Cullum Capital Ventures Limited

Directors' report and consolidated financial statements

for the year to 31 December 2009

Registered Number 5587424

Directors' report and consolidated financial statements

Contents

Officers and professional advisers

Directors

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

Secretary

S T B Clark

Registered office

2 County Gate
Staceys Street
Maidstone
Kent
ME14 1ST

Auditors

KPMG Audit Plc
8 Salisbury Square
London
EC4Y 8BB

Directors' report

The directors present their report and the audited financial statements for the year to 31 December 2009

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 £9,276,803 for the year (2008 £6,046,752) and turnover of £46,895,357 (2008 £44,504,637) The group has net assets of £12,476,103 (2008 £6,352,342) EBITDA – the technical measure by which banks judge underlying performance and ability to service loan interest – decreased by 7% to £17 3m in 2009 from £18 6m in 2008

The growth in turnover and profits are through both organic growth and acquisitions of full or majority interests in four companies, minority interests in one company and purchasing a further eleven business portfolios The gross written premium (GWP) handled by the Group has grown to £195 3m in 2009 (£169 6m for 2008)

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

	2009	**2008**
Net Commission and Fees / GWP	20 5%	20 5%
Staff Costs / Income	45 5%	51 0%
EBITDA / Income	36 9%	41 8%
EBITDA / GWP	8 9%	11 0%
Staff Turnover %	22 4%	21 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 Our industry is beginning to harden and 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

Most purchasers of brokers have withdrawn from the market this year with very few able to access acquisitions funds This has seen purchase multiples reduce by nearly 20% in the year

Directors' report *(continued)*

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 15 intermediaries and portfolios during the year All acquisitions were traditional general insurance broking operations

CCV sold its two credit referencing businesses and an insurance broker in Scotland during the year to concentrate on its core businesses in England and Wales

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

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 2010 with one deal already completed so far in 2010

The insurance market experienced continued rate reductions in 2009 We are starting to see rate hardening and expect this to continue for the next year We anticipate the company will continue to perform satisfactorily in this period

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

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 return, 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 (2008 £Nil)

Directors and directors' interests

The directors who held office during the year were as follows

P G Cullum
T D Johnson (resigned 4 November 2009)
R M Brown
A C Homer
D W Torrance
M P Rea (appointed 4 November 2009)
S T B Clark (appointed 18 March 2010)
I W J Patrick (appointed 1 April 2009)

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 529 staff to 549 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)*

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 £1,391 (2008 £800) Group subsidiaries made charitable donations during the year totalling £3,150 (2008 £4,848)
Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year (2008 £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

Peter Cullum
Chairman

31 March 2010

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 financial statements of Cullum Capital Ventures Limited for the year ended 31 December 2009 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 to them 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 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/UKNP

Opinion on financial statements
In our opinion the financial statements

• give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended,
• have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
• have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
• the parent company financial statements are not in agreement with the accounting records and returns, or
• certain disclosures of directors' remuneration specified by law are not made, or
• we have not received all the information and explanations we require for our audit

NB Priestley

N B Priestley (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB
31 March 2010

Consolidated profit and loss account for the year to 31 December 2009

	Note	Continuing Operations £	Acquisitions £	Discontinued Operations £	2009 Total £	2008 £
Group Turnover	*1-2*	**40,855,741**	**2,020,647**	**4,018,969**	**46,895,357**	44,504,637
Administrative expenses	*3-5*	**(28,407,407)**	**(1,614,029)**	**(3,052,604)**	**(33,074,040)**	(32,929,251)
Amortisation of goodwill	*3*	**(3,272,374)**	**(48,213)**	**(6,860)**	**(3,327,447)**	(2,684,813)
Group operating profit		**9,175,960**	**358,405**	**959,505**	**10,493,870**	8,890,573
Share of operating profit in associates					**399,360**	256,554
Total operating profit					**10,893,230**	9,147,127
Other interest receivable and similar income	*6*				**166,578**	1,016,925
Profit on sale of operations	*7*				**1,792,907**	-
Interest payable and similar charges	*8*				**(3,575,912)**	(4,117,300)
Profit on ordinary activities before taxation					**9,276,803**	6,046,752
Tax on profit on ordinary activities	*9*				**(2,997,388)**	(2,649,042)
Profit on ordinary activities after taxation					**6,279,415**	3,397,710
Minority interests	*20*				**(176,903)**	(17,010)
Profit for the year					**6,102,512**	3,380,700

