COMPANY REGISTRATION NUMBER 02906084

THE BROKER NETWORK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2017

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Company registration number	02906084
The board of directors	Mr A Alway (appointed 1 April 2018) Mr I Clark Mr S Drew Mr A Fairchild Mr P Meehan Mr D O'Connor Mr T Rolfe (resigned 30 April 2018)
Company secretary	Mr S Drew Callidus Secretaries Ltd
Registered office	Hexagon House Grimbald Crag Close Knaresborough North Yorkshire HG5 8PJ
Statutory auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA

The directors present this Strategic Report for the 12 months ended 31 December 2017 for The Broker Network Limited (the 'Company').

Our Business

Broker Network is the largest and longest established network for regional independent general insurance Brokers in the UK. Our business supports community-based, entrepreneurial brokers by: collectively negotiating with our insurer & service partners; providing exclusive products; delivering access to market-leading business support services; and providing a timely exit and/or development route for Members & like-minded brokers.

Our Strategy

Our mission to grow, protect & support independent brokers and independent broking in the UK gives us a clear long-term base for our strategy, built on three pillars:

- **Members** – Delivering market leading business support services to Members for a fee, including but not limited to: client money & insurer reconciliation; agency & terms of business agreement (TOBA) management; risk & compliance management; marketing consultancy; systems support; and human resource (HR) consultancy. This is in addition to delivering efficient and effective sales, marketing & conduct-assured access to a hard-to-reach member base for our insurer partners.

- **Products** – Providing 'exclusively yours...' products available only to our Members built within our MGA (Broker Network Underwriting) and within insurer-backed scheme & facility arrangements. These products are typically designed specifically for our Members' SME customer base, and provide a competitive trading edge for our Members. On 2 October 2017, the majority of the trade and assets relating to the MGA business were transferred from The Broker Network Limited to a new company, Broker Network (MGA) Limited.

- **Partners** – Building regional broking 'Powerhouses' through the majority acquisition of Members and like-minded brokers. This approach creates a number of regional broking centres, with stable and ambitious management teams, who pursue a strategy to acquire satellite brokers and deliver organic growth.

The results reported in The Broker Network Limited financial statements are aligned to delivery of the Members and Products Pillars above. During the year the Company transferred the trade and assets of the BN Underwriting business to a fellow subsidiary.

Our Performance

We are pleased to report a significant step-up in **trading results**, with revenues for the Company at £12.9m (2016: £10.3m). The Company's statutory profit after tax was £2.6m compared to a profit of £1.2m for the comparative period in 2016. For a comprehensive review of the Bravo Group please refer to Bravo Investment Holdings Limited Financial Statements.

We are delighted to report another record-breaking year for our year-end **Member Perception & Satisfaction Survey**. This external market research surveys a random selection of 150-200 Members and includes a Net Promoter Score assessment, which this year stood at +60 (+54 in PY) for our Premier Members, producing a stable long-term improving performance which is considered 'best in class' and represents a significant turnaround from the directly comparable score of -3 in 2012. Each of our 15 member service areas are assessed with HR Consultancy (+80); Risk & Compliance Management (+80); Agency & TOBA Management (+70); and Business Development (+60) leading the way.

Overall **Member numbers** remain stable with +25 Joiners in the Year (+26 in 2016 & +12 in 2015), including continued support for new start-ups as we continue to invest in the long-term future of independent broking. Our upgrade programme delivered a further +10 upgrades into our Premier & Advantage membership tiers. We also took the opportunity to carry out a re-shaping of the membership base which led to the exit of -10 Members who didn't fit the profile of our SME broking community base.

The continuation of our organic growth agenda including the ground-breaking Organic Growth Programme for our Premier Members has delivered a deeply encouraging +13% growth in gross written premiums (GWP) for this segment of Members, with a collective GWP now at >£500m. **SME independent broking is alive and thriving.**

We continue to invest in **Member service** delivery and innovation, including the launch of: a member marketing portal; a client letter suite; refreshed employee handbooks; a file auditing service; member dashboards & member benchmarking; as well as continued investment in our business development manager support team. Our member engagement programme stepped up with the delivery of the first interactive live TV-style broadcast called 'BN Live' giving the executive team and >350 Members the chance to present, discuss and answer questions on strategy and industry issues.

Our **'exclusively yours...'** suite of products has been significantly enhanced with the launch of BN Premium Finance (in partnership with Premium Credit) and BN London Markets (in partnership with Bishopsgate). Our MGA (BN Underwriting) showed continued progress in both revenues (+15%) and EBITDA (+10%) delivering products with QBE, Chubb & Ageas capacity to the membership base. The roll-out of Countrywide e-traded products onto the trading platforms of all four strategic software partners (Open GI; Acturis; SSP & Applied) continues.

We have further strengthened relationships with our **strategic insurer & MGA panel** of: Ageas; Allianz; Axa; NIG; RSA & Geo Underwriting. A high-quality quarterly executive-level engagement programme focusses on the sales and marketing effort and supports the delivery of product and service enhancements. This has helped deliver strong overall year-on-year growth and profitability for our insurer partners, with a number again reporting significant double-digit commercial lines growth.

