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Broker Direct Plc

Financial Statements

For the year ended
31 DECEMBER 2002

Company Number: 2958427

Broker Direct
A better way to insure

Index	Pages

Company registration number:	2958427
Registered Office:	Higham Business Centre Midland Road Higham Ferrers Northamptonshire NN10 8DW
Directors:	A Paddick B Fehler R Green I Gray N Harris T Stanley G Jones
Secretary:	I Gray
Bankers:	National Westminister Bank Plc Oldham Corporate Office PO Box 78 3 Greaves Street Oldham Lancs OL1 1QN
Auditors:	Grant Thornton Registered Auditors Chartered Accountants Heron House Albert Square Manchester M60 8GT

Last year I reported that whilst Broker Direct (BD) had made a profit, Trafalgar (our risk carrier) had suffered an underwriting loss and that strong corrective measures would be taken during 2002 to rectify the situation. This included a significant investment in the Broker Direct data warehouse, which is now one of the most sophisticated private car insurance risk profiling systems in the UK market.

I also predicted in my last report that gross written premium would decrease significantly during 2002, as a result of the aforementioned corrective measures, and start to increase again during 2003 as appropriate market segments and opportunities were identified. Gross written premium for 2002 was £42 million compared with £71 million in 2001.

The very good news is that the 2002 underwriting result for Trafalgar was £4.5 million profit, under-pinned by a prudent reserving policy. This most satisfactory outcome is a direct result of the significantly enhanced statistical information now available to the Company, and its application by the management team. At the time of writing, Trafalgar looks set to enjoy yet another very acceptable result during 2003.

The consequence for Broker Direct itself, of the necessary reduction in GWP during 2002, was a forecast parallel reduction in its volume related earnings and, thus net profit for 2002 was only £65,875 (£474,134 profit in 2001). To achieve this year end profit, the Company was forced to take vigorous cost cutting measures throughout the business in order to concentrate its resources on new information technology systems which has paved the way for the future. At the same time the Company maintained the high service standards to brokers and their clients, for which it is renowned in the market.

Broker Direct's Joint Venture Agreement (JVA) with Allianz Cornhill (of which Trafalgar Insurance is a subsidiary) is due for renewal this year. At the time of writing the renewal negotiations are well advanced. Personally, I am very pleased that Trafalgar's underwriting result is now so positive. Allianz Cornhill has been most supportive of Broker Direct since its formation, including through the trials and tribulations that every new market entrant has to encounter, as it gains underwriting exposure and transforms this into a well balanced account. Without the financial strength and backing of Allianz Cornhill, your Company would not be where it is today - firmly established and ready to move forward in both its existing private motor and new product lines.

For Broker Direct, there are significant opportunities to extend our penetration of shareholding brokers' private car accounts, by entering into agreements with additional carriers who have experience of other risk profiles. Such extra underwriting capability, coupled with our highly efficient low-operating cost infrastructure and agency management systems, will undoubtedly present significant opportunities for more profitable joint partnerships in the future.

As I write this report, Broker Direct has just announced an agreement with Zurich Insurance, which will result in a new private car product being launched during 2003. Discussions are currently being held with other risk carriers and further important announcements can be expected.

The Company has commenced its move into the Light Commercial Vehicle market, which will complement existing motor insurance operations.

Also, during 2003 it is the Company's intention to launch a new facility 'Scheme Shop', on which it has been working quietly for some time. This important initiative will distribute quality, niche market broker schemes via the Internet, promoted by the BD sales team. Scheme brokers wishing to increase their premium income via quality sub-broking arrangements, will also benefit from BD premium collection and agency control. Only schemes that have been vetted by BD will be offered and information will be provided to enable brokers to ensure that Scheme products, brokers and underwriters meet their quality standards

Broker Direct is currently conducting research on the aggregation of commercial insurance business. By uniting the premium income of hundreds of quality firms and providing added value services to both the risk carriers and brokers, all participants will be part of a substantial 'buying group' and have the negotiating power and benefits currently only enjoyed by the large broking houses. Shareholders are being consulted as this initiative is developed during 2003. The initial feed-back is that there is substantial support for this proposition because brokers will retain the commercial independence and flexibility they value so passionately.