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 2009

	Note	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Intangible fixed assets	*10*		**59,676,190**		64,772,677
Tangible fixed assets	*11*		**2,383,330**		2,597,583
Investments in associates	*12*		**6,324,389**		6,265,049
			68,383,909		73,635,309
Current assets					
Debtors	*13*	**19,760,174**		17,205,011	
Cash at bank and in hand	*25*	**16,499,704**		18,271,032	
		36,259,878		35,476,043	
Creditors: amounts falling due within one year	*14*	**(42,883,188)**		(56,750,490)	
Net current liabilities			**(6,623,310)**		(21,274,447)
Total assets less current liabilities			**61,760,599**		52,360,862
Creditors amounts falling due after more than one year	*15*		**(49,255,208)**		(45,981,185)
Provisions for liabilities and charges	*16*		**(29,288)**		(27,335)
Net assets			**12,476,103**		6,352,342
Capital and reserves					
Called up share capital	*18*		**1,130,382**		1,130,382
Share premium	*19*		**46,598**		46,598
Profit and loss account	*19*		**11,121,468**		5,018,956
Shareholders' funds			**12,298,448**		6,195,936
Minority interests	*20*		**177,655**		156,406
			12,476,103		6,352,342

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

These financial statements were approved by the board of directors on 31 March 2010 and were signed on its behalf by

PG Cullum
Chairman

Company balance sheet
at 31 December 2009

	Note	2009		2008	
		£	£	£	£
Fixed assets					
Tangible fixed assets	*11*		**764,287**		477,160
Investments	*12*		**44,266,566**		49,853,613
			45,030,853		50,330,773
Current assets					
Debtors	*13*	**51,406,077**		45,785,409	
Cash at bank and in hand		**5,550,677**		5,247,786	
		56,956,754		51,033,195	
Creditors. amounts falling due within one year	*14*	**(65,997,672)**		(66,515,914)	
Net current liabilities			**(9,040,918)**		(15,482,719)
Total assets less current liabilities			**35,989,935**		34,848,054
Creditors amounts falling due after more than one year	*15*		**(48,934,964)**		(45,936,067)
Provisions for liabilities and charges	*16*		**(764)**		(764)
Net (liabilities)			**(12,945,793)**		(11,088,777)
Capital and reserves					
Called up share capital	*18*		**1,130,382**		1,130,382
Share premium	*19*		**46,598**		46,598
Profit and loss account	*19*		**(14,122,773)**		(12,265,757)
Shareholders' deficit			**(12,945,793)**		(11,088,777)

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

These financial statements were approved by the board of directors on 31 March 2010 and were signed on its behalf by

PG Cullum
Chairman

Consolidated cash flow statement for the year to 31 December 2009

Cash flow statement

	Note	2009 £	2008 £
Cash flow from operating activities	23	**7,589,912**	3,528,365
Dividends from associates		**292,357**	791,118
Returns on investments and servicing of finance	24	**(3,536,821)**	(3,283,955)
Taxation		**(3,872,004)**	(2,177,329)
Capital expenditure and financial investment	24	**(793,038)**	(1,389,639)
Acquisitions and disposals	24	**1,769,759**	(32,695,612)
Cash inflow / (outflow) before management of liquid resources and financing		**1,450,165**	(35,227,052)
Financing	24	**(3,221,493)**	38,759,204
(Decrease) / Increase in cash in the year		**(1,771,328)**	3,532,152

Reconciliation of net cash flow to movement in net funds

	Note	2009 £	2008 £
(Decrease) / Increase in cash in the year	25	**(1,771,328)**	3,532,152
Cash inflow / (outflow) from increase in debt and lease financing	25	**3,221,493**	(38,759,204)
Change in net funds resulting from cash flows		**1,450,165**	(35,227,052)
Other non-cash changes	25	**328,561**	(5,205,102)
Finance leases acquired with acquisitions	25	**(31,889)**	(100,864)
Movement in net funds in the year	25	**1,746,837**	(40,533,018)
Net funds at the start of the year	25	**(46,637,422)**	(6,104,404)
Net funds at the end of the year	25	**(44,890,585)**	(46,637,422)

Reconciliation of movements in shareholders' funds for the year to 31 December 2009