Our **people & our culture** remain as key differentiators for our business. We are pleased to report a continuing commitment to the delivery of our market-leading services by our In-house teams, delivered with no outsourcing. This approach, together with the continued growth in the business, is supported by the recruitment of 50+ new people in the year, positioned alongside no defections from our stable, experienced and delivery-focussed wider leadership team.

Finally we are delighted to report the acquisition of further industry awards for B2B Marketing Campaign of the Year & Technology Innovation of the Year, as well as winning the overall **Network of the Year** award at the Insurance Age UK Broker Awards 2017.

Our Outlook

We enter 2018 with a strong market position, and for the Company, will have a continued laser-like focus on the execution of our strategy for the Members and Products Pillar in:

- Delivering a category-defining suite of member services and commissions for our Members; and
- Creating new exclusive member-only products

Our long-term mission to **grow, protect & support independent brokers** & independent broking in the UK sits at the heart of our business. This year has seen us develop an enviable market position as the UK's pre-eminent network with an emerging and differentiated retail broking model, which we intend to fully utilise to further execute on our clearly defined strategy.

Approved by the Board on 18 June 2018 and signed on its behalf by:

Andy Fairchild
Chief Executive Officer

Devonshire House
4^{th} Floor
1 Mayfair Place
London
W1J 8AJ

The directors present their report and the financial statements for the year ended 31 December 2017 for The Broker Network Limited.

Directors of the Company

Details of directors, including appointments and resignations during the financial year, and changes since the end of the financial year are provided on page 2.

Dividends

The directors do not recommend a final dividend payment to be made in respect of the financial year ended 31 December 2017 (2016: £23.3m).

Financial risk management objectives and policies

The Company manages its risks in line with the Group risk management policies. For the Bravo Group, all risks are monitored by the operation of an Enterprise Risk Management Framework which is owned by the Risk and Compliance Director. The framework requires all risks to have owners, and those owners to have appropriate controls in place to mitigate the risks, the status of all identified risks and any actions required to bring risks within tolerance are regularly monitored and significant changes to the risk escalated as required.

Future developments

Details of future developments can be found in the Strategic Report within the 'Outlook' section on page 5.

Political and charitable donations

The Company made charitable donations of £3,406 (2016: £2,113) to charities including Children in Need and Harrogate Homeless as part of the company's drive to support regional and national charities. There were no political donations during the period (2016: £nil).

Employees

The Company actively encourages all employees to become involved in the Company's activities and information is shared on a regular basis as part of a strong internal communications plan. Quarterly face-to-face communication sessions ensure that all staff have an awareness of the financial and economic factors affecting the performance of the business.

A bi-weekly newsletter provides commentary on business issues relating to the overall Group and individual activity. Policies and procedures which support employees within their roles are available centrally.

Employees are consulted on a regular basis so that their views can be taken into account in making decisions which are likely to affect their interests. This is achieved by pulse-check employee engagement surveys and a monthly Forum group.

Employees are encouraged to be involved in Company's performance. The discretionary bonus scheme makes annual cash awards based on a combination of The Group's overall performance and individual performance against agreed objectives.

Employment of disabled persons

The Company's policy is to recruit disabled workers for those vacancies that they have the appropriate skills and technical ability to perform. Once employed, a career plan is developed to ensure that suitable opportunities exist for each disabled person. Employees who become disabled during their working life will be retrained if necessary and wherever possible will be given help with any necessary rehabilitation and training. The Company is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

Going concern

The financial statements of the Company set out on pages 11 to 34 have been prepared on a going concern basis. The directors have given this matter due consideration and on the basis of their enquiries believe the going concern basis to be appropriate following assessment of the Company's financial position and its ability to meet its obligations as and when they fall due in the foreseeable future which is deemed to be a minimum of 12 months from the date of approval of the accounts. Further details of this assessment can be found in note 1 to these financial statements.

Director's liabilities

All directors during the year benefited from qualifying third party indemnity provisions, subject to the conditions set out in the Companies Act 2006, in place during the financial year and at the date of this report.

Disclosure of information to auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of, and of which they know the auditor is unaware.

Reappointment of auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 18 June 2018 and signed on its behalf by:

Mr S Drew
Director

Hexagon House
Grimbald Crag Close
Knaresborough
North Yorkshire
HG5 8PJ

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Directors' Report 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

Opinion

We have audited the financial statements of The Broker Network Limited ('the Company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit for the financial year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic Report and Directors' report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Alain de Braekeleer (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Leeds,
LS1 4DA

18 June 2018

THE BROKER NETWORK LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Revenue	3	**12,875**	10,268
Administrative expenses	4	**(9,396)**	(8,963)
Operating profit		**3,479**	1,305
Other interest receivable and similar income		**29**	41
Interest payable and similar charges		**(68)**	(49)
Profit before tax		**3,440**	1,297
Tax charge for the year	5	**(800)**	(145)
Profit for the financial year		**2,640**	1,152
Other comprehensive income for the financial year, net of tax		**-**	-
Total comprehensive income for the financial year		**2,640**	1,152

The above results were derived from continuing operations.

The notes on pages 15 to 34 form part of these financial statements.

