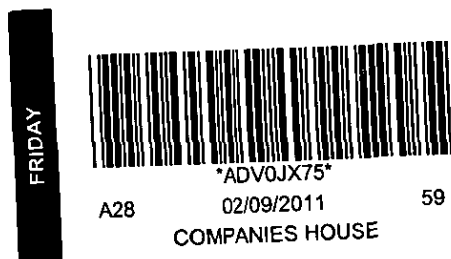


Cullum Capital Ventures Limited

Directors' report and consolidated financial statements

for the year ended 31 December 2010

Registered Number 5587424



Directors' report and consolidated financial statements

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Officers and professional advisers

Directors

P G Cullum
M P Rea
A C Homer
D W Torrance
S T B Clark
I W J Patrick
B Park

Secretary

S T B Clark

Registered office

2 County Gate
Staceys Street
Maidstone
Kent
ME14 1ST

Auditors

KPMG Audit Plc
15 Canada Square
Canary Wharf
London
E14 5GL

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2010

Business review & principal activities

The consolidated profit and loss account for the year is set out on page 8. The results for the group show a pre-tax profit of £4,423,543 for the year (2009 £9,276,803) and turnover of £48,519,771 (2009 £46,895,357). The group has net assets of £14,829,046 (2009 £12,476,103). EBITDA – the technical measure by which banks judge underlying performance and ability to service loan interest was £16.4m (2009 £17.3).

The growth in turnover is due to both organic growth and acquisitions of full or majority interests in eight companies and purchasing a further eight business portfolios. The gross written premium (GWP) handled by the Group has grown to £216.0m in 2010 (£195.3m for 2009).

The key indicators of our performance are set out in the table below

	2010	2009
Net Commission and Fees / GWP	22.9%	20.5%
Staff Costs / Income	47.8%	45.5%
EBITDA / Income	34.0%	36.9%
EBITDA / GWP	9.0%	8.9%

The principal activity of the group is insurance broking and ancillary services. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

Business Environment

The continuous cycle of 'hard' and 'soft' markets is an inherent risk of the insurance industry. Most insurance intermediaries have to work even harder to maintain their profitability as there is greater competition for risks and clients are liquidating / downsizing in the current economic environment. The Group continues to experience 'soft' market conditions and a challenging macro economy.

Strategy

The Group's major strategy is to develop and grow its share of the UK general insurance broking and intermediary market both organically and through acquisition. There is a continuous and growing need amongst owners of insurance intermediaries to consider how best to provide for their own future and that of their staff, and as a result, interest in Cullum Capital Ventures Limited's (CCV)'s investment potential is high.

CCV acquired a further 16 intermediaries and portfolios during the year. All acquisitions were traditional general insurance broking operations.

CCV's advantage in this competitive marketplace is its ability to provide a range of deal options from a minority stake to full acquisition, covering management buy-outs, buy-ins and to provide investment capital to develop businesses.

Directors' report *(continued)*

Future outlook

CCV will carry on expanding through acquisition as it continues to be well placed to take advantage of opportunities from vendors looking to sell their business. Further acquisitions of well-run specialist brokers and underwriting agencies are anticipated in 2011 with one deal already completed.

The insurance market experienced modest rate increases in 2010. Market conditions are expected to remain unchanged in 2011. It is anticipated that the company will continue to perform satisfactorily.

Organic growth is a key element of CCV's development as evidenced by investment in people and training to further the skills of the sales and account handling teams.

Post balance sheet events

On 11 February 2011 a new holding company, Towergate Partnershipco Limited, was created in which funds advised by Advent International invested £200,000,000. Towergate Partnershipco Limited has acquired for a combination of new shares and cash all of the Ordinary share capital of Cullum Capital Ventures Limited. Towergate Partnershipco Limited has also acquired Towergate Partnership Limited. The debt facilities of Cullum Capital Ventures Limited and Towergate Partnership Limited remain separate.

This change in group structure has resulted in Towergate Partnershipco Limited being the ultimate parent company and Cullum Capital Ventures Limited an intermediate holding company. Mr PG Cullum ceased to be the controlling party of the group.

Risks and Uncertainties

The Group has a strong emphasis on risk management which endeavours to identify and manage all business risks.

Market

The insurance market is cyclical and the rates charged for cover may rise or fall through the cycle. An extended period of flat or falling rates may impact the Group's income. The Group mitigates this risk by having a very wide client base and range of insurance products, both commercial and personal.

Underwriting Capacity

The Group is reliant on insurers providing products. A withdrawal of products may impact the Group's income. The Group manages this risk by maintaining a close relationship with a number of different insurance partners. In addition, the Group focuses on generating profitable returns to its insurers.

Recruitment and retention of talent

People are CCV's most important asset. A significant factor of competitiveness is the ability to attract and retain high quality people. In 2007 the Group set up CCV Trustees Ltd to run as an employee stock ownership plan (ESOP). CCV Trustees Ltd purchased 2% of the total value of the group shareholding. The purpose of this is to distribute to employees a portion of any realised gain in the value of the shares in the Group. Our owner-management culture, competitive remuneration packages and offering all employees a share in the value of the Group provide the necessary tools to enable the Group to attract and retain key staff.

Directors' report *(continued)*

Regulatory environment

CCV's insurance intermediary activities are regulated by the Financial Services Authority (FSA). Changes to regulations, interpretations of existing regulations or failure to obtain the required regulatory approvals could restrict CCV's ability to operate. By maintaining an open relationship with the FSA and having in place a dedicated compliance function, the Group ensures that all relevant regulations are kept under constant review.

Financial

The Group funded its acquisition activity in prior years through the use of banking facilities and is exposed to interest rate risks arising from these facilities which it monitors closely. To manage this risk the Group uses derivatives by hedging its interest rate risk with a fixed swap contract and will continue to use such hedging strategies in future.

As almost all of the Group's trading is transacted in sterling, the Group has negligible foreign exchange exposure.

Dividend

No dividend was paid during the year (2009: £Nil).

Directors and directors' interests

The directors who held office during the year were as follows:

P G Cullum
M P Rea
R M Brown (resigned 11 May 2010)
A C Homer
D W Torrance
S T B Clark (appointed 18 March 2010)
I W J Patrick

B Park was appointed a director of the company on 23 March 2011.

All directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Employees

The average number of employees during the year has increased from 549 staff to 732. This growth is driven by the acquisitions during the year, recruitment of staff to support the acquisition process, partially offset by disposal of several CCV businesses.

The Group actively encourages all employees to become involved in Group affairs. This is achieved through regular staff meetings and presentations by the directors. Employees are regarded as being key to the Group's success, so an appropriate remuneration package is offered which rewards an individual's performance.