The Company's continuing development of the Trafalgar account, agreements with Zurich and additional risk carriers, and revenues from its diversification strategy will allow further investment to be made during 2003 and 2004 in an ambitious expansion programme, which I am convinced will significantly strengthen the balance sheet and profitability over the coming years.

I would like to take this opportunity to congratulate the Company's management and staff for achieving all the 2002 objectives.

Andrew N Paddick,
Chairman

23rd July 2003

The directors present their annual report and audited financial statements for the year ended 31 December 2002.

Principal activity

Broker Direct Plc is an insurance management services and marketing organisation. The Company designs and administers insurance products for exclusive distribution through its shareholding broker network. The product range is marketed under the brand name of Broker Direct.

Underwriting of the primary motor insurance products is undertaken by Trafalgar Insurance PLC, an FSA authorised insurance company. Trafalgar is a subsidiary of Allianz Cornhill Insurance PLC, itself part of Allianz – Europe's largest insurance group.

Brokers, both as shareholders and participants in the enterprise, are involved in the planning of the Company's future growth and prosperity. In this sense, shareholding brokers are the architects of their own future.

Review of the business

The profit and loss account shows a profit after taxation for the year of £65,875 (2001 : £474,134). The directors are unable to recommend payment of a dividend at this time (2001 : £Nil).

A review of the business for the year ended 31 December 2002 is included within the Chairman's Statement on pages 4 and 5.

Directors

The directors who were serving at the year end are shown below :

Andrew Paddick	Chairman	Non–Executive
Barry Fehler	Broker Liaison Director	Non–Executive
Roy Green	Director and General Manager	Executive
Iain Gray	Finance Director	Executive
Neil Harris	Insurance Director	Executive
Terry Stanley	Broker Services and Marketing Director	Executive
Gareth Jones	Allianz Cornhill Insurance PLC nominated Director	Non–Executive

Directors' interests

The interest of the directors in office at the end of the year, in the shares of the company at 1 January 2002 and 31 December 2002, were as follows :

Andrew Paddick	"A" Ordinary shares	25,394
Barry Fehler	"A" Ordinary shares	6,250
Roy Green	"A" Ordinary shares	12,500
Iain Gray	"A" Ordinary shares	Nil
Neil Harris	"A" Ordinary shares	Nil
Terry Stanley	"A" Ordinary shares	Nil
Gareth Jones	"A" Ordinary shares	Nil

Transactions in which directors had a material interest

The Institute of Insurance Brokers Group, of which Andrew Paddick and Barry Fehler are directors, provided dispute resolution services during the year. The fee for these services was £5,875 (2001 : £8,161)

South Essex Insurance Brokers (SEIB), of which Barry Fehler is the Managing Director, are nominated advisers to Broker Direct Plc as follows :

Company insurances:	Office
	Company Cars

No fee is paid directly for these services, though SEIB do receive commission from the providing insurers.

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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 maintaining proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

Employment policies

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

Employee involvement

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

Creditor payment policy

The Company does not follow any formal code of practice on payment to its creditors. However, it is the Company's policy to :

- settle to the terms of payment with its supplier when agreeing the terms of each transaction
- ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts
- pay in accordance with its contractual and other legal obligations

The payment policy applies to all creditors for revenue and capital suppliers of goods and services without exception.

The company's average creditor payment period at 31 December 2002 was 18 days (2001 : 12 days).

Auditors

Grant Thornton have indicated their willingness to be re–appointed and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

A N Paddick
Chairman

23rd July 2003

Introduction

The Remuneration Committee recognises that directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice.

To avoid potential conflicts of interest, the Board of Directors has delegated responsibility for determining executive remuneration to a Committee of Non–Executive Directors, who

- Are knowledgeable of the business
- Are responsive to the shareholders' interests
- Have no personal financial interest in the remuneration decisions they are taking

The members of the Committee are:

Barry Fehler – Chairman
Andrew Paddick
Gareth Jones

Executive Directors' Remuneration Policy – objectives

- To provide packages that attract, retain and motivate the Executive Directors
- Link rewards to the performance of both the company and the individual
- Align the interests of Directors and shareholders in promoting the company's progress

Directors' service contracts

The service contracts for Roy Green, Neil Harris, Terry Stanley and Iain Gray are in a similar form. The term in each case is for a rolling term of two years. The company may give three months notice at any time subject to paying not more than two years compensation (except in specific circumstances when no compensation will be payable).