THE BROKER NETWORK LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	**378**	397
Intangible assets	7	**305**	383
Other financial assets		**534**	425
Deferred tax assets	8	**67**	107
		1,284	1,312
CURRENT ASSETS			
Trade and other receivables	9	**9,026**	4,951
Cash and cash equivalents	10	**17,011**	16,520
		26,037	21,471
TOTAL ASSETS		**27,321**	22,783
EQUITY			
CAPITAL AND RESERVES			
Share capital	11	**226**	226
Share premium		**454**	454
Retained earnings		**5,431**	2,791
TOTAL EQUITY		**6,111**	3,471
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred income		**-**	80
Provisions	12	**70**	65
		70	145
CURRENT LIABILITIES			
Deferred income		**155**	151
Current tax		**520**	154
Trade and other payables	13	**20,465**	18,862
		21,140	19,167
TOTAL EQUITY AND LIABILITIES		**27,321**	22,783

Approved by the Board on 18 June 2018 and signed on its behalf by

Company registration number: 02906084

Mr S Drew, Director

The notes on pages 15 to 34 form part of these financial statements.

THE BROKER NETWORK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

2017	**Share capital £000**	**Share premium £000**	**Retained earnings £000**	**Total equity £000**
Balance at the beginning of the financial year	**226**	**454**	**2,791**	**3,471**
Total comprehensive income	**-**	**-**	**2,640**	**2,640**
Balance at the end of the financial year	**226**	**454**	**5,431**	**6,111**

2016	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
Balance at the beginning of the financial year	226	454	24,980	25,660
Transactions with owners of the Company:				
Dividends paid during the financial year	-	-	(23,341)	(23,341)
Total comprehensive income	-	-	1,152	1,152
Balance at the end of the financial year	226	454	2,791	3,471

The notes on pages 15 to 34 form part of these financial statements.

THE BROKER NETWORK LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Profit before tax		**3,440**	1,297
Adjustments for non-cash items			
Depreciation	6	**85**	75
Amortisation	7	**164**	103
Loss on the sale of intangible assets		**-**	1
Fair value movement of other financial assets		**-**	50
		249	229
Tax paid during the year		**(294)**	(99)
Movements in working capital			
Increase in other financial assets		**(109)**	-
(Increase) / decrease in trade and other receivables		**(4,175)**	20,448
Decrease in other assets and other liabilities		**-**	(335)
Increase in trade and other payables		**1,603**	6,871
Increase / (decrease) in provisions		**5**	(24)
Decrease in deferred income		**(76)**	(124)
Net cash flows from operating activities		**(2,752)**	26,836
Cash flows from investing activities			
Payments to acquire property, plant and equipment	6	**(68)**	(47)
Transfer of property, plant and equipment to fellow subsidiary	6	**2**	-
Payments to acquire intangible assets	7	**(275)**	(220)
Transfer of intangible assets	7	**189**	-
Net cash flows from investing activities		**(152)**	(267)
Cash flows from financing activities			
Payment of dividends		**-**	(23,341)
Net cash flows from financing activities		**-**	(23,341)
Net change in cash flows for the financial year		**491**	4,655
Cash and cash equivalents at the beginning of the financial year		**16,520**	11,865
Cash and cash equivalents at the end of the financial year	10	**17,011**	16,520

The notes on pages 15 to 34 form part of these financial statements.

1. BASIS OF PREPARATION

The Company's financial statements for the year were authorised for issue on 18 June 2018 and the statement of financial position signed on the board's behalf by Mr S Drew. The Broker Network Limited is a limited company incorporated and domiciled in England & Wales.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the company are set out in note 2.

The financial statements are presented in Pounds Sterling (£), rounded to the nearest thousand, unless otherwise stated.

Standards and interpretations issued and effective

There are no new standards, amendments or interpretations that are effective for the first time for the current financial year that have a material impact on the Company.

Standards and interpretations issued but not yet effective

The Company is assessing the impact of the following relevant revised standards, amendments and interpretations that are not yet effective. Where already endorsed by the EU, these changes will be adopted on the effective dates noted. Where not yet endorsed by the EU the adoption date is less certain:

- IFRS 9 Financial Instruments: Classification and Measurement, effective 2018 financial year.
- IFRS 15 Revenue from Contracts with Customers, effective 2018 financial year.
- IFRS 16 Leases, effective 2018 financial year.

The Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 Financial Instruments

IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. It introduces new rules for hedge accounting, and a new impairment model for financial assets based around credit risk. Adoption of IFRS 9 is mandatory for periods beginning on or after 1 January 2018.

The Company has reviewed its financial assets and liabilities and does not expect the new guidance to affect the classification and measurement of those assets and liabilities. The Company's financial assets and liabilities are listed below:

- Other financial assets
- Trade receivables
- Cash
- Trade payables

All of the above items are presented at amortised cost. The Company does not intend to apply the option in IFRS 9 to measure its 'not available for sale' liabilities at fair value through the profit and loss account.

The Company does not expect to recognise any impairment to its financial assets based on expected credit losses. Its forward looking information does not suggest any risk of default.

1. BASIS OF PREPARATION (continued)

Standards and interpretations issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 will replace IAS 18, which covers contracts for goods and services, and IAS 11, which covers construction contracts. IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The Company intends to adopt the standard using the modified retrospective approach, which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The Company has assessed the effects of applying the new standard on its financial statements, and does not anticipate any impact. The current revenue recognition approach already identifies separate performance obligations, and recognises revenue only when economic benefits are probable and the value of the revenue can be reliably measured.