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. 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 in employment wherever possible and will be given help with any necessary rehabilitation and training. The Group is prepared to modify procedures or equipment, wherever practicable, so that full use can be made of an individual's abilities.

Directors' report *(continued)*

Going Concern

The group has considerable financial resources. The group also has long term relationships with a number of customers and insurance companies. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors of the company have considered resources within the group available to the company and group, and having taking these into consideration, the directors believe the company has the resources to continue in operational existence for the foreseeable future. The directors believe the continued expansion of CCV will be achieved through the use of current cash reserves and any further loan facilities obtained in the future.

Environment

CCV is committed to being environmentally responsible in all areas of its trading. With over 40 offices in the UK this requires a flexible approach. Examples of our numerous environmental initiatives include the recycling of paper, glass, cans, plastics and electrical equipment where possible, double-sided printing and copying equipment has been provided across all areas of the business, buying recycled products, reduced energy consumption through investment in energy efficient equipment and lighting and ensuring it is switched off when not in use, reduction in travelling through using video conferencing technologies, and the introduction of green travel policies such as car sharing and walk/cycle to work initiatives.

Political and charitable contributions

The company made charitable contributions during the current year of £1,380 (2009 £1,391). Group subsidiaries made charitable donations during the year totalling £3,079 (2009 £3,150). Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2009 £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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

By order of the board



Michael Rea
Director

28 March 2011

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Independent auditors' report to the members of Cullum Capital Ventures Limited

We have audited the group and parent company financial statements (the 'financial statements') of Cullum Capital Ventures Limited for the year ended 31 December 2010 set out on pages 8 to 38. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and form 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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 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, 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



N B Priestley (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

30 March 2011

Consolidated profit and loss account for the year ended 31 December 2010

	<i>Note</i>	Continuing Operations £	Acquisitions £	Discontinued Operations £	2010 Total £	2009 £
Group Turnover	<i>1-2</i>	45,861,026	2,611,541	47,204	48,519,771	46,895,357
Administrative expenses	<i>3-5</i>	(33,633,671)	(3,022,046)	(48,860)	(36,704,577)	(33,074,040)
Amortisation of goodwill	<i>3</i>	(3,233,114)	(227,488)	(8,015)	(3,468,617)	(3,327,447)
Group operating profit		8,994,241	(637,993)	(9,671)	8,346,577	10,493,870
Share of operating profit in associates					367,922	399,360
Total operating profit					8,714,499	10,893,230
Other interest receivable and similar income	<i>6</i>				126,479	166,578
(Loss)/profit on sale of operations	<i>7</i>				(144,423)	1,792,907
Interest payable and similar charges	<i>8</i>				(4,273,012)	(3,575,912)
Profit on ordinary activities before taxation					4,423,543	9,276,803
Tax on profit on ordinary activities	<i>9</i>				(1,945,030)	(2,997,388)
Profit on ordinary activities after taxation					2,478,513	6,279,415
Minority interests	<i>20</i>				(94,622)	(176,903)
Profit for the year					2,383,891	6,102,512

The group has no recognised gains and losses other than the profits and losses shown above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the operating profit on ordinary activities before taxation and the retained profit for the financial year stated above, and their historical cost equivalents

The notes on pages 13 to 38 form part of these financial statements

Consolidated balance sheet at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Intangible fixed assets	10	69,497,435	59,676,190
Tangible fixed assets	11	2,205,620	2,383,330
Investments in associates	12	7,218,801	6,324,389
		<hr/>	<hr/>
		78,921,856	68,383,909
Current assets			
Debtors	13	25,491,102	19,760,174
Cash at bank and in hand	25	20,965,309	16,499,704
		<hr/>	<hr/>
		46,456,411	36,259,878
Creditors: amounts falling due within one year	14	(57,089,842)	(42,883,188)
		<hr/>	<hr/>
Net current liabilities		(10,633,431)	(6,623,310)
		<hr/>	<hr/>
Total assets less current liabilities		68,288,425	61,760,599
Creditors: amounts falling due after more than one year	15	(53,459,379)	(49,255,208)
Provisions for liabilities and charges	13 & 16	-	(29,288)
		<hr/>	<hr/>
Net assets		14,829,046	12,476,103
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	18	1,122,248	1,130,382
Share premium	19	46,598	46,598
Profit and loss account	19	13,505,359	11,121,468
		<hr/>	<hr/>
Shareholders' funds		14,674,205	12,298,448
		<hr/>	<hr/>
Minority interests	20	154,841	177,655
		<hr/>	<hr/>
		14,829,046	12,476,103
		<hr/>	<hr/>

The notes on pages 13 to 38 form part of these financial statements

These financial statements were approved by the board of directors on 28 March 2011 and were signed on its behalf by



M P Rea
Director

Company balance sheet
at 31 December 2010

	<i>Note</i>	2010		2009	
		£	£	£	£
Fixed assets					
Tangible fixed assets	11	1,063,650		764,287	
Investments	12	47,878,868		44,266,566	
		<u>48,942,518</u>		<u>45,030,853</u>	
Current assets					
Debtors	13	57,167,563		51,406,077	
Cash at bank and in hand		1,786,768		5,550,677	
		<u>58,954,331</u>		<u>56,956,754</u>	
Creditors amounts falling due within one year	14	(75,489,568)		(65,997,672)	
		<u>(16,535,237)</u>		<u>(9,040,918)</u>	
Net current liabilities					
		(16,535,237)		(9,040,918)	
Total assets less current liabilities		<u>32,407,281</u>		<u>35,989,935</u>	
Creditors amounts falling due after more than one year	15	(51,046,486)		(48,934,964)	
Provisions for liabilities and charges	13 & 16	-		(764)	
Net liabilities		<u>(18,639,205)</u>		<u>(12,945,793)</u>	
Capital and reserves					
Called up share capital	18	1,122,248		1,130,382	
Share premium	19	46,598		46,598	
Profit and loss account	19	(19,808,051)		(14,122,773)	
Shareholders' deficit		<u>(18,639,205)</u>		<u>(12,945,793)</u>	

The notes on pages 13 to 38 form part of these financial statements

These financial statements were approved by the board of directors on 28 March 2011 and were signed on its behalf by



M P Rea
Director

Reconciliation of movements in shareholders' funds for the year ended 31 December 2010

	Group Year 2010	Group Year 2009	Company Year 2010	Company Year 2009
	£	£	£	£
Profit/(Loss) for the financial year	2,383,891	6,102,512	(5,685,278)	(1,857,016)
Reduction in share capital	(8,134)	-	(8,134)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net increase / (decrease) in shareholders' funds	2,375,757	6,102,512	(5,693,412)	(1,857,016)
Opening shareholders' funds / (deficit)	12,298,448	6,195,936	(12,945,793)	(11,088,777)
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds / (deficit)	14,674,205	12,298,448	(18,639,205)	(12,945,793)
	<hr/>	<hr/>	<hr/>	<hr/>

