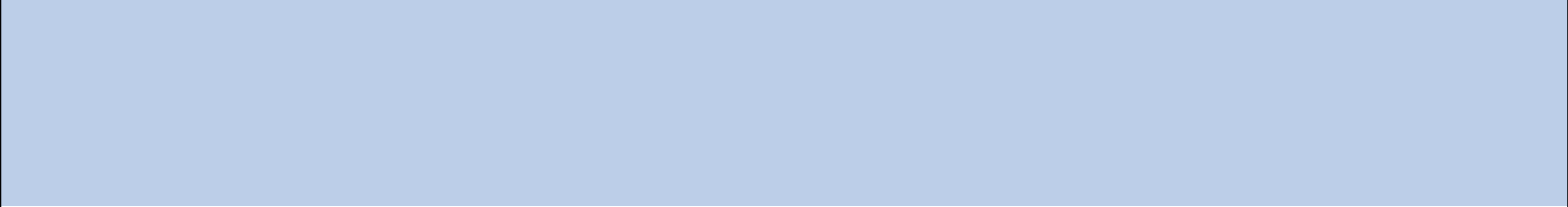


Annual Report & Accounts 2008

Delivering on promises



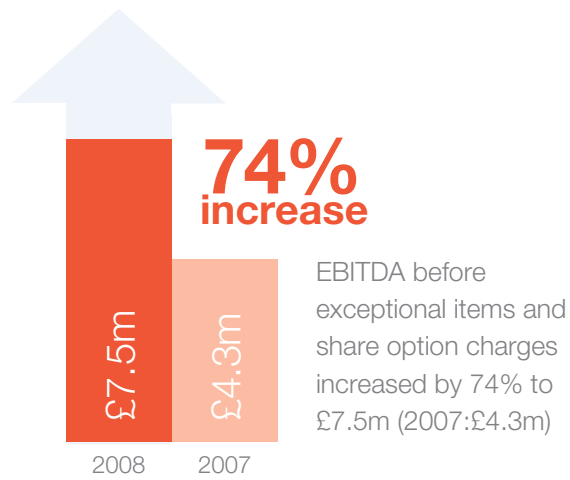
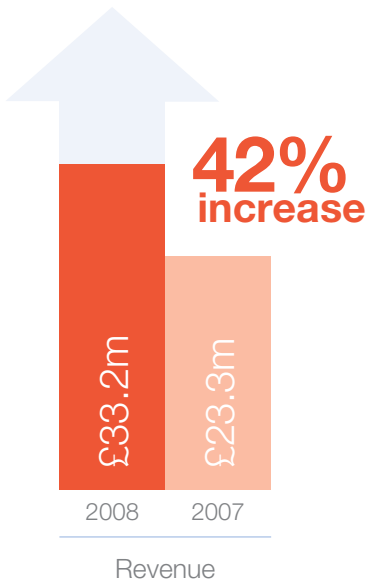
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# Financial Highlights



Earnings per share on profit from continuing operations before exceptional items increased by



**111% increase**

**+ 36,791**

Premium finance loans processed increased from 100,544 in 2007 to 137,335 in 2008

**+ 18,127**

Insurance broking customer base increased from 131,254 in 2007 to 149,381 in 2008

Profits from continuing operations before exceptional items increased by


182% to £6.2m  
(2007: £2.2m)

### Operational highlights

- Successful reverse acquisition of Group Direct insurance and premium finance operations
- Life division launched in October 2008 and growing strongly
- eVan insurance division successfully integrated into the Group and ahead of financial forecast
- Group cost review undertaken and partially completed with full benefits expected in 2009
- Minimal structural debt in the business following the recapitalisation of the Group via a £10.6m investment from Norwich Union and Stena Group in June 2008
- Strong cash flow generation

### Outlook

- Customer numbers stronger in the first quarter of 2009 across the Group



Van insurance units	+35%
Personal lines insurance units	+109%
SME Commercial insurance units	+3%
Minibus and Taxi insurance units	+34%
Lead generation activity	+64%
Medical reporting new cases processed	+296%
Premium finance loans processed	+18%

Positive outlook for 2009

# Chief Executive's Review

Brightside Group plc completed its transition from an Insolvency business to an Insurance Broking business with the reverse acquisition of Group Direct Limited (Group Direct) and the acquisition of Injury QED Limited (IQED) at the end of June 2008.

To comply with current accounting standards, this report is presented as if Group Direct had acquired Brightside and IQED which is the substance of the transaction even though the legal form of the transaction, was that Brightside acquired Group Direct and IQED.

The Group enjoyed a very successful year of growth driven by a combination of increasing premium rates and the success of its leading edge technology on the internet. Revenue grew by 42% substantially driven by organic growth and success in cross selling to existing customers.

The business has shown itself to be resilient in the face of a difficult economic climate and has benefited from the compulsory nature of many of the products it sells to the public. Insurance rates are now rising quickly as insurers react to the reality of continuing claims inflation and more limited prospects for investment income and capital growth.

Brightside's broking businesses will benefit from increasing insurance rates, where we expect double digit growth in 2009.

Trading in the first quarter of 2009 is ahead of the comparative period in 2008 in revenue terms, and a review of cost base in the second and third quarter of 2008 has led to a significant reduction of operating costs. The directors therefore have a positive outlook for 2009.



#### The Insurance Broking Businesses:

The broking business operates out of three offices based in Bristol, Southampton and Torquay.

Our traditional call centre based van business is the largest broker of small commercial van insurance policies in the UK with 88,000 policy sales in 2008. The business traded strongly during the year and continued to make use of technology and more efficient processing to drive the cost base lower and improve margins.

This was augmented in November 2008 with the successful acquisition of eVan, an online van insurance broker, for an initial consideration of £3.3m and a deferred consideration of a maximum of £1.5m. eVan is now generating in excess of 2,000 policies per month, which is 65% ahead of forecast when the business was acquired. The full impact of the acquisition will be felt in 2009 when a full-year contribution is made.

Our SME insurance unit covers a full range of commercial insurance products including fleet insurance, package commercial, and large commercial risks. The 26,000 policy sales in 2008 made it one of the largest brokers servicing the highly fragmented small business market.

Our Torquay based personal lines insurance business experienced strong growth in 2008, with motor and household insurance policy sales increasing 30% to 16,500 sales in 2008.

Our online household insurance brokerage, eHome, has experienced even more impressive growth, with policy sales increasing over 500% from 1,800 sales in 2007 to 11,000 sales in 2008.

As well as providing core insurance products to businesses and individuals, we also offer customers a full suite of add on products. In 2008 we had significant success selling these products across our broking units which further improved our overall profitability.

#### eLife:

We also launched a new life insurance division called eLife, distributing term life policies by a combination of traditional call centre methods and the internet.

eLife has enjoyed a very strong start since it went live in October 2008. The unit has generated more than £250,000 of income with half of that being processed in March 2009 alone. The unit is headed by Guy Williams who was formerly head of one of the largest life brokerages in the UK.

The directors believe that in a recessionary period when people are naturally more cautious demand for this type of product actually increases. Therefore we have an aggressive plan to increase sales, building the operation from a profitable base and expect eLife to be significantly expanded over the next few years.

EBITDA before  
exceptional items and  
share option grew by

74%

# Chief Executive's Review

## Premium Finance:

During 2008 we experienced increased demand for premium finance products from our customers processing 137,335 loans in 2008 against 100,544 in 2007, an increase of 37%.

Overall, Panacea processed in excess of £70m of premium finance in 2008, a 71% increase on the £41.5m of premium finance processed in 2007.

The business also improved its systems and processes and was able to reduce costs during the period through a reduction in headcount.

## Injury QED:

Our medical reporting agency, Injury QED, had an excellent year with a record number of case numbers following the group policy book and business sourced externally.

2009 has started strongly with case numbers up 296% in the first quarter of 2009 compared with the same period in 2008.

## Quota Marketing:

Quota Marketing is the original marketing arm of the Brightside Group which has enjoyed a complete reversal of fortunes with the move from marketing insolvency products to marketing insurance products. The nature of the operation is essentially unchanged and it also continues to market debt management products, where we have a small but profitable offering that is now growing again.

Quota Marketing plays an important part in driving low cost policy acquisition for the Group and going forward increasing volumes of business. A further by-product of premium rate increases is that customers shop around for alternative quotes and we are well placed to benefit from this trend with our own lead generation business.

## Our Staff:

As CEO, and on behalf of fellow shareholders and the other members of the board we need to say a big thank you to our staff. They have reacted to the challenge to do more business with lower cost, enthusiastically and with energy. A great performance for 2008.

## The Board:

We have a strong board of directors that has been significantly strengthened by the arrival of Dr Chris Fay CBE, as our new chairman. Chris currently sits on the board of Anglo-American plc and has a wealth of experience at the highest level including as former executive chairman of Shell UK, following a lifetime career at Shell Group.

We also welcome as non-executive directors:

**Helen Molyneux**, senior partner of New Law solicitors, one of the largest personal injury law firms in the UK.

**Leslie Hughes**, with 30 years broking experience in his own insurance broking business, Hughes and Company, which is the largest and most profitable insurance broker in Northern Ireland.

**Julian Telling**, former director of SUMUS, a listed IFA business which was sold last year. Julian's specialist area of expertise is the distribution of financial services.

**Stuart Palmer**, has held a number of senior finance positions within both private companies and group companies of WPP, Crest Nicholson and Lafarge. For nearly four years Stuart has been operating as a Bristol principal of the FD Centre and is the new chair of our audit committee.

## Future Developments

### Dividend Policy:

It is our intention for the Company to achieve capital growth on the strength of a consistently strong and cash generative trading performance. We believe it is inappropriate to attempt to predict the likely level or timescale for the declaration and payment of dividends by the Company. However, as soon as it becomes commercially prudent to declare dividend payments, and subject to the then availability of sufficient distributable reserves for the purpose, then we intend to do so.

### Future Strategy:

The controlling directors/shareholders of Brightside own other larger insurance assets, primarily relating to insurance marketed and sold online. It is the intention of the Company, subject to any necessary shareholder or regulatory approvals, to acquire these policy books in the coming months at independently established values to enhance the income of Brightside and consolidate the components of the vertically integrated income model.

This strategy will substantially increase the number of policies Brightside controls.

## Conclusion

The Brightside Group has continued to expand its business despite the economic downturn. I am confident that with the growth of existing business and the introduction of new products, coupled with cutting edge technology we will see a positive outcome in 2009.

The first quarter of 2009 has started brightly and we expect to announce further progress when we next report.

**Paul Chase-Gardener**

Chief Executive Officer

Brightside Group plc

Revenue  
grew by  
**42%**



# Report of the Directors

## Principal Activities

The principal activities of the Group in the year under review were that of insurance broker, premium finance provider, medical reporting agency and lead generator and provider of debt management solutions.

## Business Review and Future Developments

### Brightside Group:

During June 2008 the Brightside Group completed a reverse takeover of Group Direct Limited. Group Direct's core business was the broking of commercial and personal lines insurance and the provision of premium finance primarily to its own customers.

Prior to the reverse takeover of Group Direct, Brightside provided financial rehabilitation solutions to the UK consumer credit market and lead generation services to the insolvency and insurance broking sectors.

In March 2008 the corporate and personal insolvency division of Brightside was sold to Synergi Partners Limited. This transaction represented a withdrawal from the formal insolvency sector by Brightside.

Shortly after the reverse takeover of Group Direct the mortgage broking division of Brightside ceased trading. The decision to cease trading was in response to the difficult operating conditions facing the business which were primarily due to mortgage lenders removing their products from the market.

### Insurance Broking Division:

During 2008 the Group continued to build upon its online eHome and eCommercial offering, utilising the insurance aggregator websites to attract new customers.

In October 2008 the Group launched a new life insurance offering under the eLife banner and in November 2008 the Group also purchased a book of commercial vehicle insurance policies which will continue to be sold and administered online under the eVan brand.