IFRS 16 Leases

IFRS 16 will replace IAS 17 with effect from 1 January 2019. The Company does not intend to adopt the new standard early.

Of the other IFRSs that are available for early adoption, none are expected to have a material impact on the financial statements. The Company plans to adopt the standards on their effective date.

Going concern

The financial statements of the Company set out on pages 11 to 34 have been prepared on a going concern basis. The directors have given this matter due consideration and on the basis of their enquiries believe the going concern basis to be appropriate following assessment of the Company's financial position and its ability to meet its obligations as and when they fall due in the foreseeable future which is deemed to be a minimum of 12 months from the date of approval of the accounts.

At 31 December 2017 the Company had net assets of £6.1m (2016: £3.5m) and net current assets of £1.7m (2016: £2.2m) excluding intra group balances.

Liquidity is managed at the Group level with short term liquidity monitored through daily cash flow analysis. The Group maintains internal liquidity limits that it has maintained throughout the financial year.

2. ACCOUNTING POLICIES

Revenue recognition

(a) Commission and Fees

Commission is earned and is recognised based on the insurance business transacted by our Members. Fixed and adhoc fees are earned based on services provided and are recognised when the services are rendered.

Commission and fees earned from brokerage activity are recognised at later of policy inception date or when the policy placement has been completed and confirmed, income on policy acceptance is deferred until this point.

(b) Trading deals and profit commission arrangements

Profit sharing arrangements and fees for other contingent and non-contingent trading deals with third parties are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty.

Taxation

The tax expense for the financial year comprises current and deferred tax. Income tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority which permits the Company to make a single net payment. Deferred tax assets and liabilities are not discounted.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the income statement in the period of de-recognition.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

2. ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Leasehold improvements	Over the remaining life of the lease
Fixtures and fittings	15% per annum straight line
Furniture and office equipment	20% per annum straight line
Computer hardware	25% per annum straight line

Intangible assets

Intangible assets with finite useful economic lives include computer software stated at cost less accumulated amortisation and impairment losses if any.

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Computer software	Straight line over 4 years

Where software development projects are incomplete, costs are capitalised as work in progress and included within intangible assets. These costs are not subject to amortisation until completion of the project.

Impairment of fixed assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Reversals of impairment

An impairment loss is reversed only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. ACCOUNTING POLICIES (continued)

Insurance transactions

All insurance is transacted by its Members on their own account. However, for a number of Members and acquired businesses, the Company holds client money and manages these funds in accordance with FCA CASS 5 rules. In consequence the ledger transactions in terms of insurance creditors, insurance debtors and client money are held on the Company's balance sheet (refer to notes 10 and 13).

Under FCA CASS 5 rules client money can be held in either a statutory or non-statutory trust account. The Company holds the client money of those Members to whom it provides this service in a non-statutory trust account. Monies held in this account are used for the purpose of discharging liabilities relating to its Members insurance transactions only.

Cash and cash equivalents

Cash and cash equivalents, other than client and insurer monies, comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

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

Provisions are measured at the director's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statements on a straight line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Share premium

Share premium is the amount by which the fair value of the consideration received exceeds the nominal value of shares issued. Expenses and commissions paid on the issue of shares are written off against the share premium of the same issue.

Defined contribution pension plans

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2. ACCOUNTING POLICIES (continued)

Defined contribution pension plans (continued)

For defined contribution plans, contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Financial assets

Financial assets are initially measured at fair value plus directly attributable transaction costs. The Company's financial assets include loan to Members, cash, trade and other receivables. . Their subsequent measurement is at amortised cost using the effective interest rate method.

Financial liabilities

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value plus directly attributable transaction costs. The Company's financial liabilities include trade and other payables. Their subsequent measurement is at amortised cost.

Critical judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

Revenue recognition

Profit sharing arrangements and fees for other contingent and non-contingent trading deals with third parties are recognised over the life of the relevant arrangement or when they can be measured with reasonable certainty. The amount and timing of trading deal and profit commission income is inherently uncertain and individual amounts may be material. Amounts accrued at the year end and recognised as assets may be judgmental. A change in estimation of trading deal or profit commission income could have a material effect on the Company financial performance.

Impairment of assets

An impairment loss is recorded where the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The recoverable amount of an asset is determined based on value in use calculations which require management to make assumptions and estimates about the future. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, operational cash flows, the financial health of and near-term business outlook for the business of which the asset is a part and industry and sector performance.

2. ACCOUNTING POLICIES (continued)

Carrying value of non-current assets

The carrying value of non-current assets includes loans to members of the network. The assets are classified as loans at amortised cost however initial fair value is measured based on a valuation technique including discounted cash flow analysis using unobservable inputs (level 3). Judgment is required in determining the appropriate interest rate to use, which should be the prevailing market rate of interest for a similar instrument with a similar credit rating issued at the same time.

Estimated useful lives

Assets, other than assets with indefinite useful lives, are carried at historical cost less amortisation or depreciation calculated to write off the cost of such assets over their estimated useful lives.

