

**Accident Exchange Limited**

**Annual Report and Financial Statements  
for the year ended 28 February 2022**

Registered number: 04141140

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**Accident Exchange Limited**

**Annual Report and Financial Statements  
Contents Page**

Group Strategic Report .....	3
Directors' Report .....	9
Independent Auditors' Report .....	13
Consolidated Profit and Loss Account .....	17
Consolidated Balance Sheet .....	18
Consolidated Statement of Cash Flows .....	19
Consolidated Statement of Changes in Equity .....	20
Notes to the Consolidated Financial Statements.....	21
Accident Exchange Limited - Parent Company Report and Financial Statements for the year ended 28 February 2022 .....	42

## Accident Exchange Limited

### Group Strategic Report

#### Principal activities

The Group provides accident claim management and related services to the automotive sector and delivers these through two operating divisions:

AX Automotive ("AXA") is focussed on delivering support to motorists in the event that they have suffered a non-fault road traffic accident. Accident management services provided include the recovery of damaged vehicles, the provision of replacement vehicles on credit hire terms and arranging and monitoring the repair of vehicles all with an emphasis on providing market leading customer service.

AX Innovation ("AXI") delivers a suite of technology based products combining intelligent bespoke software with in-car devices and a highly experienced management team to help manage, connect and protect customers vehicles. AXI also provides market leading courtesy car and demonstrator vehicle management systems and insurance solutions to motor dealerships.

#### Business performance

Compared to the prior year Group turnover grew by 37% to £112,959,000 from £82,350,000 and Group operating profit grew by over 800% to £3,992,000 from £426,000. The growth in Group turnover and operating profit was due to the increase in UK traffic volumes as Covid-19 pandemic ("the pandemic") restrictions imposed on 6 January 2021 were gradually lifted between March and July 2021. By July 2021 UK traffic volumes were approximately 90% of pre pandemic levels and by February 2022 UK traffic volumes were at similar levels to those pre pandemic.

The Omicron variant that emerged in late 2021 did not have a significant impact on the Group's financial performance for the year.

The year ended with a Group profit for the financial year after taxation of £1,388,000 (2021: loss of £3,000) which was transferred to reserves.

The Board manages the business using three key measures: turnover, gross profit and EBITDA before non-recurring items. EBITDA is defined as earnings before interest, taxation, depreciation and amortisation. The Group's key performance indicators for the year were:

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Turnover	112,959	82,350
Gross profit	28,912	22,537
EBITDA before non-recurring items	4,704	1,740

## Accident Exchange Limited

### Group Strategic Report

#### Reconciliation of Operating profit to EBITDA before non-recurring items

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Operating profit	3,992	426
Depreciation and amortisation	1,005	1,202
Non-recurring items	(293)	112
EBITDA before non-recurring items	4,704	1,740

Non-recurring income for the year relates to the release of a liability booked for dilapidation costs as the actual costs were lower than originally forecast offset by redundancy costs. Non-recurring charges for the prior year relate to redundancy costs incurred by the Group due to the Covid-19 pandemic (see note 7 to the consolidated financial statements).

#### **Review of business developments**

The year ended 28 February 2022 was a year of recovery from the very significant impact that the pandemic had on the Group's operations and financial performance.

Throughout the pandemic the Group remained committed to providing high quality services to its customers and referral partners from across the automotive sector. The Group maintained its operational capability to ensure that all customers, and especially key workers, that had a need for a replacement vehicle after being involved in a non-fault motor accident were provided with a suitable mobility solution.

During the year the Group renewed its two year contract with the AA to provide mobility solutions to personal members of its breakdown service and AA motor insurance customers who report an accident directly to the AA and won a contract with a major dealership group. The Group renewed contracts with all of its significant motor dealer and fleet referral partners.

The welfare of the Group's people, customers and suppliers was paramount throughout the pandemic. In March 2020 the Group proactively purchased sufficient IT equipment to enable the Group to instruct all staff based in an office location that from 17 March 2020 they should work from home and only to attend the office in exceptional circumstances. At the same time frontline staff, principally drivers who deliver replacement cars to customers and staff that have contact with suppliers were issued with comprehensive guidance regarding Covid-19 safety measures and appropriate cleaning materials and personal protective equipment. As the pandemic progressed through into 2022 the Group followed all government guidance to protect its workforce, customers and suppliers.