Whilst the Group continues to develop its online offering it remains underpinned by its traditional insurance brokerages which operate within the personal and commercial lines sectors.

Overall the insurance broking division recorded a strong performance in 2008 achieving growth on the prior year. Whilst we believe both the commercial lines and personal lines divisions were adversely affected by the economic downturn the personal lines division made significant progress during the 2nd half of 2008 supported by the Group's lead generation business.

The Group is looking to achieve further growth in 2009 within its insurance broking division through a combination of organic growth of existing products and services, and the introduction of new products or services covering markets such as the personal leisure market.

### Premium Finance Division:

The premium finance function is provided through Panacea Finance Limited. Panacea recorded strong growth in 2008 primarily due to:

- increased business volumes;
- careful management of its cost base; and
- the introduction of new income streams which included the roll out of its premium finance offering to 3rd party brokers during 2008.

Going forward, Panacea will continue to focus on the provision of a high quality, low cost service to its customers whilst also looking to extend the number of 3rd party brokers to whom it provides a service.

#### Lead Generation and Debt Management Solutions:

The lead generation and debt management businesses of the Brightside Group continue to operate within the enlarged group following the reverse takeover.

During the year the lead generation function continued to successfully implement its strategy of utilising data collected by group companies, supplemented by the purchase of additional data sets to generate leads for the insurance broking division and the debt management division. Where leads generated could not be utilised internally the unit identified external markets for these products.

The debt management function continues to focus on:

- achieving operational efficiencies;
- maintaining its existing customer base; and
- implementing a cost effective marketing strategy aimed at generating new clients requiring debt management services.

During 2009 the Group is looking to further develop its lead generation business with the aim of increasing the number of leads it can provide to both the insurance broking division and the debt management unit. This will help to facilitate future growth in both of these areas of the business.

#### Medical Reporting Agency:

The medical reporting agency was acquired by the Brightside Group at the same time as the reverse takeover of Group Direct. The agency provides medical reports to legal professionals processing personal injury claims. The business enjoyed a successful year in 2008 which represented its first full year of trading. In order to capitalise on its successful start the business continues to invest significant resources in business development as it looks to broaden its panel of legal professionals from whom it receives instructions.

#### Dividends:

No dividends to the shareholders of Brightside Group plc were proposed or declared during the period.

#### Performance Review:

The individual group companies are monitored using a range of KPIs. The main KPIs used to monitor their performance include:

- quote to sale conversion rate;
- renewal retention rate;
- average premium value financed;
- income per policy sold;
- income per debt management plan; and
- leads generated per lead generation agent.

Going forward, the Group will continue to develop both its core activities of insurance broking and the provision of premium finance, and its noncore activities of lead generation, debt management and medical reporting. It is likely that this growth will be achieved through a combination of organic growth of existing products and services, the introduction of new products and services, or possibly through strategic acquisitions if suitable targets can be identified and acquired at the appropriate price.

Earnings per share on profit from continuing operations before exceptional items grew by

111%

# Report of the Directors

## Directors:

The membership of the board is set out below.

The interests of the directors in the shares of the company as at 1 January 2008 and 31 December 2008 were as follows:

<b>Ordinary shares of £0.01 each</b>	<b>31 December 2008</b>	<b>1 January 2008</b>
P S Chase-Gardener	36,896,440	4,646,440
J W Gannon	37,163,728	4,663,728
A F A Banks	85,317,019	4,359,660
H Molyneux	8,355,000	855,000
S Palmer	-	-
C E Fay (appointed 17/07/08)	1,125,000	-
L Hughes (appointed 16/07/08)	28,221,045	-
J Telling (appointed 19/09/08)	115,682	-
R Jones (resigned 04/01/08)	-	-
P White (resigned 20/03/08)	-	-
K Young (resigned 01/07/08)	-	2,029,200
C Warbey (resigned 01/07/08)	-	-

P S Chase-Gardener, J W Gannon, and A F A Banks together control Southern Rock Insurance Company Limited, which held 4,000,000 Ordinary shares in Brightside plc, and Rock Holdings Limited which held 20,000 Ordinary shares in Brightside plc.

## Financial Risk Management

### Objectives and Policies:

The company uses financial instruments such as cash, leases, loans, debts and creditors in order to raise finance for the Group's operations. The existence of these instruments exposes the company to financial risks which are detailed in note 3 to the financial statements.

## Corporate Governance:

The board recognises the value of good corporate governance and has set out its Corporate Governance statement on pages 14 to 15.

#### Employees:

Brightside Group plc is committed to providing employment practices and policies which recognise the diversity of our workforce and ensure equality for employees regardless of sex, race, disability, age, sexual orientation or religious belief.

Employees are kept closely informed of major changes affecting them through such measures as team meetings, briefings and internal communications. There are well established procedures to ensure that the views of employees are taken into account in reaching decisions, and ongoing training is provided when required.

#### Payables Payment Policy:

The Group aims to pay all of its creditors promptly. For trade payables it is Group policy to:

- agree the terms of trade at the start of business with each supplier; and
- pay its suppliers in accordance with the agreed terms of trade.

There are no trade payables in the company.

#### Substantial Shareholdings:

As at the date of signing this report, the board is aware of the following substantial interests in the issued share capital of the company, other than those of directors of the company:

- Norwich Union Investments 9.2%
- J H Bowers 8.6%
- Stena Investments 7.9%

#### Health and Safety:

The Group has defined procedures to ensure compliance with Health and Safety Regulations. In addition, there is regular communication with employees on safety matters.

#### Environment:

The Group is committed to the protection of the environment and aims to minimise the impact of its business activities by ensuring effective environmental management and compliance with all relevant laws and regulations. Management review environmental considerations as part of the decision making processes and will strive to improve performance by minimising waste and maximising recycling wherever possible. Management communicate with interested parties on environmental issues, and provide training where appropriate.

#### Political and Charitable Donations:

No political or charitable donations were made by the Group during the year.

Premium finance  
loans processed  
grew by over

# 36,000



# Report of the Directors

## Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with, and have elected to prepare the company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The company financial statements are required by law to give a true and fair view of the state of affairs of the company.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU; 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 proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor:

The auditor, Baker Tilly UK Audit LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD

**P S Chase-Gardener**

Director

Date: 28 April 2009



# Officers

## **Paul Chase-Gardener ACA –** Chief Executive and Finance Director

Paul originally co-founded the Brightside Group with John Gannon and Arron Banks in February 2005.

In addition to being one of the co-founders of the Brightside Group, Paul was previously the Chairman and Finance Director of Group Direct Limited, which was subject to a reverse takeover by the Brightside Group in June 2008.

Paul is a chartered accountant having trained and qualified with Price Waterhouse.

## **Arron Fraser Andrew Banks –** Insurance Director

Arron originally co-founded the Brightside Group with John Gannon and Paul Chase-Gardener in February 2005. Arron also co-founded Commercial Vehicle Direct Insurance Services Limited (the original business which later formed the core of Group Direct Limited) in early 2001, with John Gannon.

Arron is also a Non Executive Director of Conister Financial Group plc, an AIM listed financial services institution based in the Isle of Man.

## **John William Gannon –** Commercial Director

John originally qualified as a solicitor and barrister in his native Australia, where he practised before coming to the UK in 1993.

After moving to the UK, John completed the necessary qualifications to enable him to practice English law. Prior to jointly founding the Brightside Group in February 2005, John was involved in a number of other business start ups, including Group Direct, and New Law, a Cardiff based law firm in 2004.

## **Dr Christopher Fay CBE –** Non Executive Chairman

In addition to his role as the Non Executive Chairman of the Brightside Group plc, Dr Fay is also currently the Non Executive Chairman of IOFINA plc, and also holds Non Executive Director positions with Anglo-American plc and Stena Drilling Ltd.

Dr Fay was educated at the University of Leeds before moving into industry with the Royal Dutch/Shell Group. Dr Fay subsequently spent much of his career with the Shell Group culminating in his appointment as Chairman and Chief Executive of Shell UK Ltd, a position he held from 1993 to 1998.

## **Helen Clare Molyneux –** Non Executive Director

Helen qualified as a solicitor in 1990, subsequently becoming a partner at Eversheds. In 2004, Helen set up New Law, a Cardiff based law firm specialising in providing claims management services to insurers and brokers.

## **Leslie Hughes –** Non Executive Director

Leslie set up Hughes & Co, a Northern Ireland based Insurance broker, which has traded for over 30 years.

Leslie became a Non Executive Director of Group Direct Limited in October 2002 and joined the board of the Brightside Group upon the reverse takeover of Group Direct Limited in June 2008.

## **Julian Telling –** Non Executive Director

Prior to joining the Brightside Group, Julian built up Sumus into one of the largest independent financial advisers (IFAs) in the UK. The business was admitted to AIM in 2005 and merged with Lighthouse plc earlier this year. After 25 years, Julian recently left the company to pursue other business interests in finance, property and aviation. He holds a variety of directorships including a number of pro bono positions.

## **Stuart Palmer –** Non Executive Director

Stuart is a chartered accountant having qualified with Touche Ross. Prior to joining the board of Brightside Group, Stuart has held a number of senior finance positions within companies including WPP, Crest Nicholson and Lafarge.

# Corporate Governance

Being AIM listed, the Group is not required to comply with the Combined Code on corporate governance. However, the board of directors are committed where practicable to developing and applying high standards of corporate governance appropriate to the Group's size.

This statement sets out measures taken by the board to apply the principles of the Code to the year ended 31 December 2008 and to the date of the Directors' Report.

## Board of Directors:

The board is currently comprised of:

P S Chase-Gardener	Chief Executive and Finance Director
J W Gannon	Commercial Director
A F A Banks	Insurance Director
C E Fay	Non Executive Chairman
L Hughes	Non Executive Director
H C Molyneux	Non Executive Director
J Telling	Non Executive Director
S Palmer	Non Executive Director

All directors are able to take training and/or independent professional advice in the furtherance of their duties if necessary.

All directors also have access, at the company's expense, to experienced legal advice through the company's legal advisors and other independent professional advisors as required.

The board currently meets on a quarterly basis, with additional special meetings as required.

The board acts in an oversight capacity for the Group, with particular responsibility for:

- reviewing trading performance;
- ensuring that the Group is operating with adequate resources;
- ensuring standards of conduct;
- ensuring the Group has adequate funding;
- setting and monitoring strategy; and
- reporting to shareholders.

To enable the board to discharge its duties, all directors receive appropriate information from the management of the Group. However, all directors are also free to make further enquiries where they feel it necessary and to take independent advice as required.

The Group has two board committees, which operate within defined terms of reference.

#### Audit Committee:

The audit committee is comprised of the following non executive directors :

- Stuart Palmer (replaced Julian Telling as Chairman on 1 March 2009)
- Julian Telling
- Leslie Hughes
- Helen Molyneux

The audit committee is responsible for reviewing the interim accounts and year end statutory accounts. It is also responsible for making recommendations to the board on the appointment of the external auditors, for reviewing the accounting principles, policies and practices adopted in the preparation of the interim and year end statutory accounts and for reviewing the scope and findings of the external audit. In addition, the audit committee monitors the framework of internal control.

The committee keeps under review the external auditor's independence, including any non audit services that are to be provided by the external auditors.

#### Remuneration Committee:

The remuneration committee is comprised of the following non executive directors:

- Julian Telling
- Helen Molyneux
- Christopher Fay
- Stuart Palmer

The remuneration committee is responsible for making recommendations to the board on the company's policy on remuneration and benefits of the executive directors and senior executives of the Group.

#### Internal Financial Control:

The directors are responsible for the Group's system of internal financial control. Although no system can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately. Key procedures that have been established and are designed to provide effective internal financial control are described below:

- daily reconciliation of cash balances;
- ongoing monitoring of expenditure through a stringent purchase order sign off process and budgetary review process; and
- regular staff appraisal against predefined KPI targets.