Management determines the estimated useful lives and related amortisation or depreciation charges at inception or purchase. The estimated useful life is reviewed annually and the amortisation or depreciation charge is revised where useful lives are subsequently found to be different to those previously estimated.

3. REVENUE

The analysis of the Company's revenue for the financial year from continuing operations is as follows:

	2017	2016
	£000	£000
Member income	**3,541**	3,378
Insurance income	**9,334**	6,890
	12,875	10,268

Member income represents commission and fee income derived directly from Members themselves. Insurance income represents commission and fee income, trading deals and profit commissions receivable from insurers. Revenue consists entirely of sales made in the United Kingdom.

4. ADMINISTRATIVE EXPENSES

	2017	2016
	£000	£000
Staff costs	**10,135**	6,589
Management recharge*	**(2,915)**	(1,400)
	7,220	5,189
Other administration costs	**1,354**	3,074
Depreciation expense	**85**	75
Amortisation expense	**164**	103
Operating lease expense – property	**283**	284
Operating lease expense – other	**205**	184
Loss on disposal of property, plant and equipment	**-**	-
Loss on disposal of intangible assets	**-**	1
Auditors' remuneration	**85**	53
	9,396	8,963

*The Company acts as the paying agent for employee remuneration and recharges other Group companies for cost of staff working within those companies.

4. ADMINISTRATIVE EXPENSES (continued)

Auditor's remuneration	**2017**	2016
	£000	£000
Audit of these financial statements	**47**	27
Audit related assurance services	**38**	26
	85	53

Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017	2016
	£000	£000
Wages and salaries	**9,271**	5,808
Social security costs	**738**	647
Pension costs - defined contribution scheme	**126**	134
Management recharge*	**(2,915)**	(1,400)
	7,220	5,189

*The Company acts as the paying agent for employee remuneration and recharges other Group companies for cost of staff working within those companies.

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2017	2016
	No.	No.
Administration	**127**	114
Sales	**15**	14
Management	**20**	16
	162	144

Director's remuneration	**2017**	2016
	£000	£000
Executive Directors	**893**	449
Non-Executive Directors	**36**	12
Contributions paid to money purchase schemes	**8**	4
	937	465

The aggregate emoluments and amounts receivable under incentive schemes of the highest paid Director was £364k (2016: £193k).

5. INCOME TAX

	Note	2017 £000	2016 £000
Current tax			
Current year		**(760)**	(252)
Total current tax charge		**(760)**	(252)
Deferred tax			
Current year		**(40)**	107
Total deferred tax (charge) / credit	8	**(40)**	107
Total tax charge		**(800)**	(145)

	2017 £000	2016 £000
Reconciliation of the tax charge:		
Profit on ordinary activities before tax	**3,440**	1,297
Tax calculated at rate of 19.25% (2016: 20%)	**(662)**	(259)
Effects of:		
Expenses not deductible for tax purposes	**(97)**	(15)
Write down of deferred tax assets	**(40)**	154
Adjustments to tax charge in respect of prior periods	**(11)**	(23)
Impact of corporation tax rate change	**-**	(2)
Other	**10**	-
Total tax charge	**(800)**	(145)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group and parent Company's future current tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £000	Furniture and office equipment £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost					
At the beginning of the financial year	704	275	42	228	1,249
Additions	-	-	-	68	68
Transfers out	-	-	-	(9)	(9)
At the end of the financial year	704	275	42	287	1,308
Accumulated depreciation					
At the beginning of the financial year	(381)	(275)	(32)	(164)	(852)
Charge for year	(47)	-	(3)	(35)	(85)
Transfers out	-	-	-	7	7
At the end of the financial year	(428)	(275)	(35)	(192)	(930)
Net book value					
At the beginning of the financial year	323	-	10	64	397
At the end of the financial year	276	-	7	95	378

Transfers out represent tangible fixed assets sold to a fellow subsidiary at net book value as part of a business transfer.

7. INTANGIBLE ASSETS

	Computer software £000
Cost	
At the beginning of the financial year	1,002
Additions	275
Transfers out	(255)
At the end of the financial year	1,022
Amortisation	
At the beginning of the financial year	(619)
Charge for the year	(164)
Transfers out	66
At the end of the financial year	(717)
Carrying value	
At the beginning of the financial year	383
At the end of the financial year	305

Transfers out represent tangible fixed assets sold to a fellow subsidiary at net book value as part of a business transfer.

8. DEFERRED TAX

	2017 £000	2016 £000
Deferred tax asset at the beginning of the financial year	107	154
Settlements in the financial year	-	(154)
(Charged) / credited to the income statement:		
Current year	(40)	107
Deferred tax asset at the end of the financial year	67	107

	2017 £000	2016 £000
Deferred tax comprises:		
Accelerated depreciation	67	107
Net deferred tax asset	67	107

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date as disclosed in note 5.

9. TRADE AND OTHER RECEIVABLES

	2017 £000	2016 £000
Gross trade and other receivables	9,163	4,983
Provision for impairment	(137)	(32)
Net trade and other receivables	9,026	4,951

	2017 £000	2016 £000
Trade and other receivables are analysed as follows:		
Trade receivables in relation to insurance transactions	1,142	1,554
Receivables from related parties (refer note 14)	6,845	2,188
Accrued income	259	1,006
Prepayments	917	228
Other receivables	-	7
	9,163	4,983

All amounts are recoverable within one year.