	Group Year 2009	Group Year 2008	**Company Year 2009**	Company Year 2008
	£	£	**£**	£
Profit/(Loss) for the financial year	**6,102,512**	3,380,700	**(1,857,016)**	(8,736,514)
Net increase / (decrease) in shareholders' funds	**6,102,512**	3,380,700	**(1,857,016)**	(8,736,514)
Opening shareholders' funds / (deficit)	**6,195,936**	2,815,236	**(11,088,777)**	(2,352,263)
Closing shareholders' funds / (deficit)	**12,298,448**	6,195,936	**(12,945,793)**	(11,088,777)

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 group's business activities, together with the factors likely to affect its future development, performance, and position are set out in the Directors' Report on pages 2 to 5

The group has considerable financial resources which, are assessed on pages 2 to 5 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 financial statements of Cullum Capital Ventures Limited have been drawn up on a going concern basis, on the basis that 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

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2009 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

Notes

(forming part of the financial statements)

1 Accounting policies *(continued)*

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

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

Notes

(forming part of the financial statements)

1 Accounting policies *(continued)*

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)

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 period during which employees become unconditionally entitled to payment The fair value is measured based on prices achieved for the sale of the company's shares in recent transactions The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account

Notes *(continued)*

2 Turnover

Segmental analysis

	2009 Turnover £	2008 Turnover £
By activity		
Insurance Broking	**43,722,743**	41,956,050
Credit Referencing	**3,172,614**	2,548,587
	46,895,357	44,504,637

Included within brokerage is marketing contribution income of £2,471,661 recognised during the year (2008 £7,207,828)

	2009 Turnover £	2008 Turnover £
By geographical market		
United Kingdom	**44,929,908**	43,070,167
Channel Islands	**1,965,449**	1,434,470
	46,895,357	44,504,637

3 Profit on ordinary activities before taxation

	Year 2009 £	Year 2008 £
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets		
- owned	**768,648**	574,918
- leased	**34,592**	55,667
Operating leases - land and buildings	**807,452**	759,770
- other	**147,232**	101,739
Amortisation of goodwill	**3,327,447**	2,684,813
(Loss) on disposal of fixed assets	**(8,681)**	(477)
Costs relating to office closures	**738,221**	211,571
Transaction costs relating to financing	**420,010**	269,709
Auditors' Remuneration		
- Audit of these financial statements	**32,554**	23,190
- Audit of financial statements of subsidiaries	**299,628**	262,500
- Other services pursuant to legislation	**52,033**	90,628
- All other services	**234,168**	291,839

Notes *(continued)*

4 Remuneration of directors

	Year 2009	Year 2008
Total remuneration of all directors	**£**	£
Directors' emoluments	**651,730**	4,222,225
Company contributions to money purchase pension schemes	**24,806**	32,364
	676,536	4,254,589

Remuneration of the highest paid director	**£**	£
Directors' emoluments	**302,580**	3,203,198
Company contributions to money purchase pension schemes	**12,525**	-
	315,105	3,203,198

	Number of Directors Year 2009	Number of directors Year 2008
Retirement benefits are accruing to the following number of directors under Money purchase schemes	**3**	2

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 2009 Group	Year 2008 Group	**Year 2009 Company**	Year 2008 Company
Administration	**139**	128	**33**	16
Brokerage	**306**	297	**-**	-
Referencing	**34**	56	**-**	-
Management	**70**	48	**19**	12
Total	**549**	529	**52**	28

The aggregate payroll costs, including directors, were as follows

	Year 2009 Group £	Year 2008 Group £
Wages and salaries	**17,074,091**	19,934,622
Social security costs	**1,765,905**	2,080,544
Other pension costs	**771,963**	673,227
	19,611,959	22,688,393

6 Other interest receivable and similar income

	Year 2009 Group £	Year 2008 Group £
Bank interest	**135,826**	840,024
Other	**30,752**	176,901
	166,578	1,016,925

Notes *(continued)*

7 Profit on sale of operations

	CCVRS Guernsey	Moray Firth	MARAS	Letting Agent Solutions	Total 2009 Group £
Sales Proceeds	46,751	1,288,712	6,838,411	(242,839)	**7,931,035**
Cost	(389,315)	(1,260,321)	(4,488,492)	-	**(6,138,128)**
Profit / (Loss) on Sale	**(342,564)**	**28,391**	**2,349,919**	**(242,839)**	**1,792,907**

8 Interest payable

	Year 2009 Group £	Year 2008 Group £
Bank interest	**3,545,222**	3,959,655
Other	**30,690**	157,645
	3,575,912	4,117,300