The business provided a series of wellness and wellbeing initiatives to its employees including personal counselling for staff and their families, flexing work hours for those with home schooling, childcare or other caring responsibilities. Where possible staff were supported in sourcing suitable equipment to create a workspace at home.

The pandemic impacted the ability of insurers to operate their claims handling and settlement teams as normal. This led to a significant slowdown in the settlement of claims and hence the cash flow of the Group.

The global shortage of semiconductor micro chips had a significant negative impact on the ability of the major European prestige motor vehicle manufacturers to maintain production volumes. As a result of the production issues the supply of new prestige vehicles to the UK corporate sector was severely reduced. The Group worked with its vehicle funders to find

## **Accident Exchange Limited**

### **Group Strategic Report**

solutions that enabled the Group to maintain its prestige fleet size at a level that could satisfy referral partner's demand. The outbreak of war in the Ukraine towards the end of the financial year constrained the supply of prestige vehicles even further. Supply issues for prestige vehicles did not materially improve in 2022 and it appears unlikely that there will be any material improvement before well into 2023 and possibly even later.

Throughout 2021 the supply of mainstream vehicles did not appear to be as constrained as that for prestige vehicles however, in February 2022 the Group's main provider of outsourced mainstream vehicles significantly reduced the number of mainstream vehicles it was willing to make available to the Group. Management quickly decided that the Group should build its own mainstream fleet capability and reduce its dependence on third party providers. Approximately 1,700 mainstream vehicles were ordered from a variety of manufacturers with delivery dates throughout 2022. As a result, AXA now has more control over the delivery and collection of replacement vehicles to its customers and this has resulted in an improvement in customer's satisfaction of AXA's service.

During the year the Group's management team conducted a review of other opportunities in the automotive sector. As a result of the review the Group decided to make a significant investment in the software and people required to provide a full end to end accident management service to insurers, insurance brokers and fleet operators.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Group are:

#### *Legal risk*

The provision of credit hire and associated services continues to be the subject of various legal challenges. The Group believes that its credit hire and repair arrangements fully comply with the law as it currently stands. However, there is a risk that future legal challenges to the legal status of the provision of credit hire and repair services and/or the hire rates charged to customers may adversely impact the performance of the Group.

#### *Competition risk*

The Group operates in a competitive industry, to which the barriers to entry are relatively low. If the Group is unable to respond adequately to competitive challenges, it may lose market share and/or suffer pressure on its service offering, having an adverse impact on the Group's financial results. The Group has referral relationships with a large number of prestige motor vehicle dealerships, dealership groups and other referral sources. Accordingly, the Group does not consider itself to be dependent on any one particular referring partner. Nevertheless, given the largely fixed nature of the Group's cost base, the loss of or a substantial reduction in a major referring partner's business, could have a material effect on the Group's revenue and profitability.

#### *Insurance industry protocols*

Certain members of the Association of British Insurers and a number of credit hire organisations have entered into a protocol, the General Terms of Agreement ("GTA"), that sets out the manner in which claims should be processed, the documentation which customers should complete, the procedures that should be followed whilst a customer is in a hire vehicle and settlement of credit hire claims. The Group is a subscriber to the GTA. The Group has also negotiated bespoke protocols directly with a number of insurers. These arrangements provide more certainty over the conduct of the provision of credit hire services and their settlement. There is no guarantee that the current arrangements between the Group

## **Accident Exchange Limited**

### **Group Strategic Report**

and insurers will persist and the participants may seek alternative arrangements. This could have a materially detrimental effect on the profitability and cash flow of the Group.

#### *Operational risk*

The Group's business is dependent on processing a large number of claims and vehicle hires across the UK. The Group's systems and processes, including the Group's IT systems, are designed to ensure that the operational risks associated with its activities are appropriately controlled. Any weakness in the systems, processes or business continuity arrangements could have a negative impact on its results or operations during the affected period. The Group commissions independent technical experts to perform regular tests of its IT systems in order to minimise the risk of cyber threats and maintains appropriate cyber insurance cover.