#### Budgets and Reporting:

Each year the board approves the annual budget, which includes an assessment of key risk areas. Performance against budget is monitored throughout the year with the board receiving regular reports on actual performance against budget. Underpinning the budgets is a system of internal financial control, based on authorisation procedures and tiers of authority.

#### Management Structure:

The board has overall responsibility for the Group and focuses on the overall Group strategy and the interests of shareholders. There is a schedule of matters specifically reserved for decisions by the board. The board has an organisational structure with clearly defined responsibilities and lines of accountability and each executive director has been given responsibility for specific aspects of the Group's affairs.

#### Quality and Integrity of Personnel:

The integrity and competence of personnel is ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.



## Report of Directors' Remuneration

The board of directors is committed to developing and applying high standards of corporate governance appropriate to the Group's size. This commitment extends to directors' remuneration and therefore information relating to directors' remuneration is disclosed in the following unaudited report.

### Remuneration Policy:

The Group's policy on remuneration is to attract, retain and incentivise the directors and staff in a manner consistent with the goals of good corporate governance. In setting the company's remuneration policy, a number of factors are considered, including basic salary, incentives and benefits available to executive directors and senior managers and staff of comparable companies. Consistent with this policy the Group's remuneration packages are intended to be competitive and align employees' and shareholders' interest.

### Annual Remuneration of Directors

For the year ending 31 December 2008, the directors who held office during the year received the following remuneration:

Director	2008 Salary/Fees £	2008 Benefits £	2008 Bonus £	2008 Pension £	2008 Total £
P S Chase-Gardener	200,000	-	-	-	200,000
J W Gannon	127,888	-	-	2,157	130,045
A F A Banks	62,500	-	-	-	62,500
C E Fay	37,500	-	-	-	37,500
L Hughes	16,500	-	-	-	16,500
H Molyneux	12,498	-	-	-	12,498
J Telling	8,333	-	-	-	8,333
R Jones (resigned 04/01/08)	-	-	-	-	-
P White (resigned 20/03/08)	45,296	-	-	-	45,296
C Warbey (resigned 01/07/08)	26,838	-	-	-	26,838
K Young (resigned 01/07/08)	-	-	-	-	-



For the year ended 31 December 2007, the directors who held office in Group Direct during the year received the following remuneration:

<b>Director</b>	<b>2007 Salary/Fees £</b>	<b>2007 Benefits £</b>	<b>2007 Bonus £</b>	<b>2007 Pension £</b>	<b>2007 Total £</b>
P S Chase-Gardener	200,000	-	-	-	200,000
J W Gannon	127,890	-	-	3,012	130,902
L Hughes	4,000	-	-	-	4,000
J H Bowers	4,000	-	-	-	4,000

For the year ended 31 December 2007, the directors who held office in Brightside plc during the year received the following remuneration:

<b>Director</b>	<b>2007 Total £</b>
K Young	16,667
R Jones	27,943
C Warbey	54,800
P White	74,336

# Report of Directors' Remuneration

## Directors' Interests in the Share Capital of the Company

The interests of the directors who held office as at 31 December 2008 were:

Director	No. of shares held
P S Chase-Gardener	36,896,440
J W Gannon	37,163,728
A F A Banks	85,317,019
C E Fay	1,125,000
L Hughes	28,221,045
H Molyneux	8,355,000
J Telling	115,682

P S Chase-Gardener, J W Gannon, and A F A Banks together control Southern Rock Insurance Company Limited, which held 4,000,000 Ordinary shares in Brightside plc, and Rock Holdings Limited which held 20,000 Ordinary shares in Brightside plc.

## Details of Share Options Granted to Directors

Options granted to directors who held office at 31 December 2008 are:

Director	Grant date	No. of share options granted	Option price (pence)	Date first exercisable	Expiry date
P S Chase-Gardener	23/07/2008	5,000,000	27.5	22/07/2010	22/07/2018
J W Gannon	23/07/2008	3,125,000	27.5	22/07/2010	22/07/2018
A F A Banks	23/07/2008	3,125,000	27.5	22/07/2010	22/07/2018
C E Fay	23/07/2008	750,000	27.5	22/07/2010	22/07/2018
L Hughes	23/07/2008	250,000	27.5	22/07/2010	22/07/2018
H Molyneux	23/07/2008	250,000	27.5	22/07/2010	22/07/2018



### Incentive Scheme

The Group has awarded share options under EMI, approved and unapproved share option schemes to members of the board and selected key employees. The exercise of these options is subject to the achievement of performance targets. Currently, the company has no other formal incentive plans in place. The board considers the performance of staff in conjunction with the performance of the Group during the annual salary review process.

### Service Contracts

Each of the executive directors has entered into a service agreement with the company. The service agreements are terminable on not less than 6 months notice by either party to the others at any time. The service agreements contain provisions for early termination, inter alia, in the event of a breach by the director in question.

The services of the non executive directors are provided for under the terms of letters of appointment between them and the Group and are terminable on not less than 3 months notice by either party to the others at any time.

#### **Julian Telling**

Chairman of the Remuneration Committee.

# Report of the Independent Auditor to the Members of Brightside Group plc

We have audited the financial statements on pages 22 to 55.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective Responsibilities of Directors and Auditors:

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Directors' Report, Financial and Operational Highlights, Chief Executive's Review, Officers Details, Corporate Governance Statement and Directors Remuneration Report. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### Basis of Audit Opinion:

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 Group and 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 mis-statement, 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 Group financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the Group's affairs at 31 December 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union, of the state of the company's affairs at 31 December 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

BAKER TILLY UK AUDIT LLP  
Registered Auditor and  
Chartered Accountants  
Hartwell House  
55-61 Victoria Street  
Bristol  
BS1 6AD

Date: 28 April 2009

# Consolidated and Parent Income Statement

Year ended 31 December 2008

	Note	Consolidated		Parent	
		2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
Revenue		33,174	23,314	-	-
Cost of sales		(6,575)	(4,540)	-	-
<b>Gross profit</b>		<b>26,599</b>	18,774	-	-
Administrative expenses		(20,378)	(15,370)	-	-
Operating profit		6,221	3,404	-	-
Finance costs (net)	9.	(33)	(1,206)	-	-
Profit from continuing operations before exceptional items and income tax		6,188	2,198	-	-
<b>Exceptional Items</b>					
Technical adjustment		-	(10,025)	-	-
Loss on sale of investment		(268)	-	-	-
Profit / (loss) before income tax		5,920	(7,827)	-	-
Income tax expense	11.	(1,911)	(626)	-	-
Profit / (loss) for the year after income tax		4,009	(8,453)	-	-
Loss for the year from discontinued operations		-	(191)	-	-
Profit / (loss) for the year		4,009	(8,644)	-	-
<b>Attributable to:</b>					
Equity holders of the company		4,009	(8,688)	-	-
Minority interest		-	44	-	-
		4,009	(8,644)	-	-

Earnings per share for profit / (loss) from continuing operations attributable to the equity holders of the company during the year:

Basic	10.	1.45p	(3.76)p
Diluted	10.	1.45p	(3.76)p

Earnings per share for profit / (loss) from discontinued operations attributable to the equity holders of the company during the year:

Basic	10.	0.00p	(0.08)p
Diluted	10.	0.00p	(0.08)p

In accordance with IAS33 paragraph 47 there are no dilutive effects on the earnings per share calculations as the market price of ordinary shares in the Brightside Group is below the exercise price of the outstanding share options granted.

The notes on pages 26 to 55 are an integral part of these consolidated and company financial statements.

# Consolidated and Parent Balance Sheets

As at 31 December 2008

	Note	Consolidated		Parent	
		2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
<b>Assets</b>					
Non current assets					
Property, plant and equipment	16.	1,619	1,721	-	-
Available for sale financial assets	17.	-	654	-	-
Intangible assets	13.	14,864	218	5,552	-
Investments in subsidiaries	15.	-	-	50,064	-
Trade and other receivables	18.	-	649	-	-
Deferred income tax asset	22.	2,032	79	-	-
		<b>18,515</b>	<b>3,321</b>	<b>55,616</b>	<b>-</b>
<b>Current assets</b>					
Cash and cash equivalents	19.	5,851	3,037	-	-
Trade and other receivables	18.	22,967	29,635	9,740	460
		<b>28,818</b>	<b>32,672</b>	<b>9,740</b>	<b>460</b>
<b>Total assets</b>					
		<b>47,333</b>	<b>35,993</b>	<b>65,356</b>	<b>460</b>
<b>Liabilities</b>					
Current liabilities					
Current income tax liabilities		1,233	964	-	-
Trade and other payables	21.	10,384	16,027	4,316	-
Borrowings	20.	18,718	24,074	-	-
		<b>30,335</b>	<b>41,065</b>	<b>4,316</b>	<b>-</b>
<b>Non current liabilities</b>					
Long term borrowings	20.	235	1,735	-	-
		<b>235</b>	<b>1,735</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>					
		<b>30,570</b>	<b>42,800</b>	<b>4,316</b>	<b>-</b>
<b>Equity</b>					
Capital and reserves attributable to equity holders of the company					
Ordinary shares	23.	3,265	207	3,265	207
Share premium	24.	15,226	454	15,226	454
Reverse acquisition reserve		1,082	(598)	42,750	-
Share based payments reserve		221	-	-	-
Retained earnings		(3,031)	(7,040)	(201)	(201)
		<b>16,763</b>	<b>(6,977)</b>	<b>61,040</b>	<b>460</b>
<b>Minority interest in equity</b>					
		-	170	-	-
<b>Total equity</b>					
		<b>16,763</b>	<b>(6,807)</b>	<b>61,040</b>	<b>460</b>
<b>Total equity and liabilities</b>					
		<b>47,333</b>	<b>35,993</b>	<b>65,356</b>	<b>460</b>

The notes on pages 26 to 55 are an integral part of these consolidated financial statements.

The financial statements were approved by the board of directors on 28th April 2009 and were authorised for issue on its behalf by:

**P S Chase-Gardener**

Director

# Statement of Changes in Shareholders' Equity

Year ended 31 December 2008

	Consolidated							
	Share Capital £ 000's	Share Premium £ 000's	Retained Earnings £ 000's	Reverse Acquisition Reserve £ 000's	Share Option Reserve £ 000's	Subtotal £ 000's	Minority Interests £ 000's	Total £ 000's
Equity at 1 January 2007	201	-	1,648	(138)	-	1,711	126	1,837
Loss for the year	-	-	(8,688)	-	-	(8,688)	44	(8,644)
Ordinary shares issued	6	454	-	-	-	460	-	460
Reserve created on reverse acquisition	-	-	-	(460)	-	(460)	-	(460)
<b>Equity as at 31 December 2007</b>	<b>207</b>	<b>454</b>	<b>(7,040)</b>	<b>(598)</b>	<b>-</b>	<b>(6,977)</b>	<b>170</b>	<b>(6,807)</b>
<b>Changes</b>								
Profit for the year	-	-	4,009	-	-	4,009	-	4,009
Shares issued in the Group Direct share for share agreement	2,250	-	-	1,680	-	3,930	-	3,930
Shares issued on the acquisition of Injury QED	250	4,750	-	-	-	5,000	-	5,000
Other issues of shares	558	10,042	-	-	-	10,600	-	10,600
Share issue costs	-	(20)	-	-	-	(20)	-	(20)
Purchase of minority interest on group reorganisation	-	-	-	-	-	-	(170)	(170)
Share based payments charge for year	-	-	-	-	221	221	-	221
<b>Changes total</b>	<b>3,058</b>	<b>14,772</b>	<b>4,009</b>	<b>1,680</b>	<b>221</b>	<b>23,740</b>	<b>(170)</b>	<b>23,570</b>
<b>Equity as at 31 December 2008</b>	<b>3,265</b>	<b>15,226</b>	<b>(3,031)</b>	<b>1,082</b>	<b>221</b>	<b>16,763</b>	<b>-</b>	<b>16,763</b>

The profit / (loss) for the year represents the total recognised income and expense for the years 2007 and 2008.