9 Taxation

Analysis of charge in year	Year 2009 £	Year 2008 £
UK corporation tax	**2,885,170**	2,591,900
Share of associates' current tax	**111,821**	72,493
Total current tax	**2,996,991**	2,664,393
Deferred tax (see note 16)	**397**	(15,351)
Tax on profit on ordinary activities	**2,997,388**	2,649,042

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%, (2008 28 5%) The differences are explained below

	Year 2009	Year 2008
	£	£
Current tax reconciliation		
Profit on ordinary activities before taxation	**9,276,803**	6,046,752
Current tax at 28% (2008: 28 5%)	**2,597,505**	1,723,324
Effects of		
Adjustments relating to prior periods	**(119,542)**	13,004
Expenses not deductible for tax purposes	**71,760**	561,663
Amortisation	**802,725**	280,239
Depreciation in excess of capital allowances	**49,279**	12,505
Increased tax rates in subsidiaries acquired	**-**	18,996
Profit on disposal of fixed assets	**1,850**	(478)
Roll over relief on profit on disposal of property	**-**	5,000
Non-taxable income	**(406,586)**	50,140
Total current tax charge (see above)	**2,996,991**	2,664,393

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

Notes *(continued)*

10 Intangible fixed assets

	Group Goodwill
Cost	**£**
At 1 January 2009	68,228,666
Additions	5,238,489
Disposals	(5,549,916)
Reduction in deferred consideration	(327,000)
Reduction in consideration for prior period acquisitions	(1,625,879)
At 31 December 2009	**65,964,360**
Amortisation	
At 1 January 2009	3,455,989
Charge for year	3,327,447
Eliminated on disposal	(495,266)
At 31 December 2009	**6,288,170**
Net book value	
At 31 December 2009	**59,676,190**
At 31 December 2008	64,772,677

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 2009	72,958	1,197,530	1,196,484	311,435	38,298	375,803	71,913	3,264,421
Transfers on acquisitions	689	31,613	5,632	42,363	-	8,878	11,854	101,029
Additions	85,493	130,579	354,685	6,294	-	285,427	-	862,478
Disposals	(8,904)	(380,246)	(220,377)	(3,892)	(34,041)	(122,358)	(10,218)	(780,036)
At 31 December 2009	**150,236**	**979,476**	**1,336,424**	**356,200**	**4,257**	**547,750**	**73,549**	**3,447,892**
Depreciation								
At 1 January 2009	11,319	247,239	148,917	41,901	4,257	177,543	35,662	666,838
Depreciation on disposal	(2,125)	(212,261)	(107,082)	(491)	-	(65,964)	(17,593)	(405,516)
Charge for year	22,279	309,603	224,548	115,722	-	108,035	23,053	803,240
At 31 December 2009	**31,473**	**344,581**	**266,383**	**157,132**	**4,257**	**219,614**	**41,122**	**1,064,562**
Net book value								
At 31 December 2009	**118,763**	**634,895**	**1,070,041**	**199,068**	**-**	**328,136**	**32,427**	**2,383,330**
At 31 December 2008	61,639	950,291	1,047,567	269,534	34,041	198,260	36,251	2,597,583

Included in the total net book value of motor vehicles and equipment is £67,690 (2008 £161,633) in respect of assets held under finance leases and similar hire purchase contracts Depreciation for the year on these assets was £34,592 (2008 £55,667)

Notes *(continued)*

11 Tangible fixed assets (continued)

Company	**Computer hardware**	**Computer software**	**Fixtures and fittings**	**Total**
Cost	**£**	**£**	**£**	**£**
At 1 January 2009	390,099	132,782	32,960	555,841
Additions	162,725	312,389	3,226	478,340
At 31 December 2009	**552,824**	**445,171**	**36,186**	**1,034,181**
Depreciation				
At 1 January 2009	54,507	19,662	4,512	78,681
Charge for year	123,238	61,155	6,820	191,213
At 31 December 2009	**177,745**	**80,817**	**11,332**	**269,894**
Net book value				
At 31 December 2009	**375,079**	**364,354**	**24,854**	**764,287**
At 31 December 2008	335,592	113,120	28,448	477,160

Notes *(continued)*

12 Investments

	Interests in associated undertakings £
Group	
Cost	
At beginning of year	6,716,225
Additions	121,946
Reduction in deferred consideration	(57,787)
At end of year	6,780,384
Share of post acquisition reserves	
At beginning of year	(451,176)
Retained profits less losses	287,538
Dividends Received	(292,357)
At end of year	(455,995)
Net book value	
At 31 December 2009	**6,324,389**
At 31 December 2008	6,265,049