Report

As noted in last year's Remuneration Committee Report, the joint venture with Allianz Cornhill Insurance saw a significant loss in the operations of Trafalgar Insurance in 2001 and consequently the salary reviews of the Executive Directors for 2002 were held at a nominal rate of increase.

As noted in this year's Chairman's statement, Trafalgar Insurance reported good profits for 2002 and the Committee wishes to convey its congratulations to the executive team in achieving that result with the assistance of Allianz Cornhill. However, the Trafalgar Insurance result was achieved in part through a dramatic rationalisation in the profile and hence volume of business underwritten.

Broker Direct was still able to report a modest profit for 2002 but the Executive Directors, in recognition of the tighter financial environment in which the company is currently operating, have offered to postpone receiving the bonuses they earned in 2001. The Remuneration Committee thanks the directors for their offer which has been reluctantly accepted.

Directors remuneration packages are subject to annual review. The last such review should have been in the final quarter of 2002 but again, the Remuneration Committee has accepted the Executive Director's offer to postpone.

Report of the Auditors

We have audited the financial statements of Broker Direct PLC for the year ended 31 December 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and notes 1 to 17. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton
Registered Auditors
Chartered Accountants
Manchester

23rd July 2003

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The company has adopted the requirements of FRS19 Deferred Taxation during the year.

The principal accounting policies of the company are set out below.

Prior year restatement

In previous years' accounts the balance sheet has only included amounts currently due and payable. Consequently, amounts relating to future collections of instalment premiums were not included.

In 2002 all outstanding premiums including those not yet due are reported as this facilitates a more comprehensive understanding of the company's financial position.This has been reflected in these accounts with the appropriate restatement of 2001 balances.

Turnover

Turnover is the amount receivable for goods and services provided. No VAT is chargeable on these services.

Depreciation

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

Leasehold improvements	4 years	Equipment	4 years
Computer – Hardware	3 years	Furniture and fittings	4 years
Computer – Software Development	5 years	Cars	3 years

Deferred aquisition costs

Acquisition costs comprise the commission expenses of acquiring policies written during the year.

Acquisition costs that relate to a subsequent financial year are deferred to the extent that they are attributable to income unearned at the balance sheet date. The amount not yet passed through the profit and loss account is held in the balance sheet.

Income recognition

Income comprises commission received for selling and administering annual insurance policies. The proportion of income that relates to the administration of these policies is deferred and released to the profit and loss account throughout the term of the policy in equal monthly instalments. The amount not yet passed through the profit and loss account is held in the balance sheet.

Leased assets

The Company has no Assets held under finance leases or hire purchase contracts.

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

Insurance debtors and creditors

The company acts as an agent of insurance companies in broking and administering insurance products and is liable as a principal for premiums due to those underwriters. The company has followed generally accepted accounting practice for insurance brokers by showing debtors, creditors and cash balances relating to insurance business as assets and liabilities of the company itself.

Contrbutions to pension funds

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

For the year ended 31 December 2002

	Note	2002 £	2001 £
Sales and commission		8,235,711	14,211,913
Movement in deferred commission		1,931,777	(1,168,981)
Turnover		10,167,488	13,042,932
Cost of sales		(7,094,777)	(7,842,539)
Gross profit		3,072,711	5,200,393
Other operating charges	2	(3,044,527)	(4,803,259)
Operating profit		28,184	397,134
Interest income	3	37,691	77,000
Profit on ordinary activities before taxation	1	65,875	474,134
Taxation	5	-	-
Profit transferred to reserves	11	65,875	474,134

The above activities all relate to continuing activities.