	Company							
	Share Capital £ 000's	Share Premium £ 000's	Retained Earnings £ 000's	Reverse Acquisition Reserve £ 000's	Share Option Reserve £ 000's	Subtotal £ 000's	Minority Interests £ 000's	Total £ 000's
Equity as at 1st January 2007	201	-	(201)	-	-	-	-	-
Ordinary shares issued	6	454	-	-	-	460	-	460
<b>Equity as at 31 December 2007</b>	<b>207</b>	<b>454</b>	<b>(201)</b>	<b>-</b>	<b>-</b>	<b>460</b>	<b>-</b>	<b>460</b>
<b>Changes</b>								
Shares issued in the Group Direct share for share agreement	2,250	-	-	42,750	-	45,000	-	45,000
Shares issued on the acquisition of Injury QED	250	4,750	-	-	-	5,000	-	5,000
Other issues of shares	558	10,042	-	-	-	10,600	-	10,600
Share issue costs	-	(20)	-	-	-	(20)	-	(20)
<b>Changes total</b>	<b>3,058</b>	<b>14,772</b>	<b>-</b>	<b>42,750</b>	<b>-</b>	<b>60,580</b>	<b>-</b>	<b>60,580</b>
<b>Equity as at 31 December 2008</b>	<b>3,265</b>	<b>15,226</b>	<b>(201)</b>	<b>42,750</b>	<b>-</b>	<b>61,040</b>	<b>-</b>	<b>61,040</b>

# Consolidated and Parent Cash Flow Statement

Year ended 31 December 2008

	Note	Consolidated		Parent	
		2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
<b>Cash from operating activities:</b>					
Cash generated from operations		7,256	3,245	-	-
Interest received		545	-	-	-
Income tax paid		(1,501)	(434)	-	-
<b>Net cash generated from / (used in) operating activities</b>		<b>6,300</b>	<b>2,811</b>	<b>-</b>	<b>-</b>
<b>Cash flows from investing activities:</b>					
Payments to acquire property, plant and equipment		(1,210)	(1,801)	-	-
Payments to acquire intangible assets		(5,906)	(203)	-	-
Proceeds from disposal of property, plant and equipment		527	36	-	-
Proceeds from disposal of financial asset investments		386	4,059	-	-
<b>Net cash flows (used in) / from investing activities</b>		<b>(6,203)</b>	<b>2,091</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities:</b>					
Proceeds from issue of share capital		10,600	-	-	-
Repayment of borrowings		(3,776)	(895)	-	-
Interest paid		(578)	(1,206)	-	-
<b>Net cash flows from / (used in) financing activities</b>		<b>6,246</b>	<b>(2,101)</b>	<b>-</b>	<b>-</b>
<b>Other activities:</b>					
<b>Net increase in cash and cash equivalents</b>		<b>6,343</b>	<b>2,801</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>(2,512)</b>	<b>(5,313)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>		<b>3,831</b>	<b>(2,512)</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

## 1. General Information

Following the acquisition of Group Direct Limited, the principal activities of Brightside Group plc (“the Company”) and its subsidiaries (together “the Group”) are insurance broking, the provision of premium finance, the provision of medical reports, lead generation and the provision of debt management solutions.

The company is a public limited liability company, incorporated and domiciled in the United Kingdom, with its shares listed on the Alternative Investment Market. The address of its registered office is Ground Floor, 17-19 Rochester Row, London, SW1P 1QT.

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated and company financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

### i. Basis of preparation

The consolidated and company financial statements of Brightside Group plc have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. The consolidated and parent financial statements have been prepared under the historical cost convention.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2008.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The accounts have been presented in sterling as all transactions are denominated in sterling and it is the functional currency of the Group as all of the businesses are located in the United Kingdom.

(a) Standards, amendments and interpretations effective in 2008.

- IFRS 7, ‘Financial instruments: Disclosures’ and the complementary amendment to IAS1, ‘Presentation of financial statements – Capital disclosures’. IFRS 7 introduces new disclosures relating to financial instruments. The standard does not have any impact on the classification and valuation of the Group’s financial instruments.
- IFRIC 11, IFRS 2, Group and Treasury Share Transactions, (effective from annual periods beginning on or after 1 March 2007). IFRIC 11 provides guidance on applying IFRS 2 in three circumstances:
  - Share-based payments involving an entity’s own equity instruments in which the entity chooses or is required to buy its own equity instruments (treasury shares) to settle the share-based payment obligation should always be accounted for as equity-settled share-based transactions under IFRS 2;
  - if a parent grants rights to its equity instruments to employees of its subsidiary and assuming the transaction is accounted for as equity-settled in the consolidated financial statements, the subsidiary must measure the services received using the requirements for equity-settled transactions in IFRS 2, and must recognise a corresponding increase in equity as a contribution from the parent; and
  - if a subsidiary grants rights to equity instruments of its parent to its employees, the subsidiary accounts for the transaction as a cash-based payment transaction.
- IFRIC 11 and IFRS 2 will be applied in relation to share based payment transactions entered into by the group.
- IFRIC 13 Customer Loyalty Programmes – the standard does not have any impact on the financial statements.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

The following standards, amendments and interpretations to existing standards have been published that are mandatory for the Group’s accounting periods beginning on or after 1 January 2009 or later periods but which the group has not early adopted:

- IFRS 8, Operating Segments (effective from annual periods beginning on or after 1 January 2009). The Group will apply IFRS 8 from 1 January 2009 but it is not expected to have any impact on the Group’s accounts other than a potential change in the required disclosures.

- IFRS 3 (Amendment), Business Combinations – comprehensive revision on applying the acquisition method (effective from annual periods beginning on or after 1 July 2009) and consequential amendments to IAS 27, 28, and 31.
- IAS 1 (Amendment), Presentation of Financial Statements – comprehensive revision including requiring a statement of comprehensive income (effective from annual periods beginning on or after 1 January 2009).
- IAS 23 (Amendment), Borrowing Costs – comprehensive revision to prohibit immediate expensing (effective from annual periods beginning on or after 1 January 2009).
- IAS 27 (Amendment), Consolidated and Separate Financial Statements – additional guidance on accounting for investments and dividends received (effective from annual periods beginning on or after 1 January 2009).
- IFRIC 17, Distribution of Non Cash Assets to Owners (effective from annual periods beginning on or after 1 January 2009) – The IFRS provides clarification on the accounting treatment of dividends.
- IFRS 2 (Amendment) Share-based payment – amendment relating to vesting conditions and cancellations (effective from annual periods beginning on or after 1 January 2009).

(c) Standards, amendments and interpretations to existing standards that are not yet effective and are not relevant for the Group's operations.

The following amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- IAS 1 (Amendment), Presentation of Financial Statements – amendments relating to disclosure of puttable instruments and obligations arising on liquidation (effective from annual periods beginning on or after 1 January 2009) and related amendment to IAS 32 relating to puttable instruments and obligations arising.
- IAS 39 (Amendment), Eligible Hedged Items – amendment changes application guidance in relation to Hedged risks (effective from annual periods beginning on or after 1 January 2009).
- IFRIC 15, Agreements for the construction of real estate – (effective from annual periods commencing on or after 1 January 2009) – The company/group is not involved in the construction of real estate.
- IFRIC 9, (Amendment), Financial Reassessment of embedded derivatives – amendment clarifies that on reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives have to be reassessed and, if necessary, separately accounted for in financial statements (effective for annual periods ending on or after 30 June 2009).

## ii. Consolidation

On 27 June 2008 the Company acquired via a share for share exchange:

- the entire issued share capital of Aust Holdings Limited (which owned 75% of Group Direct Limited);
- the remaining issued share capital of Group Direct Limited (not owned by Aust Holdings Limited); and
- the entire issued share capital of Injury QED Limited.

The principal activity of Aust Holdings Limited is a non trading holding company for Group Direct Limited and its subsidiaries. The principal activity of Group Direct Limited and its subsidiaries is that of an insurance broker and premium finance provider. The acquisitions of Aust Holdings Limited and Group Direct Limited are together known as the "Group Direct share for share exchange".

Under IFRS 3 "Business combinations" the Group Direct Limited share for share exchange has been accounted for as a reverse acquisition. Although these consolidated financial statements have been issued in the name of the legal parent, the company it represents in substance is a continuation of the financial information of the legal subsidiary, Aust Holdings Limited. The following accounting treatment has been applied in respect of the reverse acquisition:

- the assets and liabilities of the legal subsidiary, Group Direct Limited are recognised and measured in the consolidated financial statements at their pre-combination carrying amounts, without restatement to their fair value;
- the retained loss and other equity balances recognised in the consolidated financial statements reflect the retained loss and other equity balances of Group Direct Limited to 27 June 2008. However, in accordance with IFRS 3 the equity structure appearing in the consolidated financial statements reflects the equity structure of the legal parent, Brightside Group plc, including the equity instruments issued under the share for share exchange to effect the business combination;
- a reverse acquisition reserve has been created to enable the presentation of a consolidated balance sheet which combines the equity structure of the legal parent with the non statutory reserves of the legal subsidiary;

# Notes to the Financial Statements

- comparative numbers are based upon the consolidated financial statements of the legal subsidiary, Group Direct Limited for the year ended 31 December 2007 apart from the equity structure which reflects that of the legal parent; and
- Group Direct Limited reported under IFRS for the year ended 31 December 2007 and as such no reconciliation is provided between UK GAAP and IFRS.

The following accounting treatment has been applied in respect of the acquisition of Injury QED Limited, Brightside Group plc and the eVan policy book:

- the assets and liabilities of Injury QED Limited, Brightside Group plc, and eVan are recognised and measured in the consolidated financial statements at their fair value at the date of acquisition (Note 14).
- the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

### (iii) Technical provision

A technical provision of £10,025,000 was included within the balance sheet of Group Direct Limited as at 31 December 2007.

The balance related to an amount due from Brightside Group plc, an AIM listed company which at the time was under common control as Group Direct Limited and had common directors. The balance represented an interest free, unsecured loan which had no fixed date of repayment.

At December 2007 Brightside Group plc had net liabilities of £9,258,000 and incurred a loss for the year then ended of £5,312,000. In addition the company had been dependent on the continuing support of Group Direct Limited to meet its liabilities as and when they fell due.

Due to the financial position of Brightside Group plc the directors undertook a strategic review which resulted in the rationalisation of their operations and the withdrawal from a number of sectors that they were previously operating in.

Additionally, at 31 December 2007, the Directors of Brightside Group plc and Aust Holdings Limited (the parent company of Group Direct Limited) were in the final stages of a further restructuring exercise which was expected to be completed soon after the date of approval of the 2007 financial statements aimed at generating a substantial injection of funds and further trading benefits to a combined group.

Accordingly, the directors of Group Direct Limited did not believe that it was appropriate to provide against the sums due from Brightside Group plc as they do not believe that this would present a true and fair view of the financial position of the enlarged Group going forwards. However, the directors also discussed their view with the auditors in detail. As a result of the specific wording of IAS10 a technical provision was made in the financial statements of Group Direct Limited which the directors expected to reverse in the following period.

In June 2008 following the finalisation of the 2007 financial statements Group Direct Limited was the subject of a reverse acquisition by Brightside Group plc. Within the 2008 financial statements of Group Direct Limited, the technical adjustment of £10,025,000 has been reversed in the income statement following the repayment of the sums due. Within the 2008 consolidated financial statements of the newly combined entity, Brightside Group plc the technical provision has been taken directly to the reverse acquisition reserve where together with the inter company balances and provisions it forms part of the fair value adjustments. The reversal does not appear in the income statement of Brightside Group plc.

### iv. Going concern

These accounts have been prepared on the going concern basis as the directors believe that the Group has sufficient funds for the foreseeable future to meet its liabilities as and when they fall due.

