

DAVIES LIABILITY LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

REGISTERED NUMBER 3299076

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**DAVIES LIABILITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

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**DAVIES LIABILITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

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 Statutory Auditors
The Atrium
1 Harefield Road
Uxbridge
Middlesex
UB8 1EX

**DAVIES LIABILITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
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DIRECTORS' REPORT

The directors present their report with the audited financial statements of the company, registered number 3299076, for the year ended 31 March 2010

This report has been prepared in accordance with the small companies regime of the Companies Act 2006

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. On 1 April 2009, the trade and assets of the company have been transferred to Davies Group Limited as part of a restructuring and simplification of the legal entity structure of the group. The company is not expected to trade in the future.

RESULTS AND DIVIDENDS

The company's loss for the financial year was £676 (2009 £353,355) which will be deducted from reserves. The directors do not recommend the payment of a dividend (2009 £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)
G Lumsdon

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 Section 418 of the Companies Act 2006.

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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.

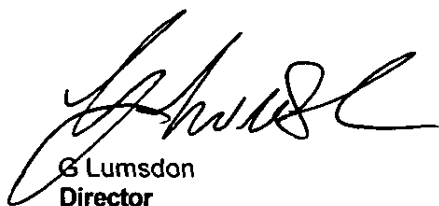
The directors confirm that they have complied with the above requirements in preparing the financial statements.

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 2006. 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

10 AUGUST 2010

**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 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the Directors' Report in accordance with the small companies regime



Lynn Percy (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Uxbridge

10 August 2010

DAVIES LIABILITY LIMITED
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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010

		2010	2009
	Note	£	£
Turnover	1	-	808,509
Cost of sales		-	(485,393)
Gross profit		-	323,116
Administration expenses			
Excluding exceptional items		-	(667,339)
Exceptional administration expenses	2	-	(17,040)
Administration expenses including exceptional items		-	(684,379)
Other operating income		-	10,262
Operating loss	2	-	(351,001)
Interest receivable and similar income	3	-	1,114
Interest payable and similar charges		-	(56)
Loss on ordinary activities before taxation		-	(349,943)
Tax on loss on ordinary activities	5	(676)	(3,412)
Loss for the financial year	11	(676)	(353,355)

The results above relate to discontinued 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 2010

BALANCE SHEET AS AT 31 MARCH 2010

	Note	2010		2009	
		£	£	£	£
Fixed assets					
Tangible assets	6		-		10,680
Current assets					
Debtors - amounts falling due within one year	7	-	307,315		
Cash at bank and in hand		-	3,632		
		-	310,947		
Creditors: amounts falling due within one year	8	(297,416)		(618,367)	
Net current liabilities			(297,416)		(307,420)
Net liabilities			(297,416)		(296,740)
Capital and reserves					
Called up share capital	10		2		2
Capital reserve	11		300,000		300,000
Profit and loss account	11		(597,418)		(596,742)
Total shareholders' deficit	12		(297,416)		(296,740)

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 6 to 14 were approved by the Board of Directors on 10 AUGUST 2010 and were signed on its behalf by



G Lumsdon
Director

DAVIES LIABILITY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
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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 small companies regime of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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 one 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

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 account 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

	2010	2009
	£	£
Depreciation - owned assets	-	7,611
Pension costs	-	20,643
Auditors' remuneration - Audit services	-	10,859
Exceptional administrative expenses	-	17,040

The auditor's remuneration of £6,293 for the year ended 31 March 2010 was borne by a fellow group company

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

3. Interest receivable and similar income

	2010	2009
	£	£
Bank interest receivable	-	1,114

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NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Directors emoluments

During the year ended 31 March 2010, the directors were not remunerated for their services to the company (2009 nil). The directors of the company were remunerated through a fellow group undertaking for their services to the group as a whole. Those directors are directors of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

5. Tax on loss on ordinary activities

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

	2010 £	2009 £
Current tax:		
UK corporation tax at 28% (2009 30%)	-	-
Adjustments in respect of previous year	1,331	(2,917)
Total current tax	1,331	(2,917)
Deferred tax:		
Origination and reversal of timing differences	-	(1,390)
Adjustment in respect of previous year	(655)	7,719
Total deferred tax (note 9)	(655)	6,329
Tax charge for the year	676	3,412

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NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Tangible assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2009	30,498	31,212	61,710
Disposals on sale of trade and assets	(30,498)	(31,212)	(61,710)
At 31 March 2010	-	-	-
Accumulated depreciation			
At 1 April 2009	22,140	28,890	51,030
Disposals on sale of trade and assets	(22,140)	(28,890)	(51,030)
At 31 March 2010	-	-	-
Net book value			
At 31 March 2010	-	-	-
At 31 March 2009	8,358	2,322	10,680

7. Debtors

	2010 £	2009 £
Trade debtors	-	202,593
Amounts owed by group undertakings (note 13)	-	637
Other debtors	-	1,801
Corporation tax	-	4,277
Deferred tax asset (note 9)	-	38,272
Prepayments and accrued income	-	59,735
	-	307,315

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NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	-	8,576
Amounts owed to group undertakings (note 13)	297,416	463,337
Other taxation and social security	-	43,742
Other creditors	-	24,937
Accruals and deferred income	-	34,635
Amounts owed to clients	-	43,140
	297,416	618,367

9 Deferred tax asset

The movements on the deferred tax asset are as follows

	£
At 1 April 2009	(38,272)
Deferred tax credit in profit and loss account in the year	(655)
Disposal on sale of trade and assets	38,927
At 31 March 2010	-

The deferred tax asset comprises

	2010	2009
	£	£
Accelerated capital allowances	-	27
Unutilised tax losses	-	(38,299)
	-	(38,272)

10. Called up share capital

	2010	2009
	£	£
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
	2010	2009
	£	£
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 2009	300,000	(596,742)
Loss for the financial year (note 12)	-	(676)
At 31 March 2010	300,000	(597,418)

12. Reconciliation of movements in equity shareholders' deficit

	2010	2009
	£	£
Loss for the financial year	(676)	(353,355)
Opening equity shareholders' (deficit)/funds	(296,740)	56,615
Closing equity shareholders' deficit	(297,416)	(296,740)

13. Related party transactions

During the year, the company had balances with Davies Group Limited, the parent undertaking

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

	2010	2009
	£	£
Davies Group Limited	297,416	428,616
Farradane Limited	-	32,445
Davies Construction & Engineering Limited	-	2,276

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

	2010	2009
	£	£
Davies Construction & Engineering Limited	-	637

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

	2010	2009
	£	£
Davies Group Limited	-	220,917
Davies Managed Systems Limited	-	30
Farradane Limited	-	247,386

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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

	2010	2009
	£	£
Davies Group Limited	-	1,905

During the year, the company sold its trade and assets to Davies Group Limited, as set out in Note 16

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 £nil (2009 £20,643)

There were no outstanding or prepaid contributions at 31 March 2010 (2009 £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, RG1 2QL.

16. Disposal of trade and assets

On 1 April 2009, the trade and assets of the company were transferred to Davies Group Limited as part of a restructuring and simplification of the legal entity structure of the group. No profit or loss was made on the sale as the Directors considered the market value of the trade and assets was equal to their book value.

	£
Tangible fixed assets	10,680
Debtors	306,639
Cash	3,632
Creditors	(189,750)
Assets transferred	131,201
Decrease in intercompany loan	(131,200)
Net Contribution	1