#### *Availability of vehicles*

Motor vehicle manufacturers and suppliers are facing a shortage of microchips globally. This shortage was caused by a massive increase in demand for computers, mobile phones and other consumer electronics during the COVID-19 pandemic that surpassed the current supply of semiconductors and is now starting to recover.

The global shortage of microchips and the conflict in Ukraine has had a severe impact on the automotive sector. Manufacturers have scaled back production and hence supply of new vehicles which could cause the Group a risk in fulfilling its commitments to its referral partners.

#### *Extended hire periods*

The Group is exposed to the risks of extended hire periods due to parts shortages and delays, or lack of capacity within bodyshops. Any increase to the period of hire could create pressure on any bespoke protocol agreements where the claim is settled via a fixed fee arrangement.

#### *Financial risk management*

The Group's operations expose it to a variety of financial risks that include the effect of changes in market prices, the availability of funding to finance vehicle purchases and working capital and the settlement of claims. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group.

##### *a) Price risk*

The Group recognises revenue, claims in progress and trade receivables after an allowance for any discounts that are expected to arise under the terms of the GTA and net of any other settlement adjustments expected to arise on the settlement of claims. This judgement is made by reference to a mix of historical data and the expected net recovery from the settlement of claims.

##### *b) Settlement risk*

The timing of the receipt of funds from the insurer is uncertain and may be protracted. The nature of trade debtors is such that claims against motor insurance companies can be subject to dispute, which may result in financial loss to the Group. The Directors estimate the value of trade debtors to reflect the expected settlement amounts receivable on the basis of historical collection levels and anticipated collection profiles.

## Accident Exchange Limited

### Group Strategic Report

*c) Credit risk*

Credit risk is spread across major UK-based motor insurers in proportion to their respective share of the market. No credit insurance has been obtained, given the regulated nature of these entities.

*d) Interest rate risk*

Interest rate risk exists on the Group's level of overall indebtedness.

*e) Liquidity risk*

Liquidity risk exists due to the variable timings of the group's working capital cycles, see further detail in the going concern section within the Director's report.

### Statement on compliance with Streamlined Energy and Carbon Reporting

Statement of carbon emissions in compliance with the Streamlined Energy and Carbon Reporting ("SECR") covering energy use and associated greenhouse gas emissions relating to the use of gas, electricity and fossil fuels.

The methodology used to calculate the disclosures in the table below is the ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency) used in conjunction with government greenhouse gas reporting conversion factors.

Current reporting year ending 28 February 2022		Units
Total energy use covering electricity, gas and transport	17,612,787	kWh
Total emissions generated through combustion of gas	9.37	tCO <sub>2</sub> e
Total emissions generated through use of purchased electricity	106.50	tCO <sub>2</sub> e
Total emissions generated through use of other fuels for both internal and external use of the business' vehicle fleet	2,661.61	tCO <sub>2</sub> e
Total gross emissions	2,777.48	tCO <sub>2</sub> e
Intensity ratio (total gross emissions)	24.59	kgCO <sub>2</sub> e per revenue £'000

The Group is committed to responsible energy management and utilises energy efficient measures wherever it is cost effective. The Group has undertaken measures to reduce greenhouse gas emissions from as many sources as possible including:

- The provision of battery electric vehicles to staff members entitled to a company car and assisting with the installation of charging points at employees homes;
- Increasing the proportion of battery electric vehicles in its vehicle fleet;
- Installation of multiple charging points at depots;
- Converting as much lighting as possible in all locations to LED.

### Section 172 statement

The Board of Directors, as a group and individually, of the Accident Exchange Limited group believe that they have acted in a way they consider, in good faith, to be most likely to promote the success of the Group for the benefit of its members as a whole in the decisions taken during the year ended 28 February 2022.

## **Accident Exchange Limited**

### **Group Strategic Report**

The Board meets on a regular basis, usually a minimum of eight times in each financial year, in order to set the strategic direction and objectives of the Group and to monitor progress against those plans.