Trade receivables are non-interest bearing and are generally on 30 - 90 day settlement terms.

Provision for impairment	2017 £000	2016 £000
At the beginning of the financial year	(32)	(6)
Charge against profits	(105)	(26)
Utilisation	-	-
At the end of the financial year	(137)	(32)

10. CASH AND CASH EQUIVALENTS

	2017	2016
	£000	£000
Cash at bank	17,011	16,520
	17,011	16,520

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank.

Cash at bank includes £14.5m (2016: £15.1m) which constitutes restricted client money and insurer money, and £1.0m (2016: £0.8m) in office accounts which are considered restricted and not available to pay the general debts of the company.

11. SHARE CAPITAL

	2017		2016	
	No.	£000	No.	£000
Allotted, called up and fully paid				
Ordinary A shares (£1 each)	79,000	79	79,000	79
Ordinary B shares (£1 each)	58,700	58	58,700	58
Ordinary C shares (£1 each)	72,701	73	72,701	73
Non-voting shares (£1 each)	16,023	16	16,023	16

Ordinary A shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Ordinary B shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Ordinary C shares have full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

Non-voting shares do confer a right to attend and speak at general meetings of the Company, but not to vote thereat. In all other ways they rank pari passu to the Ordinary A, Ordinary B and Ordinary C shares. They do not confer any rights of redemption.

12. PROVISIONS

	2017	2016
	£000	£000
At the beginning of the financial year	65	89
Released in the financial year	-	(30)
Unwind of discount amount	5	6
At the end of the financial year	70	65

All provisions are due to be settled after more than one year.

Provisions relate to the estimated amounts payable for dilapidation on properties at the end of the lease term.

Provisions greater than one year are discounted at the rate of 8.75% (2016: 8.75%). The finance charge relating to the unwind of the discount has been charged to the income statement.

13. TRADE AND OTHER PAYABLES

	2017	2016
	£000	£000
Current		
Trade payables	**14,744**	15,620
Payable to related parties (refer note 14)	**3,675**	2,046
Accrued liabilities	**1,049**	936
Other payables	**997**	260
	20,465	18,862

Included within trade payables is £14.3m (2016: £15.1m) relating to insurer and client monies.

14. RELATED PARTY TRANSACTIONS

Parent, subsidiary and ultimate controlling party

The Broker Network Limited is 100% owned by Bravo Holdings Investment 3 Limited a company registered in England & Wales at Devonshire House, 4th Floor, 1 Mayfair Place, London, W1J 8AJ. The Company has no direct holdings in any subsidiaries, associates or joint ventures. The ultimate UK parent company is Bravo Investment Holdings Limited.

The majority shareholder of Bravo Investment Holdings Limited as at 31 December 2017 was Nevada Investments Topco Limited who held 77.1% of the issued share capital. The majority of the remaining ordinary shares were held by Towergate Insurance Limited (19.9%). On 19 January 2018, Nevada Investment Holdings 2 Limited ("Nevada") purchased the Nevada Investments Topco Limited and Towergate Insurance Limited shareholdings.

Bravo Investment Holdings Limited is the ultimate UK parent of a number of subsidiaries that form the Group (the 'Bravo Group').

For the purposes of related party disclosures, transactions with all companies of the Group are included and are listed as follows:

Name	Principal Activity	Registered Address	Relationship
Bravo Investment Holdings Limited	Holding company	Note 1	Ultimate UK parent
Bravo Investment Holdings 2 Limited	Holding company	Note 1	Intermediate parent
Bravo Investment Holdings 3 Limited	Holding company	Note 1	Immediate parent
Broker Network (MGA) Limited	Insurance broker	Note 2	Fellow subsidiary
Countrywide Insurance Management Limited	Insurance broker support	Note 2	Fellow subsidiary
Broker Network Partner Holdings Limited	Holding company	Note 2	Fellow subsidiary
Verulam Holdings Limited	Holding company	Note 2	Fellow subsidiary
F.C.I.B (Holdings) Limited	Holding company	Note 3	Fellow subsidiary
Finch Commercial Insurance Brokers Limited	Insurance broker	Note 3	Fellow subsidiary
Taylor Beaumont (Insurance Consultants) Ltd	Insurance broker	Note 3	Fellow subsidiary
Miller & Co (Insurance Brokers) Limited	Insurance broker	Note 3	Fellow subsidiary
Berry Investment Holdings Limited	Holding company	Note 2	Fellow subsidiary
Boyd & Company Limited	Insurance broker	Note 4	Fellow subsidiary
Links Investment Holdings Limited	Holding company	Note 2	Fellow subsidiary
Orangechart Limited	Holding company	Note 2	Fellow subsidiary