	Shares in Group undertakings £	Participating interests £	Total £
Company			
Cost at 1 January 2009	43,142,380	6,711,233	49,853,613
Additions	1,404,145	60,037	1,464,182
Disposals	(5,379,081)	-	(5,379,081)
Reduction in deferred consideration	(660,823)	-	(660,823)
Impairment of investments hived up	(1,011,325)	-	(1,011,325)
Net book value at 31 December 2009	**37,495,296**	**6,771,270**	**44,266,566**
Net book value at 31 December 2008	43,142,380	6,711,233	49,853,613

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
Roundcroft Limited	England & Wales	Holding Company
Richard V Wallis & Co Limited *	England & Wales	Insurance broking
Moffatt & Co Limited	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 (Holdings) Limited (40% owned)	England & Wales	Holding company
Morgan Law Limited (40% owned)*	England & Wales	Insurance broking
Chorlton Cloughley Group Limited (91 6%)*	England & Wales	Insurance broking
CCG Financial Services Limited (91 6%)*	England & Wales	Insurance broking and financial advice
Berkeley Alexander Limited	England & Wales	Insurance broking
Protectagroup Acquisitions Limited (93 4%)	England & Wales	Holding company
Protectagroup Limited (93 4%)*	England & Wales	Insurance broking
HLI (UK) Limited *	England & Wales	Insurance broking
Four Counties Insurance Brokers Limited (95%)*	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
Rhodepark Limited	England & Wales	Holding company
Just Insurance Brokers Limited	England & Wales	Insurance broking
Ainsbury (Insurance Brokers) Limited (85%)	England & Wales	Holding company
Walter Ainsbury & Son Limited (85%)	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 2009, are as follows

Group	Smith and Pinching General Insurance Services Limited		Morgan Law (Holdings) Limited		Capital and County Insurance Brokers Limited	
	2009	2008	**2009**	2008	**2009**	2008
	£	£	**£**	£	**£**	£
Turnover	**3,627,190**	3,684,947	**1,996,239**	3,038,310	**1,990,799**	561,350
Profit before taxation	**606,356**	604,316	**408,850**	837,197	**207,494**	54,077
Taxation	**(169,780)**	(169,208)	**(114,478)**	(234,415)	**(58,098)**	(15,142)
Profit after tax	**436,576**	435,108	**294,372**	602,782	**149,396**	38,935

	Smith and Pinching General Insurance Services Limited		Morgan Law (Holdings) Limited		Capital and County Insurance Brokers Limited	
	as at 31 December 2009	as at 31 December 2008	**as at 31 December 2009**	as at 31 December 2008	**as at 31 December 2009**	as at 31 December 2008
	£	£	**£**	£	**£**	£
Fixed assets	**355,753**	417,378	**221,617**	200,301	**1,810,109**	1,843,707
Current assets	**1,528,956**	1,396,424	**2,654,732**	3,339,511	**649,806**	810,611
Liabilities due within one year	**(980,970)**	(941,091)	**(2,370,059)**	(3,096,077)	**(315,444)**	(299,028)
Liabilities due after one year	**-**	-	**(74,500)**	(5,000)	**(23,257)**	(193,380)
Net assets	**903,739**	872,711	**431,790**	438,735	**2,121,214**	2,161,910

Notes *(continued)*

13 Debtors

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Insurance debtors	**14,278,267**	15,678,736	**-**	-
Other debtors	**4,106,841**	495,023	**6,761,340**	117,814
Prepayments and accrued income	**1,129,938**	781,340	**193,627**	187,230
Amounts due from associates	**245,128**	249,912	**245,128**	249,912
Amounts owed by group undertakings	**-**	-	**44,205,982**	45,230,453
	19,760,174	17,205,011	**51,406,077**	45,785,409

14 Creditors: amounts falling due within one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Obligations under finance leases and hire purchase contracts	**42,979**	31,946	**-**	-
Insurance and trade creditors	**21,110,484**	22,856,445	**-**	-
Amounts owed to group undertakings	**-**	-	**49,986,721**	42,934,618
Corporation tax	**560,361**	2,333,831	**-**	-
Other taxation and social security	**507,829**	563,533	**81,636**	70,887
Other creditors	**1,525,142**	3,623,572	**427,842**	381,729
Accruals	**3,497,029**	3,559,532	**817,473**	863,464
Deferred consideration*	**2,834,543**	7,062,348	**2,364,621**	4,252,277
Bank Loan*	**8,605,329**	11,121,384	**8,605,329**	11,121,384
Loan Notes*	**823,559**	702,741	**637,500**	637,500
Deferred income	**3,375,933**	4,895,158	**3,076,550**	6,254,055
	42,883,188	56,750,490	**65,997,672**	66,515,914