Consolidated cash flow statement for the year ended 31 December 2010

	<i>Note</i>	2010 £	2009 £
Cash flow statement			
Cash flow from operating activities	23	17,864,497	7,589,912
Dividends from associates		85,714	292,357
Returns on investments and servicing of finance	24	(3,442,308)	(3,536,821)
Taxation		(721,541)	(3,872,004)
Capital expenditure and financial investment	24	(962,540)	(793,038)
Acquisitions and disposals	24	(7,161,949)	1,769,759
		<hr/>	<hr/>
Cash inflow / (outflow) before management of liquid resources and financing		5,661,873	1,450,165
 Financing	 24	 (1,196,273)	 (3,221,493)
		<hr/>	<hr/>
Increase / (Decrease) in cash in the year		4,465,600	(1,771,328)
		<hr/>	<hr/>
 Reconciliation of net cash flow to movement in net funds			
Increase / (Decrease) in cash in the year	25	4,465,600	(1,771,328)
 Cash (outflow) / inflow from increase in debt and lease financing	 25	 (5,459,322)	 3,221,493
		<hr/>	<hr/>
Change in net funds resulting from cash flows		(993,772)	1,450,165
 Other non-cash changes	 25	 (855,929)	 328,561
Finance leases acquired with acquisitions	25	(38,200)	(31,889)
		<hr/>	<hr/>
Movement in net funds in the year	25	(1,887,851)	1,746,837
 Net funds at the start of the year	 25	 (44,890,585)	 (46,637,422)
		<hr/>	<hr/>
Net funds at the end of the year	25	(46,778,436)	(44,890,585)
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under historical cost accounting rules. The financial statements have been prepared on a going concern basis.

A summary of the principal accounting policies is set out below. These policies have been applied consistently.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2010. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. The Group's share of the profits less losses of associates is included in the consolidated profit and loss account and its interest in their net assets (other than goodwill) is included in investments in the consolidated balance sheet.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on acquisition is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. This is taken as twenty years.

Investments

In the company's financial statements, investments in subsidiary undertakings are stated at the lower of cost and net realisable value.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures, fittings and equipment	–	25% per annum
Computer software	–	25% per annum
Computer hardware	–	25% per annum
Motor vehicles	–	25% per annum
Leasehold improvements	–	over the period of the lease

Notes *(continued)*

1 Accounting policies *(continued)*

Leases

Assets acquired under finance lease are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post retirement benefits

The Group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting year.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover comprises net commission receivable on business incepting in the year. To the extent that the group is contractually obliged to provide services after this date, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that the revenue appropriately reflects the cost of fulfilment of these obligations. Credit referencing income is recognised immediately following the provision of the service. Profit commission is recognised when notified which is earlier of receipt or confirmation.

Marketing contributions are received in advance of premium being written on behalf of the insurers. The income is deferred and then recognised in line with the volume of premium written or when it is guaranteed as non-refundable.

Own shares held by CCV Trustees Ltd

CCV Trustees Ltd was incorporated in 2007 to be run as an employee stock ownership plan (ESOP). Transactions of the Company-sponsored employee stock ownership plan trust are treated as being those of the Company and are therefore reflected in the parent company and group financial statements. In particular, the trust's purchases of shares in the Company are debited directly to equity.

Cash and Liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash, government securities and investments in money market managed funds).

Notes *(continued)*

1 Accounting policies *(continued)*

Insurance transactions, client money and insurer money

The group records on its balance sheet amounts due to and from clients and insurers, and money held on behalf of clients and insurers in relation to the insurance transactions that the company handles on behalf of those parties. In accordance with the requirements of the Financial Services Authority, client money is held in bank accounts governed by Trust Deeds established for the benefit of such clients. Insurer money is held in accordance with the agreements in place between the insurer and the company. Amounts held in trust cannot be called upon on insolvency of the company, however interest received on all of these cash balances is recognised and reflected as revenue in these financial statements as the company has the right to such interest in accordance with the terms of business agreed with clients and insurers. The cash at bank balances presented in these financial statements represent the aggregation of the money held for the benefit of the company, client and insurers.

Employee share incentive plans

The company's employee share incentive plans entitle certain directors and employees to benefit upon the sale or a listing of the company.

The cash-settled share appreciation rights, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the estimated vesting period. The fair value is measured based on management's estimate of the company's share value. The liability is revalued at each balance sheet date and the vesting period reviewed with any changes to fair value being recognised in the profit and loss account.

Notes (continued)

2 Turnover

Segmental analysis

	2010	2009
	£	£
<i>By activity</i>		
Insurance Broking	47,904,676	43,722,743
Credit Referencing	-	3,172,614
	<u>47,904,676</u>	<u>46,895,357</u>
<i>By geographical market</i>		
United Kingdom	46,087,394	44,929,908
Channel Islands	1,817,282	1,965,449
	<u>47,904,676</u>	<u>46,895,357</u>

3 Profit on ordinary activities before taxation

	Year 2010	Year 2009
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets		
- owned	1,289,072	768,648
- leased	17,178	34,592
Operating leases	1,071,308	807,452
- other	805,855	147,232
Amortisation of goodwill	3,468,617	3,327,447
(Loss) on disposal of fixed assets	(2,287)	(8,681)
Costs relating to office closures	15,642	738,221
Transaction costs relating to financing	878,881	420,010
Auditors' Remuneration		
- Audit of these financial statements	33,490	32,554
- Audit of financial statements of subsidiaries	283,311	299,628
- Other services pursuant to legislation	64,586	52,033
- All other services	-	234,168
	<u> </u>	<u> </u>

Notes *(continued)*

4 Remuneration of directors

	Year 2010 £	Year 2009 £
Total remuneration of all directors		
Directors' emoluments	521,655	651,730
Company contributions to money purchase pension schemes	21,508	24,806
	<u>543,163</u>	<u>676,536</u>
 Remuneration of the highest paid director	 £	 £
Directors' emoluments	212,393	302,580
Company contributions to money purchase pension schemes	14,300	12,525
	<u>226,693</u>	<u>315,105</u>
	 Number of Directors Year 2010	 Number of directors Year 2009
Retirement benefits are accruing to the following number of directors under Money purchase schemes	 <u>3</u>	 <u>3</u>

All directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company during the year, analysed by category, was as follows