### v. Property, plant and equipment

Property, plant and equipment are stated at historical cost, net of depreciation.

Depreciation is calculated using the straightline method to write off the cost of assets less their estimated residual values over their estimated useful lives. The rates generally applicable are:

Fixtures, fittings and equipment	20% on cost
Motor vehicles	25% on cost
IT equipment	33% on cost

Assets in the course of construction are not depreciated.

### vi. Intangible assets

(a) Separately identifiable intangible assets

Intangible assets are initially recognised at historical cost and are carried at historical cost less accumulated amortisation. These assets are amortised over their useful economic lives (usually 3-5 years), with the charge included in administrative expenses in the income statement.

#### (b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment is charged to administrative expenses in the income statement.

### vii. Investment in subsidiary undertakings

Subsidiaries are entities that are directly or indirectly controlled by the company. Control exists where the company has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

### viii. Impairment of non financial assets

The entity assesses at each reporting date whether an asset may be impaired. If any such indicator exists the entity tests for impairment by estimating the recoverable amount. If the recoverable amount is less than the carrying amount of an asset an impairment loss is required. In addition to this, assets with indefinite lives and goodwill are tested for impairment at least annually.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

### ix. Financial assets

The Group classifies its financial assets in the following categories: loans and receivables and available for sale. Management determines the classification of its financial assets at initial recognition.

(a) Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted on the active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

#### (b) Available for sale financial assets

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories.

### x. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

### xi. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purposes of the cash flow statement, bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### xii. Share capital

Ordinary shares are classified as equity in the balance sheet and are recorded at the proceeds received net of direct issue costs. Mandatorily redeemable preference shares are classified as liabilities.

### xiii. Trade payables

Trade payables are not interest bearing and are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

### xiv. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised in the income statement in the period in which they are incurred.

# Notes to the Financial Statements

## xv. Taxation

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of prior years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference will be utilised.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

## xvi. Employee benefits

The company provides a non-contributory employer stakeholder pension scheme.

## xvii. Revenue recognition

Revenue represents insurance commission and brokerage fees, interest received from its premium financing business, administration charges generated from its debt management business and fee income generated by its medical reporting business.

Where work is performed over a period of time, revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is not recognised until the significant risks and rewards of ownership of the services have passed to the client and the amount of revenue can be measured reliably. Full provision is made for all known expected losses immediately such losses are forecast.

Insurance commissions are recognised on the effective commencement or renewal dates of the related policies. Brokerage fees are recognised at the point a policy is sold. Interest derived from premium financing activities is spread across the life of the loan.

Administration charges generated from its debt management business are recognised at the time the service is provided.

Income generated by the medical reporting agency is recognised on the basis of work performed.

## xviii. Segmental reporting

A business segment is a group of assets and operations that provide a product or service and that is subject to risks and returns that are different from other business segments.

A geographic segment is a group of assets and operations that provide a product or service within a particular economic environment and that is subject to risks and returns that are different from segments operating in different economic environments.

## xix. Leases

Assets held under finance leases or hire purchase contracts are recognised as assets of the Group. They are capitalised in the balance sheet at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease and depreciated over their estimated useful lives or the lease term, whichever is shorter.

The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

## xx. Share based payments

The Group has applied the requirements of IFRS 2 Share based payments which require the fair value of share based payments to be recognised as an expense.

Certain employees and directors of the Group receive remuneration in the form of share options. The fair value of the equity instruments granted is measured on the date at which they were granted by using the Black Scholes model, and is expensed to the income statement over the appropriate vesting period.

## xxi. Noncurrent assets held for sale

Noncurrent assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use.

### 3. Financial Risk Management

The Group's operating activities take place entirely in the United Kingdom and are denominated in sterling. The operating transactions are not considered complex. The Group does not enter into any foreign exchange risk contracts.

The Group has a risk management function which manages and continually monitors the financial risks relating to the Group's operations. The Group's senior management meets regularly to review and, if appropriate, approve the implementation of optimal strategies for effective management of financial risk.

The process includes documentation of policies, including limits, controls and reporting structures.

#### Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet its foreseeable needs and by investing cash assets safely and profitably. To manage liquidity risk the Group continually monitors forecast and actual cashflows. Due to the dynamic nature of the underlying business, Group treasury aims to maintain flexibility in funding by keeping committed credit lines available.

#### Interest rate risk

The Group is exposed to interest rate risk as the Group borrows at fluctuating (bank borrowings) interest rates and provides premium finance at fixed rates. The Group monitors its banking facilities and compliance with related covenants as required. Group monies are also monitored to ensure that the minimum interest charges are paid on borrowings by ensuring that available cash balances are used to offset overdrafts before being deposited at lower interest rates.

#### Interest rate sensitivity

The Group is subject to interest rate sensitivity as its bank borrowings and other loans have fluctuating interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year would have decreased/increased by £68k (2007:£148k).

The Group policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on results.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss.

The principal credit risk for the Group arises from its trade receivables in its insurance broking, premium finance, lead generation, and medical reporting businesses. In order to manage credit risk the directors have incorporated a range of credit control procedures to monitor debt levels across the Group and to ensure that any debts are collected

on a timely basis. Strict credit control key performance indicators are reported to ensure that debts do not exceed prescribed levels. Credit searches are also performed on clients above a certain value to minimise the risk in this area.

#### Financial liabilities

Financial liabilities include related party loans, bank overdrafts and other loans. See note 20 for the maturity profiles applicable to these. The related party loan bears no interest, and the weighted average interest rate paid on the bank overdrafts during the year ended 31 December 2008 was 6.63% (2007:7.51%).

#### Financial assets

Other than normal finance provider trade receivables, the Group holds no fixed rate financial assets (2007:nil). Floating rate assets comprise sterling cash balances.

#### Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The board of directors monitors the return on capital which it defines as net operating income divided by total shareholders equity.

#### External capital requirements

The Group's business is subject to regulatory and solvency requirements of the Financial Services Authority (FSA). The FSA impose specific solvency requirements for capital resources on regulated subsidiary companies. All our regulated subsidiary companies have exceeded their required solvency targets at all times during the years ended 31 December 2008 and 2007.

### 4. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group test annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2, section vi. These calculations require the use of estimates and assumptions by the directors as detailed in note 13.

# Notes to the Financial Statements

## 5. Expenses by Nature

Profit from continuing operations has been arrived at after charging / (crediting):

	Consolidated		Parent	
	Year ended 31/12/2008 £ 000's	Year ended 31/12/2007 £ 000's	Year ended 31/12/2008 £ 000's	Year ended 31/12/2007 £ 000's
Depreciation charge	953	914	-	-
Operating leases Land and Buildings	834	609	-	-
Operating lease rentals – Other	564	366	-	-
Employment benefit expense	15,346	7,517	-	-
Auditor's remuneration (see note 6 for split)	208	101	-	-
Amortisation of intangible assets	128	120	-	-
Impairment of goodwill	237	-	-	-
(Profit) on disposal of fixed assets	(6)	(1)	-	-
Marketing costs	6,575	4,540	-	-
Computer operating expenses	1,588	1,502	-	-
Other expenses	526	4,242	-	-
<b>Total cost of sales and administration expenses</b>	<b>26,953</b>	<b>19,910</b>	<b>-</b>	<b>-</b>

The comparative figures are for services to Group Direct.

## 6. Auditor Remuneration

During the year the Group obtained the following services from the Group's auditor at costs detailed below:

	Year ended 31/12/2008 £ 000's	Year ended 31/12/2007 £ 000's
Fees payable to company's auditor for the audit of parent company and consolidated financial statements	25	6
Fees payable to the company's auditor and its associates for other services:		
– The audit of company's subsidiaries pursuant to legislation	138	56
– Other services pursuant to legislations (FSA)	16	15
– Tax services	29	24
<b>Total</b>	<b>208</b>	<b>101</b>

Included within the 2008 audit costs is £nil relating to discontinued operations (2007:£1,000).

During the year, additional fees of £163,798 were paid to Baker Tilly UK Audit LLP and its related entities in respect of the acquisition of Aust Holdings Limited, Group Direct Limited and Injury QED. In accordance with IFRS 3, these costs have been capitalised and are included within intangible assets.

The comparative figures are for services to Group Direct.

## 7. Employee Benefit Expense

	Consolidated		Parent	
	Year ended 31/12/2008 £ 000's	Year ended 31/12/2007 £ 000's	Year ended 31/12/2008 £ 000's	Year ended 31/12/2007 £ 000's
Wages and salaries	14,043	7,796	-	-
Social security costs	1,303	724	-	-
<b>Total</b>	<b>15,346</b>	<b>8,520</b>	<b>-</b>	<b>-</b>

Included within wages and salaries is £nil (2007:£921,000) related to discontinued operations.  
 Included within social security costs is £nil (2007:£82,000) relating to discontinued operations.

The average number of employees of the Group during the year was:

	Year ended 31/12/2008 Number	Year ended 31/12/2007 Number
Directors	7	4
Sales and administration	487	345
<b>Total</b>	<b>494</b>	<b>349</b>

The company has no employees, other than the directors shown in the Officers report on page 13.

Employee benefit expenses are charged to administrative expenses in the income statement.

# Notes to the Financial Statements

## 8. Share options

The Brightside Group operates three share option schemes: an EMI scheme, an approved scheme and an unapproved scheme. During the year, board members and employees of the Group were granted 15,669,153 options (2007:nil) under the unapproved share scheme and 5,450,290 options (2007:nil) under the approved share scheme. The Group is no longer able to award options under the EMI scheme.

### Unapproved share scheme

On 23 July 2008 the Group granted 15,669,153 share options to its board members and employees, subject to the achievement of specified performance conditions. The options awarded vest in 2 equal amounts, two and three years after the grant date.

### Approved share scheme

On 23 July 2008 the Group granted 5,450,290 share options to its employees, subject to the achievement of specified performance conditions in 2008. The options awarded vest in 2 equal amounts, three and four years after the grant date.

The Group has used the Black Scholes model to calculate the fair value of options granted. The key inputs relating to the Group are as follows:

	Unapproved Share Scheme	Approved Share Scheme
Share price at date of grant	27.5p	27.5p
Exercise price	27.5p	27.5p
Expected volatility	25.00%	25.00%
Expected life	6.25years	6.75 years
Risk free rate	5.00%	5.00%
Dividend yield	0	0
Discount factor	35.00%	35.00%

Due to the limited trading history of the Brightside Group, the expected volatility has been determined using the historic volatility of similar listed companies over the previous 2 years. Given the historically low level of trading in the Group's shares, and the potential impact that an exercise of a large number of options would have, a discount has been applied to the valuation.

No share options under the unapproved or the approved scheme have vested at 31 December 2008 (2007:nil), and none lapsed in the year (2007:nil).

Type of scheme	Price	Awarded	Exercisable	At 1 January 2008 (No.)	Awards in year (No.)	Exercised in year (No.)	Lapsed in year (No.)	At 31 December (No.)
EMI share options scheme	69p	05/01/2007	4 Jan 2009 - 4 Jan 2017	275,365	0	0	224,640	50,725
HMRC approved share options scheme	27.5p	23/07/2008	22 July 2011 - 22 July 2018	0	5,450,290	0	0	5,450,290
Unapproved share options scheme	27.5p	23/07/2008	22 July 2010 - 22 July 2018	0	15,669,153	0	0	15,669,153
<b>Total</b>					<b>21,119,443</b>	<b>0</b>	<b>0</b>	<b>21,170,168</b>

The fair value of options issued in the year was £1,274,196. The corresponding amount charged to the profit and loss of the Group for 2008 is £220,162.