On an annual basis the Board sets out financial targets for the Group. Operational management develop a detailed set of plans designed to maximise the probability that the financial targets identified by the Board are met. The detailed plans include setting objectives regarding winning new referral sources and the retention of existing referral partners, ensuring that at all times the Group has sufficient working capital, and the Group continues to invest in new products and IT platforms. Progress is regularly monitored by the Board.

The Group's suppliers are a key part of the business, The Group maintains regular dialogue with all key suppliers and especially those involved in the provision and funding of vehicles, repairers and IT hardware and software.

The Board fully endorses the executive management team's commitment to providing motorists with industry leading levels of customer service and support during what can be a highly stressful period following involvement in a non-fault motor accident.

The Board has a strong belief in the values of the business and cares for the people the Group employs. These values are embedded into the Group's culture and the way staff work. The values are part of all employee assessment processes and training and development plans. The Board is committed to the welfare of the Group's employees and this has been especially so during the Covid-19 pandemic through the measures taken to keep staff safe, provide flexible working options and the provision of mental health support.

The Board supports the Group's commitment to remain at the forefront of the industry and to provide best in class customer service. In order to influence the direction of the industry the Group participates in a number of industry wide organisations including The Credit Hire Organisation and the British Vehicle Rental and Leasing Association and the board fully supported the appointment of the Group's Chief Executive, Lucy Woods as chair of the Credit Hire Organisation's supervisory board.

The Group is at the forefront of the provision of electric vehicles to motorists that have been involved in a non-fault accident and is continually investing in the expansion of its electric vehicle fleet.

This report was approved by the board and signed on its behalf by:



Nicholas Williams  
Director  
28 February 2023



## **Accident Exchange Limited**

### **Directors' Report**

The Directors present their report and the audited consolidated and parent financial statements of Accident Exchange Limited Group ("the Group") for the year ended 28 February 2022.

#### **Principal activities and future developments**

The principal activities and future developments of the Group are described in the Group strategic report on page 3.

#### **Statement of engagement with suppliers, customers and others in a business relationship with the Group**

Information in respect of engagement with suppliers, customers and others is included in the Group strategic report.

#### **Results and dividends**

The results for the financial year are set out in the Consolidated Profit and Loss Account on page 17. Operating profit for the financial year was £3,992,000 (2021: £426,000) and the Group made a profit for the financial year of £1,388,000 (2021: loss of £3,000).

No dividends were paid or proposed by Accident Exchange Limited during the year ended 28 February 2022 (2021: £nil).

#### **Directors and their interests**

The following Directors served during the year and up to the date of signing the financial statements.

Holly Neiweem  
Thomas Doster IV  
Nicola Roy  
Lucy Woods  
Nicholas Williams (appointed 10 February 2023)

None of the Directors had any disclosable interest in the Company during the year (2021: none).

#### **Directors' and officers' insurance**

Directors and officers of the Group are provided with insurance cover against liabilities that may be incurred by them whilst acting as directors or officers. The insurance policy is a qualifying third-party indemnity provision.

#### **Political donations**

The Company did not make any political donations during the year (2021: £nil).

#### **Employees**

It is the Group's policy to consider all applicants for employment and promotion on the basis of their qualifications and experience for the specific job without regard to race, colour, religion, sex, age, disabilities or national origin. Appointments are determined by application of job criteria, abilities and competency.

## **Accident Exchange Limited**

### **Directors' Report (continued)**

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate adjustments, if required are arranged.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the factors affecting the performance of the Group. The Board has approved continued investment in training, developing and communicating with the Group's employees. Programmes for employee involvement in innovation and process improvement and communication with employees via the Group's "AXIOM" internal intranet is ongoing.

#### **Going concern**

As detailed within the strategic report, the pandemic impacted the ability of insurers to deal with claims settlement and created backlogs within the court system, causing the settlement period of litigated claims to increase.

Operational and margin challenges resulting from the restricted supply of new vehicles, and the wider economic uncertainty including interest rates and inflation, together with delays caused by body shop capacity and the lengthening of hire periods, have caused the working capital cycle of the business to become extended.

The above factors have been taken into consideration as the directors assessed the future funding requirements of the Group and Company and the sources and levels of working capital resources available including cash balances, utilisation of a receivables financing agreement with Leumi, which was renewed for a further 5 years on 27 February 2023 and fleet financing lines provided by various parties.