	Number of employees		Number of employees	
	Year 2010 Group	Year 2009 Group	Year 2010 Company	Year 2009 Company
Administration	250	139	38	33
Brokerage	357	306	-	-
Referencing	-	34	-	-
Management	125	70	19	19
	<hr/>	<hr/>	<hr/>	<hr/>
Total	732	549	57	52
	<hr/>	<hr/>	<hr/>	<hr/>

The aggregate payroll costs, including directors, were as follows

	Year 2010 Group £	Year 2009 Group £
Wages and salaries	18,112,704	17,074,091
Social security costs	1,794,165	1,765,905
Other pension costs	769,835	771,963
	<hr/>	<hr/>
	20,676,704	19,611,959
	<hr/>	<hr/>

6 Other interest receivable and similar income

	Year 2010 Group £	Year 2009 Group £
Bank interest	108,676	135,826
Other	17,803	30,752
	<hr/>	<hr/>
	126,479	166,578
	<hr/>	<hr/>

Notes (continued)

7 Loss on sale of operations

	CCG Financial Services Limited £
Sales Proceeds	174,826
Cost	(319,249)
	<hr/>
Loss on Sale	(144,423)
	<hr/>

8 Interest payable

	Year 2010	Year 2009
	Group £	Group £
Bank interest	4,239,946	3,545,222
Other	33,066	30,690
	<hr/>	<hr/>
	4,273,012	3,575,912
	<hr/>	<hr/>

The group holds an interest rate swap with the notional principal amount of £35 million at 31 December 2010, the floating rate was 3 month GBP-LIBOR-BBA and the fixed interest rate was 5.15%. The date of maturity of the interest rate swap is 2013 with an early termination option available in 2012.

9 Taxation

Analysis of charge in year	Year 2010	Year 2009
	£	£
UK corporation tax	2,131,854	2,885,170
Share of associates' current tax	78,139	111,821
	<hr/>	<hr/>
Total current tax	2,209,993	2,996,991
Deferred tax (see note 16)	(264,963)	397
	<hr/>	<hr/>
Tax on profit on ordinary activities	1,945,030	2,997,388
	<hr/>	<hr/>

Notes (continued)

9 Taxation (continued)

The current tax charge for the year is higher (prior year higher) than the standard rate of corporation tax in the UK 28%, (2009 28%) The differences are explained below

	Year 2010	Year 2009
	£	£
Current tax reconciliation		
Profit on ordinary activities before taxation	4,423,543	9,276,803
	<hr/>	<hr/>
Current tax at 28% (2009: 28%)	1,238,592	2,597,505
Effects of		
Adjustments relating to prior periods	(737,187)	(119,542)
Expenses not deductible for tax purposes	391,916	71,760
Amortisation	753,594	802,725
Depreciation in excess of capital allowances	227,168	49,279
(Loss)/Profit on disposal of fixed assets	(145)	1,850
Losses utilised	19,677	-
Impairment of investment	302,245	-
Non-taxable income	(172,296)	(406,586)
	<hr/>	<hr/>
Total current tax charge (see above)	2,131,854	2,996,991
	<hr/>	<hr/>

Factors affecting future tax charges

Future tax charges may be affected by the degree to which amortisation of goodwill is not allowable for tax purposes

The Finance Act 2010 had provided for a reduction in the main rate of UK corporation tax from 28% to 27% effective from 1 April 2011. The impact of this rate reduction is reflected in the closing deferred tax asset. The Chancellor had also indicated an intention to enact future reductions in the main tax rate of 1% each year to 24% by 1 April 2014. In the 2011 Budget, the Chancellor announced the intention to reduce the main rate of UK corporation tax from 28% to 26% from 1 April 2011 and still intends to enact future reductions in the main tax rate of 1% each year which would result in a tax rate of 23% by 1 April 2014.

Notes (continued)

10 Intangible fixed assets

	Group Goodwill
	£
Cost	
At 1 January 2010	65,964,360
Additions	13,970,214
Increase in shareholding in prior period acquisitions	796,800
Disposals	(274,800)
Permanent impairment of cost	(976,000)
Reduction in consideration for prior period acquisitions	(252,966)
At 31 December 2010	79,227,608
Amortisation	
At 1 January 2010	6,288,170
Charge for year	3,468,617
Eliminated on disposal	(26,614)
At 31 December 2010	9,730,173
Net book value	
At 31 December 2010	69,497,435
At 31 December 2009	59,676,190

All goodwill arising on acquisition is amortised over a 20 year period

The reduction in deferred consideration represents the difference between the amounts of deferred consideration payable as, previously estimated by the Directors, and the amounts actually paid or expected to be paid

Notes (continued)

11 Tangible fixed assets

Group	Leasehold improvements	Computer hardware	Computer software	Fixtures & fittings	Freehold Property	Furniture & equipment	Motor vehicles	Total
	£	£	£	£	£	£	£	£
Cost								
At 1 January 2010	150,236	979,476	1,336,424	356,200	4,257	547,750	73,549	3,447,892
Transfers on acquisitions	88,773	649,757	197,472	368,667	-	1,335,379	276,522	2,916,570
Additions	55,003	320,947	390,266	76,831	-	143,479	-	986,526
Disposals	-	(9,496)	(8,800)	-	-	(3,474)	(75,359)	(97,129)
At 31 December 2010	294,012	1,940,684	1,915,362	801,698	4,257	2,023,134	274,712	7,253,859
Depreciation								
At 1 January 2010	31,473	344,581	266,383	157,132	4,257	219,614	41,122	1,064,562
Transfers on acquisitions	87,993	657,870	153,641	383,019	-	1,236,565	175,517	2,694,605
Depreciation on disposal	-	(4,494)	(5,867)	-	-	(2,172)	(58,323)	(70,856)
Charge for year	24,942	256,584	818,889	86,252	-	159,727	13,534	1,359,928
At 31 December 2010	144,408	1,254,541	1,233,046	626,403	4,257	1,613,734	171,850	5,048,239
Net book value								
At 31 December 2010	149,604	686,143	682,316	175,295	-	409,400	102,862	2,205,620
At 31 December 2009	118,763	634,895	1,070,041	199,068	-	328,136	32,427	2,383,330

Included in the total net book value of motor vehicles and equipment is £117,140 (2009 £67,690) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £17,178 (2009 £34,592)

Notes *(continued)*

11 Tangible fixed assets *(continued)*

Company	Computer hardware	Computer software	Fixtures and fittings	Total
Cost	£	£	£	£
At 1 January 2010	552,824	445,171	36,186	1,034,181
Additions	253,403	354,340	10,933	618,676
At 31 December 2010	806,227	799,511	47,119	1,652,857
Depreciation				
At 1 January 2010	177,744	80,816	11,333	269,893
Charge for year	161,611	149,518	8,185	319,314
At 31 December 2010	339,355	230,334	19,518	589,207
Net book value				
At 31 December 2010	466,872	569,177	27,601	1,063,650
At 31 December 2009	375,079	364,354	24,854	764,287