15 Creditors: amounts falling due after one year

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Bank loans *^	**48,763,530**	44,485,537	**48,763,530**	44,485,537
Obligations under finance lease and hire purchase contracts	**11,750**	45,118	**-**	-
Deferred consideration*	**308,600**	1,450,530	**165,000**	1,450,530
Share Appreciation Rights	**171,328**	-	**6,434**	-
	49,255,208	45,981,185	**48,934,964**	45,936,067

Notes *(continued)*

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

Analysis of debt

At 31 December Being those items in notes 14 and 15 marked by *	**Group 2009 £**	Group 2008 £	**Company 2009 £**	Company 2008 £
Within one year	**12,430,487**	**19,159,688**	**11,774,506**	**16,284,376**
Between one year and two years	**12,005,113**	**12,845,129**	**11,861,513**	**12,845,129**
In the third to fifth years	**38,013,667**	**34,183,796**	**38,013,667**	**34,183,796**
Over five years	-	-	-	-
	62,449,267	**66,188,613**	**61,649,686**	**63,313,301**
Less capitalised loan costs	**(1,113,705)**	**(1,366,073)**	**(1,113,705)**	**(1,366,073)**
	61,335,562	**64,822,540**	**60,535,981**	**61,947,228**

^A term loan of £58,482,565 has been drawn from a facility of £81,000,000, which was used to finance acquisitions The loan is repayable in instalments Interest was originally 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

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

At 31 December	**Group 2009 £**	Group 2008 £
Within one year	**53,486**	58,206
In the second to fifth years	**9,026**	21,065
Over five years	-	-
	62,512	79,271
Less future finance charges	**(7,783)**	(2,207)
	54,729	77,064

Notes *(continued)*

16 Provisions for liabilities and charges

Deferred tax	Group £	Company £
Provision at 1 January 2009	27,335	764
Deferred tax on acquisitions	1,556	-
Charge to profit and loss account in the year	397	-
Provision at 31 December 2009	**29,288**	**764**

The deferred tax provision relates to the timing differences between accumulated depreciation, amortisation and capital allowances

17 Acquisitions

The following acquisitions were made in the year

	Goodwill £	Date of acquisition
Topcrest Insurance Brokers Limited	479,548	15/01/2009
Brian Potter and Associates Limited	832,136	27/02/2009
Ainsbury (Insurance Brokers) Limited	1,116,881	21/07/2009
Just Insurance Brokers Limited	731,621	14/12/2009
Portfolio acquisitions consisting of:		
Aron Insurance	300,683	30/01/2009
Kempston Insurance Consultants	80,000	06/02/2009
K F Garner and Company	636,559	06/03/2009
Cugini Associates	90,000	30/06/2009
Knights Insurance	448,184	21/07/2009
C J Russell (Insurance and Mortgage)	272,377	23/07/2009
Centurian	114,000	31/07/2009
Alex Moffatt	11,000	01/10/2009
FS Financial Services	13,000	11/11/2009
Collingwood	22,500	19/11/2009
AC Insurance Services	90,000	23/12/2009
Total	**5,238,489**	

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)

	Topcrest Insurance Brokers Limited	Brian Potter and Associates Ltd and Rhodepark Limited	Ainsbury (Insurance Brokers) Limited and Walter Ainsbury & Son Limited	Just Insurance Brokers Limited	Portfolio Acquisitions	Total
	£	£	£	£	£	£
Fixed assets						
Tangible assets	3,675	17,684	52,915	15,949	-	**90,223**
Debtors	35,940	188,139	463,653	175,145	-	**862,877**
Cash	171,794	252,680	197,430	219,265	-	**841,169**
Total assets	211,409	458,503	713,998	410,359	-	**1,794,269**
Creditors	75,260	253,091	1,158,578	521,967	-	**2,008,896**
Provisions for liabilities and charges	-	-	-	-	-	-
Net assets/(Liabs) Acquired	136,149	205,412	(444,580)	(111,608)	-	**(214,627)**
Goodwill	479,548	832,135	1,116,882	731,621	2,078,303	**5,238,489**
Consideration	615,697	1,037,547	672,302	620,013	2,078,303	**5,023,862**
Satisfied by						
Initial consideration	432,533	684,691	341,440	300,800	1,425,575	**3,185,039**
Deferred consideration	171,657	339,794	330,000	317,200	639,950	**1,798,601**
	604,190	1,024,485	671,440	618,000	2,065,525	**4,983,640**
Expenses on acquisition	11,507	13,062	862	2,013	12,778	**40,222**
	615,697	1,037,547	672,302	620,013	2,078,303	**5,023,862**