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

The accompanying accounting policies and notes form an integral part of these financial statements.

at 31 December 2002

	Note	2002 £	Restated 2001 £
Fixed assets			
Tangible assets	6	496,216	572,107
Current assets			
Debtors	7	10,251,355	16,358,545
Cash at bank and in hand		815,240	2,239,020
		11,066,595	18,597,565
Creditors: amounts falling due within one year	8	(10,808,219)	(18,480,955)
Net current assets		258,376	116,610
		754,592	688,717
Capital and reserves			
Called up share capital	10	3,927,186	3,927,186
Profit and loss account	11	(3,172,594)	(3,238,469)
Shareholders' funds	12	754,592	688,717

The financial statements were approved by the Board of Directors on 23rd July 2003

A N Paddick, Director

R Green, Director

The accompanying accounting policies and notes form an integral part of these financial statements.

	Note	2002 £	2001 £
Net cash (outflow)/inflow from operating activities	13	(1,298,284)	1,325,033
Returns on investments and servicing of finance			
Interest received		37,691	77,000
Taxation		-	–
Capital expenditure			
Purchase of tangible fixed assets		(163,187)	(225,100)
Proceeds of Insurance claims		-	2,111
		(163,187)	(222,989)
(Decrease)/Increase in cash	14	(1,423,780)	1,179,044

The accompanying accounting policies and notes form an integral part of these financial statements.

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is attributable to the principal activity of the company.

The profit on ordinary activities before taxation is stated after :

	2002 £	2001 £
Auditors' remuneration	20,646	16,450
Depreciation of tangible fixed assets (owned)	239,078	221,115
Operating lease charges – land and building	176,886	109,084
Operating lease charges – other	24,041	36,374

2 OTHER OPERATING CHARGES

	2002 £	2001 £
Staff costs	2,124,558	2,301,838
Administration expenses	261,757	311,804
Other operating costs	658,212	2,189,617
	3,044,527	4,803,259

3 INTEREST INCOME

	2002 £	2001 £
Interest income on bank deposits	37,691	77,000

4 DIRECTORS AND EMPLOYEES

	2002 £	2001 £
Staff costs during the year were as follows :		
Wages and salaries	1,777,887	1,976,709
Social security costs	173,832	172,670
Pension costs	172,839	152,458
	2,124,558	2,301,837

The average number of employees during the year was :	2002 Number	2001 Number
Management	14	13
Other	82	82
	96	95

DIRECTORS AND EMPLOYEES (continued)

	2002	2001
Remuneration in respect of directors was as follows :	£	£
Emoluments	455,588	435,192

	2002	2001
Directors' remuneration disclosed above include amounts paid to :	£	£
The highest paid director	114,709	109,056

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
The taxation charge is based on the profit for the year and represents :		
UK corporation tax at 30% (2001: 30%)	-	-

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom 30%. The differences are explained as follows:

	2002	2001
Profit on ordinary activities before tax	65,875	474,134
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	19,763	142,240
Effect of:		
Expenses not deductible for tax purposes	13,325	8,007
Capital allowances in excess of depreciation	13,234	5,585
Short term timing differences	(60,472)	39,597
Trade losses carried forward /(utilised) during the year	14,150	(195,429)
	-	-

6 TANGIBLE FIXED ASSETS

	Leasehold improvements	Computers, furniture fittings, cars & equipment	Total
	£	£	£
Cost			
At 1 January 2002	135,100	857,675	992,775
Additions	10,811	152,376	163,187
Disposals	-	(2,074)	(2,074)
At 31 December 2002	145,911	1,007,977	1,153,888

TANGIBLE FIXED ASSETS (continued)

	Leasehold improvements	Computers, furniture fittings, cars & equipment	Total
	£	£	£
Depreciation			
At 1 January 2002	(70,545)	(350,123)	(420,668)
Provided in the year	(26,765)	(212,313)	(239,078)
Disposed in the year	-	2,074	2,074
At 31 December 2002	(97,310)	(560,362)	(657,672)
Net book amount			
At 31 December 2002	48,601	447,615	496,216
Net book amount			
At 31 December 2001	64,555	507,552	572,107