Notes (continued)

12 Investments

Group	Interests in associated undertakings £
Cost	
At beginning of year	6,780,384
Additions	-
Adjustment in deferred consideration	615,345
	<hr/>
At end of year	7,395,729
	<hr/>
Share of post acquisition reserves	
At beginning of year	(455,995)
Retained profits less losses	364,781
Dividends Received	(85,714)
	<hr/>
At end of year	(176,928)
	<hr/>
Net book value	
At 31 December 2010	7,218,801
	<hr/>
At 31 December 2009	6,324,389
	<hr/>

Company	Shares in Group undertakings £	Participating interests £	Total £
Cost at 1 January 2010	37,495,296	6,771,270	44,266,566
Additions	3,234,649	-	3,234,649
Increase in shareholding	361,861	-	361,861
Disposals	-	-	-
Movement in deferred consideration	15,792	-	15,792
Impairment of investments hived up	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2010	41,107,598	6,771,270	47,878,868
	<hr/>	<hr/>	<hr/>
Net book value at 31 December 2009	37,495,296	6,771,270	44,266,566
	<hr/>	<hr/>	<hr/>

During the year several of the company's subsidiary undertakings transferred their brokerage business together with the underlying assets and liabilities to fellow subsidiary undertakings within the group headed by the company. Accordingly the investments in these companies have been impaired to their recoverable amounts.

The reduction in deferred consideration represents the difference between the amounts of deferred consideration payable as previously estimated by the Directors, and the amounts actually paid or expected to be paid.

The net book value of participating interests comprises of interests in associates only.

Notes (continued)

12 Fixed asset investments (continued)

The undertakings in which the Group's interest at the year end is more than 20% and are actively trading are as follows

	Country of Incorporation	Principle activity
CCV Risk Solutions Limited	England & Wales	Insurance broking
Richard V Wallis & Co Limited *	England & Wales	Insurance broking
Moffatt & Co Limited	England & Wales	Insurance broking
Execcover Limited (48% owned) *	England & Wales	Insurance broking
Fenton Insurance Solutions Limited (85% owned)	England & Wales	Insurance broking
Oyster Property Insurance Specialists Limited (67% owned)	England & Wales	Insurance broking
Milburn Insurance Services Limited	England & Wales	Insurance broking
Arthur Marsh & Son Limited (95.564% owned)	England & Wales	Insurance broking
Smith and Pinching General Insurance Services Limited (30% owned)	England & Wales	Insurance broking
Crawford Davis Insurance Consultants Limited	England & Wales	Insurance broking
Morgan Law Limited (40% owned)*	England & Wales	Insurance broking
Chorlton Cloughley Group Limited (95%)*	England & Wales	Insurance broking
Berkeley Alexander Limited	England & Wales	Insurance broking
Protectagroup Limited (100%)*	England & Wales	Insurance broking
HLI (UK) Limited *	England & Wales	Insurance broking
Four Counties Insurance Brokers Limited (95% owned)*	England & Wales	Insurance broking
Cox Lee and Company Limited	England & Wales	Insurance broking
Capital and County Insurance Brokers Limited (30%)	England & Wales	Insurance broking
CCV Trustees Limited	England & Wales	Trust
Brian Potter and Associates Limited	England & Wales	Insurance broking
Just Insurance Brokers Limited	England & Wales	Insurance broking
Walter Ainsbury & Son Limited (85%)	England & Wales	Insurance broking
Bishop Skinner Insurance Brokers Limited (85%)*	England & Wales	Insurance broking
BIB (Darlington) Limited (95%)*	England & Wales	Insurance broking
BIB Underwriters Limited (95%)*	England & Wales	Insurance broking
Goodwood Insurance Services Limited (80%)	England & Wales	Insurance broking

Except where indicated, 100% of the voting rights are held directly or indirectly by Cullum Capital Ventures Limited

* (denotes indirect holding)

Notes (continued)

12 Fixed asset investments (continued)

Interests in associate undertakings

The group has interests in associate undertakings where the share holding is greater than 20%. The unaudited financial results for these entities, to 31 December 2010, are as follows

Group	Smith and Pinching General Insurance Services Limited		Morgan Law (Holdings) Limited		Capital and County Insurance Brokers Limited	
	2010	2009	2010	2009	2010	2009
	£	£	£	£	£	£
Turnover	3,362,524	3,627,190	1,817,973	1,996,239	1,939,965	1,990,799
Profit before taxation	818,880	606,356	253,186	408,850	390,423	207,494
Taxation	(229,286)	(169,780)	(58,233)	(114,478)	(109,318)	(58,098)
Profit after tax	589,594	436,576	194,953	294,372	281,105	149,396
	Smith and Pinching General Insurance Services Limited		Morgan Law (Holdings) Limited		Capital and County Insurance Brokers Limited	
	as at 31 December 2010	as at 31 December 2009	as at 31 December 2010	as at 31 December 2009	as at 31 December 2010	as at 31 December 2009
	£	£	£	£	£	£
Fixed assets	330,962	355,753	212,743	221,617	1,643,248	1,810,109
Current assets	1,733,471	1,528,956	3,026,200	2,654,732	629,652	649,806
Liabilities due within one year	(1,443,687)	(980,970)	(2,714,985)	(2,370,059)	(174,384)	(315,444)
Liabilities due after one year	-	-	(75,000)	(74,500)	(27,040)	(23,257)
Net assets	620,746	903,739	448,958	431,790	2,071,476	2,121,214

Notes (continued)

13 Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Insurance debtors	18,435,327	14,278,267	-	-
Other debtors	4,881,574	4,106,841	3,322,187	6,761,340
Prepayments and accrued income	1,531,414	1,129,938	597,971	193,627
Amounts due from associates	408,992	245,128	408,992	245,128
Amounts owed by group undertakings	-	-	52,832,674	44,205,982
Deferred tax	233,795	-	5,739	-
	<u>25,491,102</u>	<u>19,760,174</u>	<u>57,167,563</u>	<u>51,406,077</u>

14 Creditors: amounts falling due within one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Obligations under finance leases and hire purchase contracts	48,111	42,979	-	-
Insurance and trade creditors	29,330,969	21,110,484	-	-
Amounts owed to group undertakings	-	-	59,702,486	49,986,721
Corporation tax	2,682,019	560,361	-	-
Other taxation and social security	732,200	507,829	92,910	81,636
Other creditors	1,360,400	1,525,142	375,677	427,842
Accruals	5,596,408	3,497,029	1,725,814	817,473
Deferred consideration*	3,576,476	2,834,543	485,029	2,364,621
Bank Loan*	9,858,598	8,605,329	9,858,583	8,605,329
Loan Notes*	-	823,559	-	637,500
Deferred income*	2,204,661	3,375,933	1,549,069	3,076,550
Other Loans	1,700,000	-	1,700,000	-
	<u>57,089,842</u>	<u>42,883,188</u>	<u>75,489,568</u>	<u>65,997,672</u>