Notes *(continued)*

17 Acquisitions (continued)

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

	Topcrest Insurance Brokers Limited	Brian Potter and Associates Ltd	Rhodepark Limited	Ainsbury (Insurance Brokers) Limited and Walter Ainsbury & Son Limited	Just Insurance Brokers Limited
To date of Acquisition	**Period**	**Period**	**Period**	**Period**	**Period**
from	01-Oct-08	01-Jan-09	01-Apr-08	01-Dec-08	01-Mar-09
to	14-Jan-09	28-Feb-09	28-Feb-09	21-Jul-09	13-Dec-09
	£	**£**	**£**	**£**	**£**
Turnover	93,566	71,846	-	704,931	339,941
Expenses	(67,050)	(25,364)	-	(673,723)	(511,324)
Operating profit	26,516	46,482	-	31,208	(171,383)
Profit/(loss) on ordinary activities before taxation	27,225	47,007	65,249	31,208	(172,118)
Tax on profit on ordinary activities	(5,702)	(9,738)	-	(6,632)	11,212
Profit/(loss) on ordinary activities after taxation	21,523	37,269	65,249	24,576	(160,906)
Profit/(loss) for the period	21,523	37,269	65,249	24,576	(160,906)
Prior	**Year**	**Year**	**Year**	**Period**	**Year**
from	01-Oct-07	01-Jan-08	01-Apr-07	01-Dec-07	01-Mar-08
to	30-Sept-08	31-Dec-08	31-Mar-08	30-Nov-08	28-Feb-09
	£	**£**	**£**	**£**	**£**
Profit on ordinary activities before taxation	61,249	236,468	51,899	104,534	44,982
Profit for the year / period	47,992	183,452	51,899	100,118	33,770

Notes *(continued)*

18 Called up share capital

At 31 December	2009	2008
	£	£
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
10,010 Ordinary C shares of £1 each	**10,010**	10,010
	1,130,382	1,130,382

A, B and C ordinary shares have the same rights to distribution of profits, capital and voting rights

19 Reserves

Group	**Share premium account**	**Profit and loss account**
	£	£
At 1 January 2009	46,598	5,018,956
Profit for the year	-	6,102,512
At 31 December 2009	**46,598**	**11,121,468**

Company	**Share premium account**	**Profit and loss account**
	£	£
At 1 January 2009	46,598	(12,265,757)
Loss for the year	-	(1,857,016)
At 31 December 2009	**46,598**	**(14,122,773)**

Notes *(continued)*

20 Minority interests

	Group
	£
At 1 January 2009	156,406
New acquisitions in the year	1,790
Disposals in the year	(3,589)
Retained profit for the year	176,903
Dividends paid to minority interests	(153,855)
At 31 December 2009	**177,655**

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 £771,963 (2008 £673,227) At the year end outstanding contributions were £38,760 (2008 £60,230)

22 Operating leases

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2009	**Other 2009**	**Total 2009**	Land and buildings 2008	Other 2008	Total 2008
Group	**£**	**£**	**£**	£	£	£
Operating leases which expire						
Within one year	**41,757**	**58,941**	**100,698**	120,162	33,531	153,693
In the second to fifth year	**400,230**	**22,430**	**422,660**	378,640	27,640	406,280
Over five years	**630,493**	**-**	**630,493**	930,388	8,124	938,512
	1,072,480	**81,371**	**1,153,851**	1,429,190	69,295	1,498,485

Company
The company does not have any non-cancellable operating leases

23 Reconciliation of operating profit to operating cashflows

Group	**Total 2009**	Total 2008
	£	£
Operating profit	**10,493,870**	9,147,127
Depreciation and amortisation charges	**4,130,687**	3,156,458
Loss / (Profit) on the sale of fixed assets	**8,681**	477
(Increase)/ Decrease in debtors	**(505,026)**	(8,094,165)
(Decrease) / Increase in creditors	**(6,538,300)**	(681,532)
Net cash inflow from operating activities	**7,589,912**	3,528,365