## 9. Finance Costs

	Year ended 31/12/2008 £ 000's	Year ended 31/12/2007 £ 000's
Bank overdraft	(373)	(698)
Bank borrowings	(48)	(315)
Preference share interest	(157)	(157)
Other interest expenses	-	(36)
<b>Total Finance costs</b>	<b>(578)</b>	<b>(1,206)</b>
Other interest received	545	-
<b>Net finance costs</b>	<b>(33)</b>	<b>(1,206)</b>

## 10. Earnings per share

The calculation of earnings per share is based upon a profit of £4,009k (31 December 2007: loss of £8,644k) and is based upon a weighted average number of shares in issue during 2008 of 276,843,693 (2007: 225,000,000).

The weighted average number of shares is calculated as follows;

1 January 2008 to 27 June 2008 (179 days)

No. of ordinary shares issued by Brightside Group plc to the owners of Group Direct Limited and Aust Holdings Limited: 225,000,000.

28 June 2008 to 31 December 2008 (187 days)

Total number of shares held from reverse acquisition date to the end of the period: 326,469,474.

Weighted average number of shares =  $(179/366 * 225,000,000) + (187/366 * 326,469,474) = 276,843,693$

In accordance with IAS33 paragraph 47 there are no dilutive effects on the earnings per share calculations as the market price of ordinary shares in the Brightside Group is below the exercise price of the outstanding share options granted.

# Notes to the Financial Statements

## 11. Income tax expenses

	Year ended 31/12/2008 £ 000's	Year ended 31/12/2007 £ 000's
Current Tax	2,004	722
Deferred tax	(93)	(96)
<b>Subtotal</b>	<b>1,911</b>	<b>626</b>

Taxation differs from the standard rate of corporation tax in the UK (28%) (2007:30%) as applied to the profits as explained below:

	Year ended 31/12/2008 £ 000's	Year ended 31/12/2007 £ 000's
Profit / (Loss) before taxation	5,920	(7,827)
Profit / (Loss) multiplied by the standard rate of taxation in the UK of 28% (2007:30%)	1,658	(2,348)
	-	-
Effects of:	-	-
Expenses not deductible for tax purposes	177	-
Exceptional items disallowed for tax purposes	44	3,143
Utilisation of tax losses	-	(39)
Origination and reversal of temporary differences	(96)	(102)
Adjustments in respect of prior periods	(2)	-
Temporary timing differences	5	(28)
Tax losses carried forward	125	-
<b>Current tax charge for the year</b>	<b>1,911</b>	<b>626</b>

## 12. Segment information

The primary reporting format is business segments.

At 31 December 2008, the Group is organised into four main business segments as determined by the differences in services provided. The business segments are:

- insurance broking;
- finance provider;
- medical reporting; and
- lead generation and debt management.

The segment results for continuing operations for the year ended 31 December 2008 are as reported on the following page.

### Geographical segments (secondary segment)

No geographical segmental analysis has been presented as the principal activities of the Group all arose in the United Kingdom.

## 12. Segment information (continued)

	Insurance Broker		Finance Provider		Medical Reporting		Lead Generation and Debt Management		Other		Consolidated	
	2008 £000's	2007 £000's	2008 £000's	2007 £000's	2008 £000's	2007 £000's	2008 £000's	2007 £000's	2008 £000's	2007 £000's	2008 £000's	2007 £000's
<b>Revenue from external customers:</b>												
Revenue – trading	25,134	19,175	5,485	4,139	1,665	-	1,126	-	(236)	-	33,174	23,314
<b>Total revenue from external customers</b>	<b>25,134</b>	<b>19,175</b>	<b>5,485</b>	<b>4,139</b>	<b>1,665</b>	<b>-</b>	<b>1,126</b>	<b>-</b>	<b>(236)</b>	<b>-</b>	<b>33,174</b>	<b>23,314</b>
<b>Total revenue</b>	<b>25,134</b>	<b>19,175</b>	<b>5,485</b>	<b>4,139</b>	<b>1,665</b>	<b>-</b>	<b>1,126</b>	<b>-</b>	<b>(236)</b>	<b>-</b>	<b>33,174</b>	<b>23,314</b>
Operating income / Segment results	2,070	1,676	3,421	1,728	391	-	339	-	(268)	(10,025)	5,953	(6,621)
<b>Net profit from operations</b>											<b>5,953</b>	<b>(6,621)</b>
Net financing costs	-	-	(124)	(494)	-	-	-	-	91	(712)	(33)	(1,206)
Income tax expense	-	-	-	-	-	-	-	-	(1,911)	(626)	(1,911)	(626)
<b>Net profit for the year</b>											<b>4,009</b>	<b>(8,453)</b>
Segment assets	21,014	8,705	13,376	27,288	1,636	-	11,897	-	(590)	-	47,333	35,993
<b>Total assets</b>	<b>21,014</b>	<b>8,705</b>	<b>13,376</b>	<b>27,288</b>	<b>1,636</b>	<b>-</b>	<b>11,897</b>	<b>-</b>	<b>(590)</b>	<b>-</b>	<b>47,333</b>	<b>35,993</b>
Segment liabilities	18,252	6,065	6,724	26,710	1,115	-	2,376	-	2,103	10,025	30,570	42,800
<b>Total liabilities</b>	<b>18,252</b>	<b>6,065</b>	<b>6,724</b>	<b>26,710</b>	<b>1,115</b>	<b>-</b>	<b>2,376</b>	<b>-</b>	<b>2,103</b>	<b>10,025</b>	<b>30,570</b>	<b>42,800</b>

# Notes to the Financial Statements

## 13. Intangible assets

	Consolidated		
	Goodwill £ 000's	Other intangibles £ 000's	Total £ 000's
<b>Cost</b>			
Opening balance as at 1 January 2008	438	2,437	2,875
Additions	12,770	2,241	15,011
<b>Balance at 31 December 2008</b>	<b>13,208</b>	<b>4,678</b>	<b>17,886</b>
<b>Amortisation and impairment losses</b>			
Opening balance as at 1 January 2008	(438)	(2,219)	(2,657)
Impairment/Amortisation	(237)	(128)	(365)
<b>Balance at 31 December 2008</b>	<b>(675)</b>	<b>(2,347)</b>	<b>(3,022)</b>
<b>Net book value</b>			
<b>At 31 December 2007</b>	-	218	218
<b>At 31 December 2008</b>	<b>12,533</b>	<b>2,331</b>	<b>14,864</b>
	Parent		
	Goodwill £ 000's	Other intangibles £ 000's	Total £ 000's
<b>Cost</b>			
Opening balance as at 1 January 2008	-	-	-
Additions	3,371	2,181	5,552
<b>Balance at 31 December 2008</b>	<b>3,371</b>	<b>2,181</b>	<b>5,552</b>
<b>Amortisation and impairment losses</b>			
Opening balance as at 1 January 2008	-	-	-
Impairment/Amortisation	-	-	-
<b>Balance at 31 December 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
<b>At 31 December 2007</b>	-	-	-
<b>At 31 December 2008</b>	<b>3,371</b>	<b>2,181</b>	<b>5,552</b>

Details concerning the movements in intangible assets in the year and the split of 'Other Intangibles' are provided in note 14. The 'Other Intangibles' brought forward as at 1 January 2008 represent policy books.

## 13. Intangible assets (continued)

	Consolidated		
	Goodwill £ 000's	Other intangibles £ 000's	Total £ 000's
<b>Cost</b>			
Opening balance as at 1 January 2007	438	2,234	2,672
Additions	-	203	203
<b>Balance at 31 December 2007</b>	<b>438</b>	<b>2,437</b>	<b>2,875</b>
<b>Amortisation and impairment losses</b>			
Opening balance as at 1 January 2007	(438)	(2,099)	(2,537)
Impairment charge	-	(120)	(120)
<b>Balance at 31 December 2007</b>	<b>(438)</b>	<b>(2,219)</b>	<b>(2,657)</b>
<b>Net book value</b>			
<b>At 31 December 2006</b>	<b>-</b>	<b>135</b>	<b>135</b>
<b>At 31 December 2007</b>	<b>-</b>	<b>218</b>	<b>218</b>
	Parent		
	Goodwill £ 000's	Other intangibles £ 000's	Total £ 000's
<b>Cost</b>			
Opening balance as at 1 January 2007	-	-	-
Additions	-	-	-
<b>Balance at 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amortisation and impairment losses</b>			
Opening balance as at 1 January 2007	-	-	-
Impairment charge	-	-	-
<b>Balance at 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
<b>At 31 December 2006</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

## 13. Intangible assets (continued)

The intangible asset additions in 2008 relate to the following:

	Other intangible assets £ 000's	Goodwill £ 000's	2008 Total £ 000's
Goodwill arising on acquisition of Injury QED	-	3,671	3,671
Database of experts and relationship with lead providers (acquired with Injury QED)	1,189	-	1,189
Goodwill arising on acquisition of Brightside Group plc	-	3,525	3,525
Goodwill arising on acquisition of minority interest of CVD Commercial Insurance Services Limited, Motor and Home Direct Insurances Services Limited and Taxi Direct Insurance Services Limited	-	2,203	2,203
Goodwill arising on acquisition of eVan business	-	3,371	3,371
Future net income to be generated from the existing eVan policy book	945	-	945
Other	107	-	107
<b>Total</b>	<b>2,241</b>	<b>12,770</b>	<b>15,011</b>

### Impairment tests for goodwill

Goodwill is allocated to the Group's cash generating units identified according to business segment.

The recoverable amount of a cash generating unit is determined based on value in use calculations. These calculations use pre tax cash flow projections based on financial budgets approved by management covering the five year period ended 31 December 2013.

The key assumptions used to prepare the financial budgets are as follows:

#### Injury QED

- growth rate of new instructions received; and
- average net income per instruction received.

#### Brightside Group plc

- growth in leads generated through the lead generation activities; and
- average income per lead generated.

#### CVD Commercial Insurance Services Limited, Motor and Home Direct Insurance Limited and Taxi Direct Insurance Limited

- growth of new policy quotes;
- new policy quote to sale conversion rate;
- renewal retention rate; and
- income per policy sold.

#### eVan policy book

- growth of new policy quotes;
- new policy quote to sale conversion rate;
- renewal retention rate; and
- income per policy sold.

The key assumptions used to prepare the financial budgets are based on a combination of historical experience and current industry knowledge and trends.

The cash flow forecasts used in the value in use calculations have not been extended beyond the five year period covered by management's financial budgets.

A discount rate of 10% has been applied to all cash flow projections.

## 14. Business combinations

On 27 June 2008 the Company acquired via a share for share exchange;

- the entire issued share capital of Injury QED Limited;
- the entire issued share capital of Aust Holdings Limited (which owned 75% of Group Direct Limited); and
- the remaining issued share capital of Group Direct Limited (not owned by Aust Holdings Limited).

The acquired businesses contributed revenues of £1,261k and profit after tax of £1,472k to the Group for the period 27 June 2008 to 31 December 2008.

If the acquisitions had occurred on 1 January 2008, Group revenue would have been £34,939k and net profit would have been £3,314k.

These amounts have been calculated using the Group's accounting policies.

Details of the purchase consideration and fair values of the acquired assets are provided on pages 41 to 43.

<b>Injury QED</b>	<b>£ 000's</b>
<b>Purchase consideration</b>	
Fair value of shares issued	5,000
<b>Total purchase consideration</b>	5,000
Fair value of net assets acquired	(1,329)
<b>Goodwill</b>	<b>3,671</b>

The separately identifiable intangible assets relate to the database of expert specialists developed by Injury QED and the relationships the company has with providers of medical reports.

The goodwill is attributable to the knowledge possessed by the workforce of the acquired business and the synergies expected to arise after the Group's acquisition of Injury QED.