15 Creditors: amounts falling due after one year

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Bank Loan *	42,028,697	48,763,530	42,028,697	48,763,530
Obligations under finance lease and hire purchase contracts	36,300	11,750	-	-
Deferred consideration*	1,644,600	308,600	143,600	165,000
Loan Notes*	2,050,961	-	2,050,961	-
Other Loans*	6,800,000	-	6,800,000	-
Share Appreciation Rights	898,821	171,328	23,228	6,434
	<u>53,459,379</u>	<u>49,255,208</u>	<u>51,046,486</u>	<u>48,934,964</u>

Notes (continued)

15 Creditors: amounts falling due after one year (continued)

Analysis of debt

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
At 31 December				
Being those items in notes 14 and 15 marked by *				
Within one year	15,294,595	12,430,487	12,203,148	11,774,506
Between one year and two years	11,459,276	12,005,113	9,958,276	11,861,513
In the third to fifth years	41,745,106	38,013,667	41,745,106	38,013,667
Over five years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	68,498,977	62,449,267	63,906,530	61,649,686
Less capitalised loan costs	(839,660)	(1,113,705)	(839,660)	(1,113,705)
	<hr/>	<hr/>	<hr/>	<hr/>
	67,659,317	61,335,562	63,066,870	60,535,981
	<hr/>	<hr/>	<hr/>	<hr/>

During the year the group had the following loan facilities available

A term loan of £52,726,955 drawn from a facility of £81,000,000, which was used to finance acquisitions. The loan is repayable in instalments. Interest is charged between LIBOR + 2.5% and LIBOR + 3.75% on the used loan dependent on leverage and on the unused balance at the rate of 0.75% per annum.

A term loan of £2,050,961 drawn from a facility of £10,000,000 which was used to finance acquisitions. The loan is repayable in instalments. Interest is charged between LIBOR + 2.5% and LIBOR + 3.75% on the used loan dependent on leverage and on the unused balance at the rate of 1.5% per annum. The facility was provided by Mr P G Cullum, a director of the company.

A term loan of £8,500,000 which was used to finance acquisitions. The loan is repayable in instalments. A fixed annual fee for the facility is also payable.

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

	Group 2010 £	Group 2009 £
At 31 December		
Within one year	54,762	53,486
In the second to fifth years	41,318	9,026
Over five years	-	-
	<hr/>	<hr/>
	96,080	62,512
Less future finance charges	(11,669)	(7,783)
	<hr/>	<hr/>
	84,411	54,729
	<hr/>	<hr/>

Notes (continued)

16 Provisions for liabilities and charges

	Group £	Company £
Deferred tax		
Provision at 1 January 2010	29,288	764
Deferred tax on acquisitions	1,880	-
Charge/ (credit) to profit and loss account in the year	(264,963)	(6,503)
Deferred tax asset at 31 December 2010	(233,795)	(5,739)

The deferred tax provision relates to the timing differences between accumulated depreciation, amortisation and capital allowances. No deferred tax asset has been recognised on the tax losses carried forward from previous years.

17 Acquisitions

The following acquisitions were made in the year

	Goodwill £	Date of acquisition
Paul Scully Insurance Services Limited	201,281	8 April
Humbergrove Limited	309,227	27 May
Humbergrove (UK) Limited	316,265	27 May
Bishop Skinner Insurance Brokers Limited	3,850,996	1 July
Goodwood Insurance Services Limited	363,330	8 October
BIB (Darlington) Limited	2,760,577	2 November
BIB Underwriters Limited	2,909,849	2 November

Portfolio acquisitions consisting of:

UK Healthcare	80,000	4 February
DTE	467,625	30 April
Harris & Associates	13,500	1 July
JR Insurance	75,650	17 August
Border Counties	543,614	30 September
Moscrops	1,570,843	30 September
Dunstable Insurance Bureau	257,459	1 October
Standings	250,000	15 October

Total	13,970,216
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All goodwill arising on acquisition is amortised over a twenty year period.

Deferred consideration, where applicable, is payable based upon the performance of the acquired business for the 24 month period subsequent to acquisition. These sums have been provided for in full representing management's best estimate of the acquisition cost.

Notes (continued)

17 Acquisitions (continued)

	Paul Scully Insurance Services Limited £	H'grove Limited £	H'grove UK Limited £	Bishop Skinner Insurance Brokers Limited £	Goodwood Insurance Services Limited £	BIB (Darlington) Limited £	BIB Underwriters Limited £	Portfolio Acquisitions £	Total £
Fixed assets									
Tangible assets	-	6,249	4,802	53,627	1,030	80,178	52,847	-	198,733
Debtors	11,955	44,377	12,449	1,851,204	74,496	418,777	2,495,259	-	4,908,517
Cash	12,672	117,819	107,956	498,818	201,720	1,533,037	2,763,353	-	5,235,375
Total assets	24,627	168,445	125,207	2,403,649	277,246	2,031,992	5,311,459	-	10,342,625
Creditors	(18,868)	(142,701)	(110,075)	(2,423,638)	(238,019)	(1,219,793)	(3,912,861)	-	(8,065,955)
Provisions for liabilities and charges	(351)	-	-	-	-	-	-	-	(351)
Net assets/(liabilities) acquired	5,408	25,744	15,132	(19,989)	39,227	812,199	1,398,598	-	2,276,319
Goodwill	201,281	309,227	316,265	3,850,996	363,330	2,760,577	2,909,849	3,258,691	13,970,216
Consideration	200,000	287,360	294,640	3,770,690	402,000	3,550,000	4,285,924	3,125,000	15,915,614
Satisfied by Initial consideration	140,000	201,152	206,248	2,622,690	282,000	2,725,000	3,265,924	1,852,500	11,295,514
Deferred consideration	60,000	86,208	88,392	1,148,000	120,000	825,000	1,020,000	1,272,500	4,620,100
	200,000	287,360	294,640	3,770,690	402,000	3,550,000	4,285,924	3,125,000	15,915,614
Expenses on acquisition	6,689	47,611	36,757	60,317	557	22,776	22,523	133,691	330,921
	206,689	334,971	331,397	3,831,007	402,557	3,572,776	4,308,447	3,258,691	16,246,535

Notes (continued)