Notes *(continued)*

24 Analysis of cash flows

	2009 £	2009 £	2008 £	2008 £
Returns on investment and servicing of finance				
Interest received	166,581		1,024,293	
Interest paid	(3,549,547)		(4,237,429)	
Dividends paid to minority shareholders in subsidiary undertaking	(153,855)		(64,811)	
Interest element of finance lease rental payments	-		(6,008)	
Fees relating to financing	-		-	
		(3,536,821)		(3,283,955)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(804,309)		(1,502,711)	
Proceeds from sale of fixed assets	11,271		113,072	
		(793,038)		(1,389,639)
Acquisitions and disposals				
Purchase of subsidiary undertakings	(3,599,891)		(37,314,547)	
Disposal of subsidiary undertakings	5,663,922		-	
Net cash received on acquisitions of subsidiaries	841,169		5,991,116	
Net cash transferred on disposal of subsidiaries	(1,013,495)		-	
Purchase of interest in associates	(121,946)		(1,372,181)	
		1,769,759		(32,695,612)
Financing				
Net receipt of loans	7,625,000		44,800,000	
Payment of deferred consideration	(4,667,988)		(2,518,539)	
Repayments of loan capital	(6,115,429)		(3,454,450)	
Loan facility arrangement fees	-		(40,000)	
Issue of ordinary share capital	-		-	
Acquisition of own shares held in trust	-		-	
(Repayment) / receipt of directors loans	(8,850)		8,850	
Capital element of finance lease rental payments	(54,226)		(36,657)	
		(3,221,493)		38,759,204

Notes *(continued)*

25 Analysis of net funds

	At 1 January 2009	Cash flow	Acquisitions	Other non-cash changes	Total change	At 31 December 2009
	£	£	£	£	£	£
Cash at bank and in hand	18,271,032	(1,599,000)	(172,328)	-	(1,771,328)	16,499,704
	18,271,032	(1,599,000)	(172,328)	-	(1,771,328)	16,499,704
Finance leases	(77,064)	54,226	(31,889)	-	22,337	(54,727)
Debt due within one year	(18,895,323)	3,167,267	-	3,464,625	6,631,892	(12,263,431)
Debt due after one year	(45,936,067)	-	-	(3,136,064)	(3,136,064)	(49,072,131)
	(64,908,454)	3,221,493	(31,889)	328,561	3,518,165	(61,390,289)
Total	(46,637,422)	1,622,493	(204,217)	328,561	1,746,837	(44,890,585)

Cash at bank includes £9,813,867 (2008 £10,970,274) 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 £11,707,081 (2008 £6,162,925) and non insurance related receipts were £nil (2008 £nil) Insurance creditors payable at the year end were £9,178,973 (31 December 2008 £5,194,993)

During the year Towergate Partnership Limited settled to third party suppliers incidental expenses on behalf of the Group During the year Cullum Capital Ventures Limited was charged £ 906,267 (2008 £3,489,840) by Towergate Partnership Limited relating to these disbursements The debtor due to CCV at year end was £543,048 (2008 due to Towergate £154,202)

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 £393,928 Amounts owed to Open GI Limited at the year end totalled £nil (2008 £nil)

During the year Mr T D Johnson was loaned a sum of £87,575 by the company Mr T D Johnson did not pay any interest in respect of this loan during the year At the end of the year £Nil was outstanding in respect of this loan

27 Controlling party

Mr P G Cullum, the Chairman, is the controlling party by virtue of his controlling interest in the share capital of Cullum Capital Ventures Limited

Notes *(continued)*

28 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 2009 was £58,482,565, (2008 £56,972,994) 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
CCG Financial Services Limited
Protectagroup (CIB) Limited (formerly Culver Insurance Brokers Limited)
CCV Letting Agents Solutions Limited
Crawford Davis Insurance Consultants Limited
Portishead Insurance Brokers 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

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)*

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

29 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 2017 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

	2009	2008
	£	£
Provision for share appreciation rights	**151,887**	-
Provision for social security costs	**19,441**	-
	171,328	-

	2009	2008
	£	£
Liability at the beginning of the year	-	-
Granted and (credited)/charged to the profit and loss during the year	**151,887**	-
Revaluation and charged/(credited) to the profit and loss during the year	-	-
Revaluation debited/(credited) to goodwill	-	-
Settled during the year	-	-
Increase/(decrease) in provision for social security costs	**19,441**	-
	171,328	-

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