	**540,779**	**–**	513,698	513,698
Payable to insurers	**12,982,223**	**12,907,473**	11,126,205	11,070,616
Pension contributions	**31,761**	**30,094**	35,998	35,998
Corporation tax	**123,722**	**18,971**	84,271	–
Other taxation and social security costs	**194,845**	**83,624**	191,431	91,924
Accruals and deferred income	**979,347**	**767,773**	858,130	565,447
Obligations under finance leases and hire purchase contracts	**45,374**	**38,784**	6,630	6,630
	14,898,051	**13,846,719**	12,816,363	12,284,313

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

Included in payables to insurers is £94,711 (2014: £130,431), which is secured by way of a fixed and floating charge over the assets of the Group.

16 Creditors: amounts falling due after more than one year

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Other loans	**409,244**	**–**	926,592	–
Technical reserves creditor	**642,344**	**642,344**	594,625	594,625
Obligations under finance leases and hire purchase contracts	**83,470**	**71,757**	12,149	12,149
Deferred income	**28,069**	**27,269**	63,354	61,954
	1,163,127	**741,370**	1,596,720	668,728

Loans are repayable as follows:

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Within one year				
Other loan	**540,779**	**–**	513,698	513,698
Amounts due under finance leases and hire purchase contracts	**45,374**	**38,784**	6,630	6,630
After one year and within two years				
Other loan	**409,244**	**–**	505,474	-
Amounts due under finance leases and hire purchase contracts	**83,470**	**71,757**	12,149	12,149
After two years and within five years				
Other loan	**–**	**–**	421,118	–
Amounts due under finance leases and hire purchase contracts	**–**	**–**	–	–
	1,078,867	**110,541**	1,459,069	532,477

Group and Company

The other loan is 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. The interest rate on the loan is 2% above LIBOR.

17 Provisions for liabilities

Group and Company

The movement in the provisions during the year were:	Commission clawback provision £	Total £
At 1 January 2015	91,353	91,353
Utilised in the year	(91,353)	(91,353)
Additional provision for the year	116,706	116,706
At 31 December 2015	**116,706**	**116,706**

Commission clawback provision

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

18 Deferred taxation

The potential deferred taxation asset is as follows:

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Depreciation in excess of capital allowances	**46,689**	**48,517**	86,027	87,512
Technical reserves	**31,809**	**31,809**	12,056	12,056
Trade losses	**–**	**–**	78,473	78,473
Deferred tax asset	**78,498**	**80,326**	176,556	178,041

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 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Deferred tax asset brought forward	**176,556**	**178,041**	191,141	189,527
Profit and loss account movement in the year (note 8)	**(98,058)**	**(97,715)**	(14,585)	(11,486)
Deferred tax asset carried forward (note 14)	**78,498**	**80,326**	176,556	178,041

The amount of the net reversal of deferred tax expected to occur next year is £5,890 (2014: £94,450), relating to the reversal of existing timing differences on tangible fixed assets and provisions.

19 Called up share capital

	2015 £	2014 £
Authorised		
6,000,000 "A" ordinary shares of £0.20 (2014 : £0.20) each	**1,200,000**	1,200,000
Allotted		
3,974,061 "A" ordinary shares of £0.20 (2014 : £0.20) each	**794,812**	794,812
Called up		
Fully paid		
3,911,561 "A" ordinary shares of £0.20 (2014 : £0.20) each	**782,312**	782,312
Partly paid		
62,500 "A" ordinary shares of £0.20 (2014 : £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 21.

20 Reserves

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

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

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

21 Share based payments

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

No 4 Enterprise Management Incentive Scheme (2007)

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

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

84,436 shares have vested to qualifying individuals as at 31 December 2015.

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

No 4 Enterprise Management Incentive Scheme (2014)

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

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

   21,670 shares have vested to qualifying individuals as at 31 December 2015.

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

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

   Nil shares have vested to qualifying individuals as at 31 December 2015.

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

No 5 Company Share Option Plan

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

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

687 shares have vested to qualifying individuals as at 31 December 2014.

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

Assumptions:

The Group uses the Black-Scholes model to fair value the Group's share options. During the year the debit was £23,586 (2014: £13,501 debit) and a corresponding credit (2014: credit) to other reserves.

22 Leasing commitments

Future operating lease payments are due as follows:

	2015 Land and buildings £	**2015** Other £	2014 Land and buildings £	2014 Other £
Operating lease payments payable:				
– within one year	**363,154**	**–**	345,710	–
– within two to five years	**291,305**	**–**	654,459	2,792
	654,459	**–**	1,000,169	2,792

23 Capital commitments and contingent liabilities

There were no contingent liabilities at 31 December 2015 or 31 December 2014.

24 Related party transactions

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

25 Financial risk management

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

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

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

27 Controlling party

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

27 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 Consultants 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.

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

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

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

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.

28 Transition to FRS 102

The company has adopted FRS 102 for the year ended 31 December 2015. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or statement of comprehensive income.

A better way to insure

Broker Direct Plc
Deakins Park
Deakins Mill Way
Egerton
Bolton
BL7 9RW

Tel: 01204 600 200
Fax: 01204 600 255