17 Acquisitions (continued)

Un-audited profit and loss accounts for financial period to date of acquisition

	Paul Scully Insurance Services Limited	Humbergrove Limited	Humbergrove (UK) Limited	Bishop Skinner Insurance Brokers Limited	Goodwood Insurance Services Limited	BIB (Darlington) Limited	BIB Underwriters Limited
To date of Acquisition from to	Period 1 February 2010 7 April 2010	Period 1 April 2010 27 May 2010	Period 1 January 2010 27 May 2010	Not applicable	Period 1 May 2010 7 October 2010	Not applicable	Not applicable
	£	£	£	£	£	£	£
Profit on ordinary activities before taxation	6,565	11,753	17,866	-	24,788	-	-
Profit for the period	5,186	9,402	14,293	-	19,830	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Prior from to	Period 1 May 2009 31 January 2010	Period 1 October 2009 31 March 2010	Period 1 July 2009 31 December 2009	Year 1 July 2009 30 June 2010	Period 1 May 2009 30 April 2010	Period 1 November 2009 31 October 2010	Year 1 November 2009 31 October 2010
	£	£	£	£	£	£	£
Profit on ordinary activities before taxation	20,444	31,262	29,488	200,245	21,525	241,799	452,256
Profit for the year / period	14,982	23,641	22,875	132,143	16,935	185,481	329,376
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

18 Called up share capital

At 31 December	2010 £	2009 £
Allotted, called up and fully paid		
1,090,342 Ordinary A shares of £1 each	1,090,342	1,090,342
30,030 Ordinary B shares of £1 each	30,030	30,030
1,876 Ordinary C shares of £1 each	1,876	10,010
	<u>1,122,248</u>	<u>1,130,382</u>

A, B and C ordinary shares have the same rights to distribution of profits, capital and voting rights. During the year the company purchased and cancelled £8,134 Ordinary C shares from a former director, Mr R Brown.

19 Reserves

Group	Share premium account £	Profit and loss account £
At 1 January 2010	46,598	11,121,468
Profit for the year	-	2,383,891
	<u>46,598</u>	<u>13,505,359</u>
At 31 December 2010	46,598	13,505,359

Company	Share premium account £	Profit and loss account £
At 1 January 2010	46,598	(14,122,773)
Loss for the year	-	(5,685,278)
	<u>46,598</u>	<u>(19,808,051)</u>
At 31 December 2010	46,598	(19,808,051)

Notes (continued)

20 Minority interests

	Group
	£
At 1 January 2010	177,655
New acquisitions in the year	247
Disposals in the year	(309)
Retained profit for the year	94,622
Dividends paid to minority interests	(117,374)
	<hr/>
At 31 December 2010	154,841
	<hr/>

21 Pension scheme

The Group operates defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the group to the fund and amounted to £769,835 (2009 £771,963). At the year end outstanding contributions were £55,352 (2009 £38,760).

22 Operating leases

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2010 £	Other 2010 £	Total 2010 £	Land and buildings 2009 £	Other 2009 £	Total 2009 £
Group						
Operating leases which expire						
Within one year	204,700	3,334	208,034	41,757	58,941	100,698
In the second to fifth year	245,535	66,420	311,955	400,230	22,430	422,660
Over five years	827,186	21,920	849,106	630,493	-	630,493
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,277,421	91,674	1,369,095	1,072,480	81,371	1,153,851
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Company

The company does not have any non-cancellable operating leases

23 Reconciliation of operating profit to operating cashflows

Group	Total 2010 £	Total 2009 £
Operating profit	8,346,577	10,493,870
Depreciation and amortisation charges	5,804,545	4,130,687
Loss / (Profit) on the sale of fixed assets	2,287	8,681
(Increase) / Decrease in debtors	(5,497,133)	(505,026)
(Decrease) / Increase in creditors	9,208,221	(6,538,300)
	<hr/>	<hr/>
Net cash inflow from operating activities	17,864,497	7,589,912
	<hr/>	<hr/>

Notes (continued)

24 Analysis of cash flows

	2010 £	2010 £	2009 £	2009 £
Returns on investment and servicing of finance				
Interest received	126,479		166,581	
Interest paid	(3,451,412)		(3,549,547)	
Dividends paid to minority shareholders in subsidiary undertaking	(117,375)		(153,855)	
	<hr/>	<hr/>	<hr/>	<hr/>
		(3,442,308)		(3,536,821)
		<hr/>		<hr/>
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(986,526)		(804,309)	
Proceeds from sale of fixed assets	23,986		11,271	
	<hr/>	<hr/>	<hr/>	<hr/>
		(962,540)		(793,038)
		<hr/>		<hr/>
Acquisitions and disposals				
Purchase of subsidiary undertakings	(15,216,045)		(3,599,891)	
Disposal of subsidiary undertakings	174,826		5,663,922	
Net cash received on acquisitions of subsidiaries	7,891,023		841,169	
Net cash transferred on disposal of subsidiaries	(11,753)		(1,013,495)	
Purchase of interest in associates			(121,946)	
	<hr/>	<hr/>	<hr/>	<hr/>
		(7,161,949)		1,769,759
		<hr/>		<hr/>
Financing				
Net receipt of loans	13,202,000		7,625,000	
Payment of deferred consideration	(4,914,783)		(4,667,988)	
Repayments of loan capital	(8,721,351)		(6,115,429)	
Loan facility arrangement fees	(745,488)		-	
Acquisition of own shares held in trust	(8,134)		-	
(Repayment) / receipt of directors loans	-		(8,850)	
Capital element of finance lease rental payments	(8,517)		(54,226)	
	<hr/>	<hr/>	<hr/>	<hr/>
		(1,196,273)		(3,221,493)
		<hr/>		<hr/>

Notes *(continued)*

25 Analysis of net funds

	At 1 January 2010 £	Cash flow £	Acquisitions £	Other non- cash changes £	Total change £	At 31 December 2010 £
Cash at bank and in hand	16,499,706	(3,413,670)	7,879,270	-	4,465,600	20,965,306
	<u>16,499,706</u>	<u>(3,413,670)</u>	<u>7,879,270</u>	<u>-</u>	<u>4,465,600</u>	<u>20,965,306</u>
Finance leases	(54,727)	8,517	(38,200)		(29,683)	(84,410)
Debt due within one year	(12,263,433)	(5,467,839)	-	2,548,086	(2,919,753)	(15,183,186)
Debt due after one year	(49,072,131)	-	-	(3,404,015)	(3,404,015)	(52,476,146)
	<u>(61,390,291)</u>	<u>(5,459,322)</u>	<u>(38,200)</u>	<u>(855,929)</u>	<u>(6,353,451)</u>	<u>(67,743,742)</u>
Total	<u>(44,890,585)</u>	<u>(8,872,992)</u>	<u>7,841,070</u>	<u>(855,929)</u>	<u>(1,887,851)</u>	<u>(46,778,436)</u>

Cash at bank includes £16,599,891 (2009 £9,813,867) which constitutes client money and is not available to pay the general debts of the group

Notes (continued)

26 Related party disclosures

Cullum Capital Ventures Ltd conducted business, on an arms length basis, with Towergate Underwriting Group Limited, a company in which Mr P G Cullum currently has a significant interest. The total of commission receivable from Towergate Underwriting Group was £10,981,966 (2009 £11,707,081) and non insurance related receipts were £nil (2009 £nil). Insurance creditors payable at the year end were £6,016,075 (31 December 2009 £9,178,973).