14. RELATED PARTY TRANSACTIONS (continued)

Name	Principal Activity	Registered Address	Relationship
Thompson & Richardson (Lincoln) Ltd	Insurance broker	Note 5	Fellow subsidiary
Quadrupl Limited	Holding company	Note 2	Fellow subsidiary
Thompson & Richardson Limited	Insurance broker	Note 5	Fellow subsidiary
Burgess Thompson & Richardson Limited	Insurance broker	Note 6	Fellow subsidiary
Plaice Thompson & Richardson Limited	Insurance broker	Note 7	Fellow subsidiary
Stamford Investment Holdings Limited	Holding company	Note 2	Fellow subsidiary
Hawkwood Investment Holdings Limited	Holding company	Note 2	Fellow subsidiary

Note 1 - Registered address: Devonshire House, 4th Floor, 1 Mayfair Place, London, W1J 8AJ
Note 2 - Registered address: Hexagon House, Grimbald Crag Close, Knaresborough, North Yorkshire, HG5 8PJ
Note 3 - Registered address: 53a Crockamwell Road, Woodley, Reading, Berkshire, RG5 3JP
Note 4 - Registered address: 5 Mill Street, Paisley, Renfrewshire, PA1 1LY
Note 5 - Registered address: Monument House, Southgate, Sleaford, Lincolnshire, NG34 7RL
Note 6 - Registered address: 11 High Street, Boston, Lincolnshire, PE21 8SH
Note 7 - Registered address: 70a Castlegate, Grantham, Lincolnshire, NG31 6SH

	2017	2016
	£000	£000
Trading activities		
Receivable from related parties:		
Bravo Investment Holdings Limited	**-**	8
Bravo Investment Holdings 2 Limited	**25**	1
Bravo Investment Holdings 3 Limited	**5,189**	1,962
Broker Network Partner Holdings Limited	**1,549**	157
F.C.I.B (Holdings) Limited	**6**	-
Miller & Co (Insurance Brokers) Limited	**1**	-
Boyd & Company Limited	**1**	-
Berry Investment Holdings Limited	**4**	-
Stamford Investment Holdings Limited	**1**	-
Verulam Holdings Limited	**69**	60
	6,845	2,188
Payable to related parties:		
Bravo Investment Holdings Limited	**(203)**	-
Broker Network (MGA) Limited	**(16)**	-
Finch Commercial Insurance Brokers Limited	**(1,297)**	-
Countrywide Insurance Management Limited	**(2,160)**	(2,046)
	(3,676)	(2,046)
Net receivable from related parties	**3,169**	142

Loan receivable from related parties

During the period the company entered into a floating rate loan agreement with its parent company Bravo Investment Holdings 3 Limited which is due on written demand. Interest, of LIBOR + 850 basis points with a minimum floor, is paid quarterly in arrears. Included in trading activities above is accrued interest in relation to the loan. The carrying value at the balance sheet date is £300k (2016: £nil).

Transactions with other related parties

Key management personnel are considered to be the Board of the Company and other Group companies including the shareholders of the ultimate UK parent.

14. RELATED PARTY TRANSACTIONS (continued)

Transactions with other related parties (continued)

Transactions with shareholders of the Group

The company has entered into arm's length commercial transactions with Towergate Insurance Limited. Net balances due to Towergate Insurance Limited at the end of the financial period were £435k (2016: due to £218k) with net transactions of £625k (2016: £214k) for the financial period.

Transactions with a Non-Executive Director for the financial year amounted to £34k (2016: £36k) for the provision of training services to Group members.

Key management compensation

Key management compensation for directors of the Company is disclosed in note 4.

15. OBLIGATIONS UNDER LEASES

The total future value of minimum operating lease payments is as follows:

	2017	2016
	£000	£000
Within one year	**438**	375
Within two to five years	**1,263**	1,178
Greater than five years	**207**	584
	1,908	2,137

During the year, the company leased a property and motor vehicles under operating leases.

The Company has no contracts deemed to be finance leases as at the balance sheet date (2016: none).

16. PENSIONS

The company operates a defined contribution pension scheme. The pensions cost for the year represents contributions payable by the company to the scheme and amounted to £125,568 (2016: £134,073).

Contributions totalling £49,425 (2016: £23,518) were payable to the scheme at the end of the year and are included in trade and other payables.

17. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The table below analysis the balance sheet carry values of financial assets and liabilities by IFRS classification:

2017	**Receivables & cash and equivalents £000**	**Liabilities at amortised cost £000**	**Total £000**
Assets			
Other financial assets	**534**	**-**	**534**
Trade and other receivables	**9,026**	**-**	**9,026**
Cash and cash equivalents	**17,011**	**-**	**17,011**
Total financial assets	**26,571**	**-**	**26,571**
Non-financial assets			**750**
Total assets			**27,321**
Liabilities			
Trade and other payables	**-**	**20,465**	**20,465**
Total financial liabilities	**-**	**20,465**	**20,465**
Non-financial liabilities			**745**
Total liabilities			**21,210**
Capital and reserves			**6,111**
Total liabilities and equity			**27,321**

2016	Receivables & cash and equivalents £000	Liabilities at amortised cost £000	Total £000
Assets			
Other financial assets	425	-	425
Trade and other receivables	4,951	-	4,951
Cash and cash equivalents	16,520	-	16,520
Total financial assets	21,896	-	21,896
Non-financial assets			887
Total assets			22,783
Liabilities			
Trade and other payables	-	18,862	18,862
Total financial liabilities	-	18,862	18,862
Non-financial liabilities			450
Total liabilities			19,312
Capital and reserves			3,471
Total liabilities and equity			22,783

17. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

The above fair values have been calculated in accordance with IFRS 13, which values assets individually rather than as a portfolio.