The assets and liabilities as at 27 June 2008 arising from the acquisition of Injury QED are as follows:

	<b>Fair value £ 000's</b>	<b>Acquiree's carrying amount £ 000's</b>
Cash and cash equivalents	98	98
Property, plant and equipment	5	5
Database of experts	20	-
Relationship with lead providers	1,169	-
Trade and other receivables	683	683
Trade and other payables	(196)	(196)
Borrowings	(450)	(450)
<b>Net assets</b>	<b>1,329</b>	<b>140</b>

# Notes to the Financial Statements

## 14. Business combinations (continued)

Under IFRS 3 “Business Combinations” the acquisition of Aust Holdings Limited and Group Direct Limited, collectively known as the Group Direct share for share agreement have been accounted for as a reverse acquisition. Although this Annual Report and consolidated financial statements have been issued in the name of the legal parent, the company it represents in

substance is a continuation of the financial information of the legal subsidiary. Therefore these financial statements include a goodwill balance relating to the acquisition of the legal parent, Brightside Group plc. Details on the purchase consideration and the fair values of the acquired assets are given below:

<b>Brightside Group plc</b>	<b>£ 000's</b>
<b>Purchase consideration</b>	
Fair value of shares issued	3,929
<b>Total purchase consideration</b>	3,929
Fair value of net assets acquired	(1,716)
Capitalised transaction costs	1,312
<b>Goodwill</b>	<b>3,525</b>

The goodwill is attributable to:

- the knowledge possessed by the workforce of the acquired business; and
- the synergies expected to arise after the Group's acquisition of the business.

The assets and liabilities as at 27 June 2008 accounted for as being acquired under the reverse acquisition of Brightside Group plc are as follows:

	<b>Fair value £ 000's</b>	<b>Acquiree's carrying amount £ 000's</b>
Cash and cash equivalents	639	639
Property, plant and equipment	121	121
Investments in subsidiaries	798	798
Trade and other receivables	1,531	1,531
Trade and other payables	(3,233)	(13,258)
Availability of accumulated tax losses to be utilised	1,860	-
<b>Net assets</b>	<b>1,716</b>	<b>(10,169)</b>

## 14. Business combinations (continued)

eVan	£ 000's
<b>Purchase consideration</b>	
Cash	3,316
Deferred consideration	<u>1,000</u>
<b>Subtotal</b>	4,316
Fair value of net assets acquired	<u>(945)</u>
<b>Goodwill</b>	<b><u>3,371</u></b>

The assets and liabilities arising from the acquisition of eVan are as follows:

	Fair value £ 000's	Acquiree's carrying amount £ 000's
Future net income to be generated from the existing eVan policy book	945	-
<b>Net assets</b>	<u>945</u>	<u>-</u>

## 15. Investments in subsidiary undertakings

Company	2008 £000's	2007 £ 000's
Share in Group undertakings	-	-
At 1 January	-	-
Additions	50,064	-
<b>At 31 December</b>	<u>50,064</u>	<u>-</u>

Investments in Group undertakings are stated at cost.

# Notes to the Financial Statements

## 16. Property plant and equipment

31 December 2008	Consolidated				
	Assets in course of construction £ 000's	Fixtures fittings and equipment £ 000's	IT equipment £ 000's	Motor vehicles £ 000's	Total £ 000's
<b>Cost</b>					
Opening balance as at 1 January 2008	475	226	2,527	20	3,248
Additions	290	121	915	10	1,336
Disposals	(379)	(23)	(173)	(9)	(584)
Transfers	(305)	-	305	-	-
<b>Balance at 31 December 2008</b>	<b>81</b>	<b>324</b>	<b>3,574</b>	<b>21</b>	<b>4,000</b>
<b>Depreciation and impairment losses</b>					
Opening balance as at 1 January 2008	-	(121)	(1,396)	(10)	(1,527)
Disposals	-	4	50	9	63
Depreciation	-	(56)	(854)	(7)	(917)
<b>Balance at 31 December 2008</b>	<b>-</b>	<b>(173)</b>	<b>(2,200)</b>	<b>(8)</b>	<b>(2,381)</b>
<b>Net book value</b>					
<b>At 31 December 2008</b>	<b>81</b>	<b>151</b>	<b>1,374</b>	<b>13</b>	<b>1,619</b>

Included within additions are £226k of assets acquired from the Brightside Group as part of the reverse takeover of Group Direct in June 2008.

31 December 2007	Consolidated				
	Assets in course of construction £ 000's	Fixtures fittings and equipment £ 000's	IT equipment £ 000's	Motor vehicles £ 000's	Total £ 000's
<b>Cost</b>					
Opening balance as at 1 January 2007	844	216	2,470	24	3,554
Additions	367	56	1,368	10	1,801
Disposals	(654)	(47)	(1,392)	(14)	(2,107)
Transfers	(82)	1	81	-	-
<b>Balance at 31 December 2007</b>	<b>475</b>	<b>226</b>	<b>2,527</b>	<b>20</b>	<b>3,248</b>
<b>Depreciation and impairment losses</b>					
Opening balance as at 1 January 2007	-	(89)	(978)	(20)	(1,087)
Disposals	-	6	485	10	501
Depreciation charge for year	-	(38)	(903)	-	(941)
<b>Balance at 31 December 2007</b>	<b>-</b>	<b>(121)</b>	<b>(1,396)</b>	<b>(10)</b>	<b>(1,527)</b>
<b>Net book value</b>					
<b>At 31 December 2007</b>	<b>475</b>	<b>105</b>	<b>1,131</b>	<b>10</b>	<b>1,721</b>

The company held no property, plant and equipment during 2007 or 2008.

## 17. Available for sale financial assets

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
At 1 January	654	4,713	-	-
Additions	-	-	-	-
Disposals	(650)	(4,059)	-	-
Reclassified	(4)	-	-	-
<b>At 31 December</b>	<b>-</b>	<b>654</b>	<b>-</b>	<b>-</b>

Available for sale financial assets include the following:

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
Listed securities – UK	-	650	-	-
Unquoted securities held at cost	-	4	-	-
<b>Total</b>	<b>-</b>	<b>654</b>	<b>-</b>	<b>-</b>

The listed securities related to an investment held by Group Direct Limited in Brightside Group plc.

Prior to the reverse takeover in June 2008, the investment held by Group Direct Limited in Brightside Group plc was sold, resulting in a loss on sale of £268k.

The fair value of the remaining unquoted securities could not be reliably measured and as such were held at cost in the balance sheet.

In 2008 the unquoted assets were reclassified as intangible assets. This represents the amount paid, above the nominal value, for shares in Motor & Home Direct Insurance Services Limited in 2006.

# Notes to the Financial Statements

## 18. Trade and other receivables

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
Trade receivables	9,934	12,371	-	-
Less: provision for impairment of trade receivables	(242)	(189)	-	-
<b>Trade receivables – net</b>	<b>9,692</b>	<b>12,182</b>	<b>-</b>	<b>-</b>
Prepayments and accrued income	1,123	562	-	-
Receivables from Group undertakings	-	-	9,740	460
Loans to related parties	6,977	17,169	-	-
Other receivables	5,175	371	-	-
	<b>22,967</b>	<b>30,284</b>	<b>9,740</b>	<b>460</b>
Less: noncurrent portion: loans to related parties	-	(649)	-	-
<b>Current portion</b>	<b>22,967</b>	<b>29,635</b>	<b>9,740</b>	<b>460</b>

The directors consider that the carrying value of trade and other receivables approximates their fair value.

As at 31 December 2008, trade receivables of £1,006,000 (2007:£290,000) were past due but not impaired. These relate to a number of individual customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	2008 £000's	2007 £ 000's
Up to 3 months	922	290
3 to 6 months	84	-
<b>Total</b>	<b>1,006</b>	<b>290</b>

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the income statement.

Movements on the group provision for impairment of trade receivables are as follows:

	2008 £000's	2007 £ 000's
At 1 January	189	233
Provision for receivables impairment	54	30
Unused amounts reversed	(1)	(74)
<b>Total</b>	<b>242</b>	<b>189</b>

The other classes within trade and other receivables do not contain impaired assets.

## 19. Cash and cash equivalents

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
Bank balances	5,851	3,037	-	-
Bank overdrafts	(2,019)	(5,549)	-	-
<b>Total cash and cash equivalents in the statement of cash flows</b>	<b>3,832</b>	<b>(2,512)</b>	<b>-</b>	<b>-</b>

## 20. Borrowings

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
<b>Noncurrent liabilities</b>				
Other loans	235	635	-	-
15% cumulative redeemable preference shares	-	100	-	-
5% cumulative redeemable preference shares	-	1,000	-	-
<b>Total</b>	<b>235</b>	<b>1,735</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Bank borrowings	-	2,525	-	-
Other loans	1,349	5,150	-	-
Cumulative redeemable preference shares	1,710	610	-	-
Loans from related parties	7,640	10,240	-	-
<b>Total operational borrowing</b>	<b>10,699</b>	<b>18,525</b>	<b>-</b>	<b>-</b>
Bank overdraft	2,019	5,549	-	-
Bank borrowings	6,000	-	-	-
<b>Total borrowings to support premium finance loan book</b>	<b>8,019</b>	<b>5,549</b>	<b>-</b>	<b>-</b>
<b>Total current liabilities</b>	<b>18,718</b>	<b>24,074</b>	<b>-</b>	<b>-</b>
<b>Total borrowings</b>	<b>18,953</b>	<b>25,809</b>	<b>-</b>	<b>-</b>

Throughout 2007 and 2008, the Group has had in issue 710,000 15% cumulative redeemable preference shares of £1 each and 1,000,000 5% cumulative redeemable preference shares of £1 each. The shares, which are redeemable at par at the option of the company at any time from the third anniversary of their date of issue, carry the rights to a fixed rate cumulative preferential dividend at rates of 15 per cent and 5 per cent per annum respectively. Upon winding up, the shares rank equally with any other shares issued by the company. The cumulative redeemable preference shares carry no voting rights.

The loans from related parties are due within 1 year and bear interest rates of 2% above the base rate.

The bank overdrafts are payable on demand and bear interest rates of 2% above the base rate.

The bank loan bears interest at the rate offered by the bank to leading banks in the London Interbank Market (LIBOR).

# Notes to the Financial Statements

## 20. Borrowings (continued)

Included within other loans is an amount of £567,000 (2007:£443,000) on which interest is payable at various fixed rates. No interest is incurred on the remainder of other loans.

The bank borrowings and overdraft are secured by a fixed and floating charge over all of the current and future assets of the company and all other Group companies. They are also secured by the assignment over life policies relating to P S Chase-Gardener, J W Gannon, and A F A Banks.

The fair value of bank borrowings and other loans equals their carrying amount, as the impact of discounting is not material.

All bank borrowings are denominated in pounds sterling.

The Group has undrawn borrowing facilities as at 31 December 2008 of £1.8m (2007:£8.4m).

Bank overdrafts, borrowings and other loans	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
<b>Amounts falling due within one year or on demand:</b>				
Bank overdrafts	2,019	5,549	-	-
Bank borrowings	6,000	2,525	-	-
Other loans	1,349	5,150	-	-
Loans from related parties	7,640	10,240	-	-
Cumulative redeemable preference shares	1,710	610	-	-
<b>Amounts falling due between one and two years</b>				
Cumulative redeemable preference shares	-	1,100	-	-
Other loans	235	147	-	-
<b>Amounts falling due between two and five years</b>				
Other loans	-	488	-	-
	18,953	25,809	-	-

## 21. Trade and other payables

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
Trade payables	5,876	14,059	-	-
Payables to related parties	-	-	1,000	-
Payables to Group undertakings	-	-	3,316	-
Tax and social security costs	370	384	-	-
Accruals and deferred income	4,138	1,584	-	-
<b>Total</b>	<b>10,384</b>	<b>16,027</b>	<b>4,316</b>	-

The directors consider that the carrying value of trade and other payables approximate their fair value.