7 DEBTORS

	2002	Restated 2001
	£	£
Broker & policyholder receivables	7,326,583	11,875,492
Insurer receivables	199,959	35,861
Deferred acquisition costs	2,590,982	4,362,099
Prepayments and accrued income	120,659	79,765
Other debtors	13,172	5,328
	10,251,355	16,358,545

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	Restated 2001
	£	£
Payable to insurers	7,533,316	12,854,845
Technical reserves	197,087	320,172
Deferred acquisition costs	2,590,982	4,362,099
Pension contributions	12,962	13,540
Taxation and social security costs	51,812	52,147
Accruals & deferred income	422,060	878,152
	10,808,219	18,480,955

9 DEFERRED TAXATION

The deferred taxation asset has not been provided for on the financial statements on the basis that it will not be recovered in the forseeable future. Once the company becomes profitable the tax asset will be utilised.

	Unprovided 2002 £	Unprovided 2001 £
Accelerated Capital Allowances	(24,109)	(10,875)
Technical Reserves	(81,015)	(141,487)
Tax Losses Carried Forward	(632,907)	(618,757)
Deferred Tax Asset	(738,031)	(771,119)

10 CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised		
5,000,000 "A" ordinary shares of £1 each	5,000,000	5,000,000
1,000,000 "C" ordinary shares of £1 each	1,000,000	1,000,000
	6,000,000	6,000,000
Allotted		
2,974,061 "A" ordinary shares of £1 each	2,974,061	2,974,061
1,000,000 "C" ordinary shares of £1 each	1,000,000	1,000,000
	3,974,061	3,974,061
Called up		
Fully paid		
2,911,561 "A" ordinary shares of £1 each	2,911,561	2,911,561
Partly paid		
62,500 "A" ordinary shares of £1 each one quarter called up	15,625	15,625
Fully paid		
1,000,000 "C" ordinary shares of £1 each	1,000,000	1,000,000
	3,927,186	3,927,186

All shares are equity shares, carrying the same right to dividends and priority on a winding up and are non–redeemable.

Both the "A" ordinary shares and the "C" ordinary shares have full voting rights except that the "C" ordinary shareholders have no voting rights in respect of a resolution to amend in any way the directors' duty only to register a transfer of "A" ordinary shares to a qualifying person.

11 RESERVES

	Profit and loss account £
At 1 January 2002	(3,238,469)
Profit for the year	65,875
At 31 December 2002	(3,172,594)

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	65,875	474,134
Opening shareholders' funds	688,717	214,583
Closing shareholders' funds	754,592	688,717

13 NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	28,184	397,134
Profit on sale of fixed assets	-	(2,111)
Depreciation	239,078	221,115
Decrease in debtors	6,107,190	1,473,946
Decrease in creditors	(7,672,736)	(765,051)
Net cash (outflow) / inflow from operating activities	(1,298,284)	1,325,033

14 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2002 £	Cashflow £	At 31 December 2002 £
Cash in hand and at bank	2,239,020	(1,423,780)	815,240

15 LEASING COMMITMENTS

Operating lease payments amounting to £213,683 (2001 : £130,730) are due within one year. The leases to which these amounts relate expire as follows :

	2002 Land and buildings £	2002 Other £	2001 Land and buildings £	2001 Other £
Operating leases which expire :				
– within two to five years	-	14,460	–	19,288
– over five years	199,223	-	111,442	–
	199,223	14,460	111,442	19,288

There were no other revenue commitments at 31 December 2002 or 31 December 2001.

16 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2002 or 31 December 2001.

17 RELATED PARTIES

During the year, Broker Direct Plc earned £3,124,889 (2001 : £4,471,585) commission from Trafalgar Insurance PLC, a wholly owned subsidiary of Allianz Cornhill Insurance PLC, which has a 25% shareholding in Broker Direct Plc.

At the year end a balance of £199,959 (2001 : £33,125) was due from Trafalgar Insurance PLC in respect of this commission.

Broker Direct Plc collects insurance premium payments on behalf of Trafalgar Insurance PLC. At the year end, a balance of £5,989,670 (2001 : £11,244,088) was owed to Trafalgar Insurance PLC in respect of these premiums.