

DAVIES LIABILITY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

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**DAVIES LIABILITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

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**DAVIES LIABILITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

DIRECTORS AND ADVISERS

DIRECTORS

M D Chapman
C Crawford
G Lumsdon

COMPANY SECRETARY

G Lumsdon

REGISTERED OFFICE

2 St Giles Court
Southampton Street
Reading
Berkshire
RG1 2QL

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants
and Registered Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

**DAVIES LIABILITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

DIRECTORS' REPORT

The directors present their report with the audited financial statements of the company for the year ended 31 March 2009.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of insurance loss adjusters.

REVIEW OF BUSINESS

A summary of the results for the year is given in the profit and loss account on page 6. As of 1 April 2009, the trade and assets of the company have been transferred to Davies Group Limited as part of the ongoing group restructuring.

RESULTS AND DIVIDENDS

The company's loss for the financial year was £353,355 (2008: £133,651) which will be deducted from reserves. The directors do not recommend the payment of a dividend (2008: £nil).

GOING CONCERN

The financial statements have been prepared on a going concern basis as the ultimate parent undertaking, Davies Group Limited, has indicated that it will provide financial support for at least one year after these financial statements are signed.

DIRECTORS

The directors who served during the year and up to the date of signing these accounts were as follows:

M D Chapman
C Crawford (appointed 19 August 2009)
A R Palmer (resigned 5 September 2008)
G Lumsdon (appointed 8 September 2008)

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the annual general meeting.

On behalf of the Board



G Lumsdon
Director

25 NOVEMBER 2009

**DAVIES LIABILITY LIMITED
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAVIES LIABILITY LIMITED

We have audited the financial statements of Davies Liability Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2007).

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. This other information comprises only the Directors' Report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Uxbridge

25 November 2009

DAVIES LIABILITY LIMITED
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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2009

		2009	2008
	Note	£	Restated £
Turnover	1	808,509	1,110,963
Cost of sales		(485,393)	(565,870)
Gross profit		323,116	545,093
Administration expenses			
Excluding exceptional items		(667,339)	(722,368)
Exceptional administration expenses	2	(17,040)	-
Administration expenses including exceptional items		(684,379)	(722,368)
Other operating income		10,262	3,064
Operating loss	2	(351,001)	(174,211)
Interest receivable and similar income	3	1,114	-
Interest payable and similar charges		(56)	(3,168)
Loss on ordinary activities before taxation		(349,943)	(177,379)
Tax on loss on ordinary activities	5	(3,412)	43,728
Loss for the financial year	11	(353,355)	(133,651)

The results above relate to continuing operations.

The company has no recognised gains or losses other than the loss for the financial year and therefore no separate statement of total recognised gains and losses has been presented.

DAVIES LIABILITY LIMITED
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FOR THE YEAR ENDED 31 MARCH 2009

BALANCE SHEET AS AT 31 MARCH 2009

	Note	2009	2008
		£	£
Fixed assets			
Tangible assets	6	10,680	19,542
Current assets			
Debtors - amounts falling due within one year	7	307,315	547,104
Cash at bank and in hand		3,632	22,541
		310,947	569,645
Creditors: amounts falling due within one year	8	(618,367)	(532,572)
Net current (liabilities)/assets		(307,420)	37,073
Net (liabilities)/assets		(296,740)	56,615
Capital and reserves			
Called up share capital	10	2	2
Capital reserve	11	300,000	300,000
Profit and loss account	11	(596,742)	(243,387)
Total shareholders' (deficit)/funds	12	(296,740)	56,615

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements on pages 6 to 14 were approved by the Board of Directors on 25 November 2009 and were signed on its behalf by:


 G Lumsdon
 Director

DAVIES LIABILITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The financial statements of the company have been prepared on a going concern basis, under the historical cost convention and are in accordance with the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (Effective January 2007).

Going Concern

The financial statements have been prepared on a going concern basis as the ultimate parent undertaking, Davies Group Limited, has indicated that it will provide financial support to the company for at least on year after these financial statements are signed.