Cullum Capital Ventures Limited conducted business, on an arms length basis, with Open GI Limited, a company in which Mr P G Cullum currently has a significant interest. During the year the group purchased software from Open GI Limited. The total amount invoiced by Open GI Limited was £244,983 (2009 £393,928). Amounts owed to Open GI Limited at the year end totalled £15,886 (2009 £nil).

As disclosed in note 15, Cullum Capital Ventures Limited obtained a loan facility from Mr P G Cullum during the year. The amount owed to Mr Cullum at the year end was £2,050,961.

27 Controlling party

At 31 December 2010, Mr P G Cullum, the Chairman, was the controlling party by virtue of his controlling interest in the equity share capital of Cullum Capital Ventures Limited. Mr P G Cullum ceased to be the controlling party on 11 February 2011 (see note 28).

28 Post balance sheet events

On 11th February 2011 the following transactions were completed. A new ultimate holding company, Towergate Partnershipco Limited, was created in which funds advised by Advent International invested £200m. Subsequently, the new holding company acquired for a combination of new shares and cash all of the Ordinary share capital of Cullum Capital Ventures Limited.

Following the group restructure Cullum Capital Ventures Limited became an intermediate holding company and Towergate Partnershipco Limited the ultimate parent company. Mr PG Cullum ceased to be the controlling party of the group.

Notes (continued)

29 Contingent assets and liabilities

a) Bank guarantee

A guarantee and debenture have been granted over the shares and the assets of the Company in favour of Lloyds Banking Group (previously with Bank of Scotland Plc), under the terms of which all monies due or which may become due from the company, or other group companies listed below, to Lloyds Banking Group are guaranteed. The amount due by the group companies at 31 December 2010 was £ 52,726,940, (2009 £58,482,565). The group companies involved include principally

Cullum Capital Ventures Limited
CCV Risk Solutions Limited
Roundcroft Limited
Richard V Wallis & Company Limited
Moffatt & Company Limited
Fenton Insurance Solutions Limited
Milburn Insurance Services Limited
Arthur Marsh & Son Limited
Knowmaster Limited
Oyster Property Insurance Specialists Limited
Dawson Pennington & Company Limited
Berkeley Alexander Limited
Protectagroup Holdings Limited
Protectagroup Acquisitions Limited
Hodge Insurance Brokers Limited
Protectagroup Limited
Protectagroup Club Card Limited
Four Counties Finance Limited
Four Counties Insurance Brokers Limited
Cox Lee & Company Limited
Chorlton Cloughley Group Limited
Protectagroup (CIB) Limited (formerly Culver Insurance Brokers Limited)
Crawford Davis Insurance Consultants Limited
Portishead Insurance Management Limited
Topcrest Insurance Brokers Limited
HLI (UK) Limited
Rhodepark Limited
Brian Potter & Associates Limited
Ainsbury (Insurance Brokers) Limited
Walter Ainsbury & Son Limited
Just Insurance Brokers Limited
Bishop Skinner Acquisitions Limited
Bishop Skinner Client Services Limited
Bishop Skinner Insurance Brokers Holdings Limited
Bishop Skinner Insurance Brokers Limited

b) Marketing contributions

The Group has received payments from a number of business partners with whom its regulated subsidiaries trade. These advances represent part of the commissions and other income forecast to be due to those subsidiaries over the next three years as a result of their normal trading activities. These payments may be adjusted in either parties' favour based on the actual levels of business over the three year period.

As the business only takes these advances to income as they are earned, any future liabilities remain provided for on the balance sheet.

Notes (continued)

29 Contingent assets and liabilities (continued)

c) Errors and omissions

In the normal course of business, the company may receive claims in respect of errors and omissions. No material adverse financial impact is expected to arise from these claims.

d) Contingent consideration

In 2008 the company purchased the Sports and Leisure Underwriting portfolio from Towergate Underwriting Group Limited ('TUGL'). If Cullum Capital Ventures Limited or CCV Risk Solutions Limited is listed or sold then an additional amount of consideration may be payable for the 'Sports and Leisure' portfolio. In light of current market conditions the Directors feel it is better to consider a range of estimates for this amount. Using valuation multiples in the range of 6-8 times EBITDA the Directors estimate the amount payable to TUGL would be in the region of £Nil to £432,000.

30 Share-based payments

Share appreciation rights

The Group operates a share appreciation rights plan which is restricted to employees and directors of the Group. Participants are selected on a discretionary basis and upon vesting receive a benefit based on the sales price of shares in the Company. The vesting conditions of the award are an exit, defined as a 90% sale of shares, or a listing of CCV. The timing of such an event is uncertain, but for the purposes of accounting for the plan, the awards have been deemed to vest in 2014. In accordance with the requirements of FRS 20 for cash-settled share-based payment transactions, the cost of the awards granted to the employees and directors is initially measured at fair value at the grant date and spread over the vesting period. The fair value of the amount payable, including the company's liability to related social security costs, is recognised as an expense with a corresponding increase in liabilities. The liability is revalued at each balance sheet date, with any change to fair value being recognised in the profit and loss account.

The total expense recognised for the year and the total liabilities recognised at the end of the year arising from employee share schemes are as follows in the Group and the Company:

	2010 £	2009 £
Provision for share appreciation rights	637,938	151,887
Provision for social security costs	89,555	19,441
	<u>727,493</u>	<u>171,328</u>
	2010 £	2009 £
Liability at the beginning of the year		-
Granted and (credited)/charged to the profit and loss during the year	171,328	151,887
Revaluation and charged/(credited) to the profit and loss during the year	637,938	-
Revaluation debited/(credited) to goodwill	-	-
Settled during the year	-	-
Increase/(decrease) in provision for social security costs	89,555	19,441
	<u>898,821</u>	<u>171,328</u>

The fair value of rights granted under the equity-settled share plan and of share appreciation rights is determined based on prices achieved for the sale of the company's shares in recent transactions.