The carrying values of financial instruments measured at fair value are determined in accordance with the following hierarchy:

Level 1 – Quoted market prices in active markets
Financial instruments with quoted prices for identical instruments in active markets. The best evidence of fair value is a quoted market price in an actively traded market.

Level 2 – Valuation techniques using observable inputs
Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable. The valuation techniques used to value these instruments employ only observable market data.

Level 3 – Valuation techniques using unobservable inputs
This is used for financial instruments valued using models where one or more significant inputs are not observable.

All initial fair values are valued using a valuation technique using unobservable inputs (level 3). Cash flows are discounted at a credit adjusted discount rate based on an internal rate of return. A reasonable change in assumptions would not result in material change in valuation.

Fair values of financial assets and liabilities not designated at fair value

	2017		2016	
	Carrying value	**Fair value**	Carrying value	Fair value
	£000	**£000**	£000	£000
Financial assets				
Other financial assets	**534**	**527**	425	418
Trade and other receivables	**9,026**	**9,026**	4,951	4,951
Cash and cash equivalents	**17,011**	**17,011**	16,520	16,520
Financial liabilities				
Trade and other payables	**20,465**	**20,465**	18,862	18,862

The carrying values for trade and other receivables, cash and cash equivalents and trade and other payables are deemed to be a close approximation to fair value due to their short maturity.

18. RISK MANAGEMENT

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's other financial assets, trade and other receivables and cash and cash equivalents.

Credit risk is managed through a framework that sets out policies and procedures both in terms of its management and measurement.

18. RISK MANAGEMENT (continued)

Credit Risk (continued)

Exposure to Credit Risk

The maximum exposure to credit risk at the balance sheet date by class of financial instrument was:

2017	**Gross £000**	**Impairment £000**	**Net £000**
Other financial assets	**534**	-	**534**
Trade and other receivables	**9,163**	**(137)**	**9,026**
Cash and cash equivalents	**17,011**	-	**17,011**
Total	**26,708**	**(137)**	**26,571**

2016	Gross £000	Impairment £000	Net £000
Other financial assets	425	-	425
Trade and other receivables	4,983	(32)	4,951
Cash and cash equivalents	16,520	-	16,520
Total	21,928	(32)	21,896

Other financial assets relates to an unsecured loans provided to members of the network.

Trade and other receivables are further analysed in note 9. They primarily relate to broker and insurer income receivable in addition to trading balances with other Group Companies. The Company's policy is to perform due diligence including credit checks on new members. Monitoring of debtor performance is continuously performed through daily cash flow monitoring and focussed debt collection.

Cash and cash equivalents predominantly relate to restricted client and insurer monies. The Company's policy is to diversify its cash holdings across mainstream UK Banks.

Credit Quality of Financial Assets and Impairment Losses

The ageing of trade receivables at the balance sheet date was:

	Gross 2017 £000	**Impairment 2017 £000**	Gross 2016 £000	Impairment 2016 £000
Not past due	**8,717**	-	4,460	-
Past due (0-30 days)	**265**		184	-
Past due (31-60 days)	**84**	**(40)**	183	-
More than 60 days past due	**97**	**(97)**	156	(32)
	9,163	**(137)**	4,983	(32)

18. RISK MANAGEMENT (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The principal financial obligations of the Company are trade and other payables.

Liquidity is managed at the Company level with short term liquidity monitored through daily cash flow analysis. The Company maintains internal liquidity limits that it has maintained throughout the financial year.

The following are the contractual maturities, at the balance sheet date, of the financial liabilities, including estimated interest payments:

2017	**Carrying amount £000**	**Due within 1 year £000**	**Due between 1 and 2 years £000**	**Due between 2 and 5 years £000**	**Due between 5 and 10 years £000**	**Total £000**
Deferred income	**155**	**155**	-	-	-	**155**
Trade and other payables	**20,465**	**20,465**	-	-	-	**20,465**
Provisions	**70**	-	-	-	**70**	**70**
Current tax	**520**	**520**	-	-	-	**520**
	21,210	**21,140**	-	-	**70**	**21,210**

2016	**Carrying amount £000**	**Due within 1 year £000**	**Due between 1 and 2 years £000**	**Due between 2 and 5 years £000**	**Due between 5 and 10 years £000**	**Total £000**
Deferred income	231	151	80	-	-	231
Trade and other payables	18,862	18,862	-	-	-	18,862
Provisions	65	-	-	-	65	65
Current tax	154	154	-	-	-	154
	19,312	19,167	80	-	65	19,312

Other trade payables are managed through daily cash flow monitoring as outlined above

Market Risk

The Company does not have significant exposure to market risk.

18. RISK MANAGEMENT (continued)

Capital Management

The Board manages the Company's capital through the regular review of cash flow forecasts and underlying profitability. The Company maintains capital adequacy for Financial Conduct Authority ('FCA') regulation in line with solvency requirements. There have been no identified breaches during the financial period.

The current capital structure of the Company is equity. Equity is made up of issued share capital, reserves and retained earnings as set out in the Statement of Changes in Equity.