The principal accounting policies, which have been applied consistently during the year, are set out below:

Turnover

Turnover in respect of loss adjusting services is recognised in line with the estimated stage of completion of each claim. Income accrued in respect of claims in progress at the year-end is included within turnover in the profit and loss account and within prepayments and accrued income in the balance sheet. All turnover is derived from within the United Kingdom.

Deferred income is recorded within the balance sheet when an interim fee is raised in advance of work performed and is released to the profit and loss account on completion of the case.

Cost of sales

The format of the profit and loss account has been changed from the Companies Act Format 2 to Format 1 such that costs in the profit and loss account have been split between cost of sales and administrative expenses. The directors consider that this best reflects the manner in which the business is monitored and accordingly, the prior year numbers have been restated to reflect this change. Cost of sales represents the salary costs, benefits and associated expenses of fee earning staff together with disbursements incurred in the provision of services to clients.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives. The expected useful lives of the assets to the business are reassessed periodically to ensure continued appropriateness.

Depreciation is provided at the following rates:

Computer equipment	-	33.3% straight line
Fixtures and fittings	-	20% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Pensions

The company makes contributions under a defined contribution scheme, the assets of which are held in a separately-administered fund. All pension contributions are charged to the profit and loss in the period in which they fall due.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Net deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Client bank balances

Client bank balances represent cash held on behalf of clients for the purposes of settling claims and incurring other expenses on behalf of clients under delegated authority arrangements. These client bank balances are disclosed separately on the face of the balance sheet, with the corresponding amount included under 'Amounts owed to clients' within creditors: amounts due within one year (note 8).

2. Operating loss

Operating loss is stated after charging:

	2009	2008
	£	£
Depreciation - owned assets	7,611	6,188
Pension costs	20,643	21,962
Auditors' remuneration - Audit services	10,859	9,325
Exceptional administrative expenses	17,040	-

The exceptional administrative expenses relate to the restructuring of the company that started in February 2009.

3. Interest receivable and similar income

	2009	2008
	£	£
Bank interest receivable	1,114	-

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NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Directors emoluments

	2009	2008
	£	£
Aggregate emoluments excluding pension contributions	-	159,066
Company contributions paid to money purchase pension schemes	-	5,698
	-	164,764

	Number	Number
The number of directors to whom retirement benefits were accruing was as follows:		
Money purchase schemes	-	3

During the year ended 31 March 2009, the directors were not remunerated for their services to the company.

5. Tax on loss on ordinary activities

The tax on the loss on ordinary activities for the year was as follows:

	2009	2008
	£	£
Current tax:		
UK corporation tax at 28% (2008: 30%)	-	-
Adjustments in respect of previous year	(2,917)	1,360
Total current tax	(2,917)	1,360
Deferred tax:		
Origination and reversal of timing differences	(1,390)	(45,088)
Adjustment in respect of previous year	7,719	
Total deferred tax (note 9)	6,329	(45,088)
Tax charge/(credit) for the year	3,412	(43,728)

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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Tangible assets

	Fixtures and fittings	Computer equipment	Total
	£	£	£
Cost			
At 1 April 2008	32,611	34,051	66,662
Additions	162	136	298
Transfers to another group company	(1,776)	(767)	(2,543)
Disposals	(499)	(2,208)	(2,707)
At 31 March 2009	30,498	31,212	61,710
Accumulated depreciation			
At 1 April 2008	19,362	27,758	47,120
Charge for the year	4,318	3,293	7,611
Transfers to another group company	(1,212)	(682)	(1,894)
Disposals	(328)	(1,479)	(1,807)
At 31 March 2009	22,140	28,890	51,030
Net book value			
At 31 March 2009	8,358	2,322	10,680
At 31 March 2008	13,249	6,293	19,542

The assets transferred to another group company were transferred to Farradane Limited, a fellow subsidiary undertaking of Davies Group Limited, at their net book value.