## 22. Deferred tax

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
<b>Deferred tax assets</b>				
~ Deferred tax asset to be recovered after more than 12 months	2,032	79	-	-
~ Deferred tax asset to be recovered within 12 months	-	-	-	-
<b>Total</b>	<b>2,032</b>	<b>79</b>	<b>-</b>	<b>-</b>

The gross movement on the deferred tax account is as follows:

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
At 1 January	79	(17)	-	-
Credited to the income statement	93	96	-	-
Arising on acquisition	1,860	-	-	-
<b>Total</b>	<b>2,032</b>	<b>79</b>	<b>-</b>	<b>-</b>

The movement in the deferred tax balance during the year is as:

	Accelerated tax depreciation £ 000's	Adjustments to tax rate on opening balances £ 000's	Losses £ 000's	Total £ 000's
At 1 January 2007	(17)	-	-	(17)
Credited to income statement	96	-	-	96
<b>At 31 December 2007</b>	<b>79</b>	<b>-</b>	<b>-</b>	<b>79</b>
Credited to income statement	97	(4)	-	93
Arising on acquisition	-	-	1,860	1,860
<b>At 31 December 2008</b>	<b>176</b>	<b>(4)</b>	<b>1,860</b>	<b>2,032</b>

# Notes to the Financial Statements

## 23. Share Capital

	2008 £000's	2007 £ 000's
Authorised	-	-
400,000,000 (2007: 60,397,200) ordinary shares of £0.01 each	4,000	604
Allotted, called up and fully paid	-	-
326,469,474 (2007: 20,680,000) ordinary shares of £0.01 each	<u>3,265</u>	<u>207</u>

Ordinary shares carry one vote per share and carry the right to receive dividends when declared. They rank pari passu with each other in all respects including receipts of dividends and proceeds on the winding up of the company.

## 24. Share Premium

	2008 £000's	2007 £ 000's
<b>Consolidated</b>		
At 1 January	454	-
Proceeds from new shares issued	14,772	454
<b>At 31 December</b>	<u>15,226</u>	<u>454</u>

	2008 £000's	2007 £ 000's
<b>Parent</b>		
At 1 January	454	-
Proceeds from new shares issued	14,772	454
<b>At 31 December</b>	<u>15,226</u>	<u>454</u>

On 9 January 2007, 87,000 ordinary shares of £0.01 each were issued at a premium of £0.68 per share.

On 16 January 2007, 120,600 ordinary shares of £0.01 each were issued at a premium of £0.82 per share.

On 17 January 2007, 340,000 ordinary shares of £0.01 each were issued at a premium of £0.87 per share.

On 27 June 2008, 250,000,000 ordinary shares of £0.01 each were issued at a premium of £0.19 per share pursuant to the Group Direct share for share agreement and the acquisition of Injury QED. As a result of the acquisition of Group Direct being accounted for as a reverse acquisition (see note 2 ii), the total premium arising on the shares issued pursuant to the Group Direct share for share agreement is deducted from the Reverse Acquisition Reserve, rather than being treated as a credit to the Share Premium Reserve.

On 27 June 2008, 55,789,474 ordinary shares of £0.01 each were issued at a premium of £0.18 per share pursuant to the share placing.

## 25. Cash generated from / (used in) operations

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
Profit / (Loss) before income tax	5,920	(8,097)	-	-
<b>Adjustment for:</b>				
~ Depreciation	953	941	-	-
~ Goodwill impairment	128	120	-	-
~ Impairment	237	-	-	-
~ Loss / (profit) on disposal of assets	(6)	1,570	-	-
~ Loss / (profit) on disposal of investments	268	-	-	-
~ Share options charge	221	-	-	-
~ Finance charges – net	33	1,206	-	-
<b>Changes in working capital</b>				
~ Trade and other receivables	10,420	(13,049)	-	-
~ Trade and other payables	(10,918)	10,529	-	-
Provisions	-	10,025	-	-
<b>Cash generated from operations</b>	<b>7,256</b>	<b>3,245</b>	<b>-</b>	<b>-</b>

In the cash flow statement, proceeds from sale of property, plant and equipment comprises:

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
Net book amount	521	1,606	-	-
(Loss) / profit on disposal of property, plant and equipment	6	(1,570)	-	-
<b>Proceeds from sale of property, plant and equipment</b>	<b>527</b>	<b>36</b>	<b>-</b>	<b>-</b>

In the cash flow statement, proceeds from sale of investments comprise:

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
Value at cost	650	-	-	-
(Loss) / profit on disposal of investment	(268)	-	-	-
<b>Proceeds from disposal of investments</b>	<b>382</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Financial Statements

## 26. Commitments

### a. Capital commitments

#### Group and company

There were no capital commitments at 31 December 2008 (£50,000 in 2007), that were contracted for, but not provided for in these financial statements.

### b. Operating lease commitments – Group company as lessee

#### Group

The future aggregate minimum lease payments under non cancellable operating leases are as follows:

	2008		2007	
	Land & Buildings £ 000's	Other £ 000's	Land & Buildings £ 000's	Other £ 000's
In one year or less	834	558	803	180
Between one and five years	3,336	669	2,484	255
<b>Total</b>	<b>4,170</b>	<b>1,227</b>	<b>3,287</b>	<b>435</b>

#### Company

The company has no operating lease commitments.

## 27. Related party transactions

The following transactions were carried out with related parties:

	Consolidated		Parent	
	2008 £ 000's	2007 £ 000's	2008 £ 000's	2007 £ 000's
<b>(a) Management recharges:</b>				
Entities controlled by key management (see below)	8,332	6,178	-	-
<b>Total</b>	<b>8,332</b>	<b>6,178</b>	<b>-</b>	<b>-</b>
<b>(b) Directors:</b>				
Aggregate emoluments	540	339	-	-
<b>Total</b>	<b>540</b>	<b>339</b>	<b>-</b>	<b>-</b>
<b>Remuneration in respect of the highest paid director was as follows:</b>				
Emoluments	200	200	-	-
<b>Total</b>	<b>200</b>	<b>200</b>	<b>-</b>	<b>-</b>
<b>(c) Key management compensation:</b>				
Salaries and other short term employee benefits	794	1,341	-	-
Post employment benefits	2	2	-	-
<b>Total</b>	<b>796</b>	<b>1,343</b>	<b>-</b>	<b>-</b>
<b>(d) Loans to related parties:</b>				
<b>Loan to entities controlled by key management</b>				
Beginning of the year	17,169	13,432	460	-
Loans advanced during the year	-	13,780	-	460
Loans repaid during the year	(10,192)	-	-	-
Interest paid	-	(18)	-	-
Impairment provisions	-	(10,025)	-	-
Transferred to Group undertakings	-	-	(460)	-
<b>End of year</b>	<b>6,977</b>	<b>17,169</b>	<b>-</b>	<b>460</b>
<b>(e) Loans from related parties:</b>				
Beginning of the year	10,240	7,235	-	-
Loans advanced in the year	-	3,005	-	-
Loans repaid in the year	(2,600)	-	-	-
<b>End of year</b>	<b>7,640</b>	<b>10,240</b>	<b>-</b>	<b>-</b>
<b>(f) Year end balances arising from management recharges</b>				
<b>Receivables from related parties</b>				
Other Group undertakings	-	-	9,740	-
<b>Payables to related parties</b>				
Other Group undertakings	-	-	3,316	-
Entities controlled by key management	-	-	1,000	-
<b>The payables to group undertakings and related parties are mainly from purchase transactions, and bear no interest.</b>				

# Notes to the Financial Statements

## 27. Related party transactions (continued)

Included within the management recharges above are transactions with Conister Financial Group plc.

The Group is connected to Conister Financial Group plc, by virtue of A F A Banks, P S Chase-Gardener and J W Gannon holding shares in Conister Financial Group plc. These businesses have interest free inter company loans with each other totalling £2,187k at year end (2007:£1,424k). The transactions with Conister Financial Group plc relate to premium finance receipts from Conister Financial Group plc and remittance of these receipts back to Conister Financial Group plc less applicable management fees and broker commissions.

Included within the management recharges above are transactions with New Law Solicitors LLP.

The Group is connected to New Law Solicitors LLP, as J W Gannon is a partner in New Law Solicitors LLP. The transactions in the year included sales from Injury QED Limited to New Law Solicitors, and recharges of services from the Group.

The other recharges in (a) above include goods and services recharged with companies that have common director ownership on normal commercial terms and conditions.

Except for loan balances with Conister Financial Group plc, the other balances are due within one year at base rate plus 2%.

On 27 June 2008 the company acquired via a share for share exchange;

- a) the entire issued share capital of Aust Holdings Limited (which owned 75% of Group Direct);
- b) the remaining issued share capital of Group Direct Limited (not owned by Aust Holding Limited); and
- c) the entire issued share capital of Injury QED Limited.

At the time of the acquisitions A F A Banks, J W Gannon and P S Chase-Gardener, all directors of the Company had share holdings in Aust Holdings Limited. As explained in note 2, the transaction has been accounted for as a Reverse Acquisition. Brightside is treated as the acquiree for accounting purposes. The total consideration paid for the acquisition was £3.9m (as shown in note 14).

At the time of the acquisitions A F A Banks, J W Gannon, P S Chase-Gardener and H C Molyneux, all directors of the Company had shareholdings in Injury QED Limited. The total consideration payable by the Company to acquire the entire issued share capital of Injury QED was £5m.

Due to the related nature of the acquisitions, and in accordance with AIM rules the acquisitions were made following approval from the independent share holders of the Company, on a basis of a recommendation received from the independent directors of the Company.

## 28. Subsidiaries

### Group

The Group's investments at the balance sheet date in the share capital of unlisted Group undertakings (all of which are registered in England and Wales) include the following:

<b>Subsidiary Undertaking</b>	<b>Class of shares</b>	<b>Proportion held</b>	<b>Principal activity</b>
Brightside Holdings Limited	Ordinary	100%	Intermediate Holding Company
Group Direct Limited	Ordinary	100%	Management Recharge Company
Injury QED Limited	Ordinary	100%	Medical Reporting
David & Co. Consultants Limited	Ordinary	100%	Debt Management
Aust Holdings Limited	Ordinary	100%	Intermediate Holding Company
Minibus Direct Limited	Ordinary	100%	Holding Company of Dormant Companies
Group Direct Broking Limited	Ordinary	100%	Holding Company of Trading subsidiaries
E Group Limited	Ordinary	100%	Intermediate Holding Company
Commercial Vehicle Direct Insurance Services Limited	Ordinary	100%	Insurance Broker
CVD Commercial Insurance Services Limited	Ordinary	100%	Insurance Broker
Motor & Home Direct Insurance Services Limited	Ordinary	100%	Insurance Broker
Taxi Direct Insurance Services Limited	Ordinary	100%	Insurance Broker
Panacea Finance Limited	Ordinary	100%	Finance Provider
E Insurance Services Limited	Ordinary	100%	Insurance Broker
E Marketing Limited	Ordinary	100%	Facilities Recharge Company

# Notes to the Financial Statements

## Company Information

Company Registration number: 5941335

Registered Office: MMT Centre  
Severn Bridge  
Aust  
Bristol BS35 4BL

Directors: A F A Banks  
P S Chase-Gardener  
J W Gannon  
H C Molyneux  
C E Fay (appointed 17/07/2008)  
L Hughes (appointed 16/07/2008)  
J Telling (appointed 19/09/2008)  
S Palmer (appointed 01/02/2009)

(R Jones resigned 04/01/2008)  
(P White resigned 20/03/08)  
(C Warbey resigned 01/07/2008)  
(K Young resigned 01/07/2008)

Secretary: Capita Company Secretaries Limited

Bankers: National Westminster Bank  
Oxford High Street  
121 High Street  
Oxford OX1 4DD

Clydesdale Bank Plc  
2 Bishops Wharf  
Walnut Tree Close  
Guildford  
Surrey GU1 4UP

Royal Bank of Scotland  
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PO Box 2703  
Bristol BS1 9BX

Broker and Nominated Adviser: Evolution Securities Limited  
100 Wood Street  
London EC2V 7AN

Solicitors: Manches LLP  
Aldwych House  
81 Aldwych  
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Auditor: Baker Tilly UK Audit LLP  
Registered Auditor and Chartered Accountants  
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