7. Debtors:

	2009	2008
	£	£
Trade debtors	202,593	208,870
Amounts owed by group undertakings (note 13)	637	-
Other debtors	1,801	1,475
Corporation tax	4,277	-
Deferred tax asset (note 9)	38,272	44,601
Prepayments and accrued income	59,735	292,158
	307,315	547,104

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NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Creditors: amounts falling due within one year

	2009	2008
	£	£
Bank loans and overdrafts	-	2,204
Trade creditors	8,576	5,549
Amounts owed to group undertakings (note 13)	463,337	375,077
Corporation tax	-	1,360
Other taxation and social security	43,742	45,106
Other creditors	24,937	29,007
Accruals and deferred income	34,635	58,062
Amounts owed to clients	43,140	16,207
	618,367	532,572

9. Deferred tax asset

The movements on the deferred tax asset are as follows:

	2009
	£
At April 2008	(44,601)
Deferred tax charge in profit and loss account for the year (note 5)	6,329
At 31 March 2009	(38,272)

The deferred tax asset comprises:

	2009	2008
	£	£
Accelerated capital allowances	27	1,299
Short term timing differences	-	(3,615)
Unutilised tax losses	(38,299)	(42,285)
	(38,272)	(44,601)

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset and therefore the asset has been recognised in these financial statements.

10. Called up share capital

	2009	2008
	£	£
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
	2009	2008
	£	£
Allotted and fully paid		
2 ordinary shares of £1 each	2	2

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NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Reserves

	Capital Reserve	Profit and loss account
	£	£
At 1 April 2008	300,000	(243,387)
Loss for the financial year (note 12)	-	(353,355)
At 31 March 2009	300,000	(596,742)

12. Reconciliation of movements in equity shareholders' (deficit)/funds

	2009	2008
	£	£
Loss for the financial year	(353,355)	(133,651)
Capital contribution	-	300,000
Net (reduction)/addition to shareholders funds	(353,355)	166,349
Opening equity shareholders' funds/(deficit)	56,615	(109,734)
Closing equity shareholders' (deficit)/funds	(296,740)	56,615

13. Related party transactions

During the year, the company had transactions with Davies Group Limited, the parent undertaking, and both transactions and balances with fellow group undertakings: Davies Construction & Engineering Limited, Davies Managed Systems Limited, and Farradane Limited.

At the year-end there were amounts due to related parties as follows:

	2009	2008
	£	£
Davies Group Limited	428,616	358,241
Farradane Limited	32,445	14,487
Davies Construction & Engineering Limited	2,276	2,349

At the year-end there were amounts owed by related parties as follows:

	2009	2008
	£	£
Davies Construction & Engineering Limited	637	-

During the year, the company purchased goods and services from these related parties as follows:

	2009	2008
	£	£
Davies Loss Adjusters LLP	-	170,888
Davies Group Limited	220,917	20,158
Davies Managed Systems Limited	30	2,787
Davies Construction and Engineering Limited	-	12,353
Farradane Limited	247,386	103,871

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NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Related party transactions (continued)

During the year, the company sold goods and services to its related parties as follows:

	2009	2008
	£	£
Davies Loss Adjusters LLP	-	8,417
Davies Group Limited	1,905	-
Davies Construction & Engineering Limited	-	6,475

14. Pensions

The company operates a defined contribution pension scheme. The assets are held separately from those of the company in an independently-administered fund. The charge for the year represents contributions payable by the company to the fund and amounted to £20,643 (2008: £21,962).

There were no outstanding or prepaid contributions at 31 March 2009 (2008: £nil).

15. Ultimate parent undertaking

The company is a wholly-owned subsidiary undertaking of Davies Group Limited, which is also the ultimate parent undertaking of the smallest & largest group to consolidate the financial statements. Copies of Davies Group Limited consolidated financial statements can be obtained from the Company Secretary at 2 St Giles Court, Southampton Street, Reading, Berkshire, RG1 2QL.

The first set of consolidated financial statements for the new group headed by Davies Group Limited will be drawn up for the 13 month period ending 31 March 2009.

16. Post balance sheet events

As of 1 April 2009, the trade and assets of the company have been transferred to Davies Group Limited as part of the ongoing group restructuring.