In addition, the term loan with Eight Bar was extended on 16<sup>th</sup> December 2022 to 31 December 2028. Management have also initiated discussions with Leumi to increase the receivables financing facility from its current £18m and have received confirmation that in principle this increased facility will be forthcoming.

The group monitors its cash position on a daily and weekly basis and has used this experience to prepare the assessment for going concern, which was completed in February 2023 and is a forecast for the 18 month period, 1 March 2023 to 31 August 2024.

The base case scenario, which has been discussed with the group's principal lenders has key assumptions as follows:

- current levels of business activity remain stable, focus on performing a detailed risk assessment before services are provided and improving margin from all elements of a claim;
- pressure on vehicle costs arising from supply chain issues remain and are mitigated by slowing down our normal vehicle replacement cycle and becoming less reliant on outsourced fleet providers;
- impact of likely increases in interest rates;
- employee wages continue to rise in line with market rates, with recruitment and retention being a high strategic priority;
- cash collection profiles from third party insurers remain stable, reflecting the recent progress made on increasing the volume of claims settling under protocol arrangements. Focus on agreeing protocols and working practices with Non GTA insurers and reducing the time to litigate.

## **Accident Exchange Limited**

### **Directors' Report (continued)**

Under the base case scenario, the day to day cash requirements of the business will be able to be met from the facilities already available. However, in conjunction with preparing the forecast, management has assessed the relative working capital cycles and profitability of different business streams and have implemented actions to further improve the efficiency of cash collection processes to increase the level of headroom available, above that forecast in the base case.

Management have applied plausible downside scenarios to the base case scenario outlined above, reflecting both a reduction in referral rates and a slowdown in collection speeds, and again forecast that the business will be able to meet its obligations through utilising existing facilities.

The receivables financing agreement with Leumi has several covenants which are required to be met over the term of the arrangement. These covenants have been considered as part of the assessment undertaken by management and are forecast to be met throughout the going concern period, under both the base case scenario and plausible downside scenarios.

Having undertaken this work, the directors are of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

### **Appointment of auditors**

PricewaterhouseCoopers LLP were reappointed as Company auditors during the year. Their *period of office expires upon the signing of these financial statements by the Directors*. At the same time the Board will propose their reappointment as auditors.

### **Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with

## **Accident Exchange Limited**

### **Directors' Report (continued)**

reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and parent company's auditors are aware of that information.

On behalf of the Board 28 February 2023.

A handwritten signature in black ink, appearing to be 'N Williams', with a long horizontal flourish extending to the right.

Nicholas Williams  
Director

# Independent auditors' report to the members of Accident Exchange Limited

## Report on the audit of the group financial statements

### Opinion

In our opinion, Accident Exchange Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 28 February 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Balance Sheet as at 28 February 2022; the Consolidated Profit and Loss Account, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 28 February 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK taxation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial information through the posting of journal entries, or undue bias exhibited in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- discussions with management in relation to known or suspected instances of fraud, or non-compliance with laws and regulations;
- testing of significant estimates and judgements made by management, including debtor provisioning, which involved the verification of the data used and accuracy of the models;
- testing of journal entries using a risk based approach, including entries which credit revenue offset by an unusual counter entry, as well as postings made by unexpected users;
- incorporating elements of unpredictability into our audit procedures; and
- review of the financial statements for disclosures required by the accounting standards and the Companies Act 2006.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the parent 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.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

## Other matter

We have reported separately on the parent company financial statements of Accident Exchange Limited for the year ended 28 February 2022.

A handwritten signature in black ink, appearing to read 'Neil Philpott' followed by a stylized flourish.

Neil Philpott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
23 February 2023



**Accident Exchange Limited**

**Consolidated Profit and Loss Account  
for the year ended 28 February 2022**

		<b>Year ended 28 February 2022 £'000</b>	<b>Year ended 28 February 2021 £'000</b>
	<b>Note</b>		
<b>Turnover</b>	<b>2</b>	<b>112,959</b>	<b>82,350</b>
<b>Cost of sales</b>		<b>(84,047)</b>	<b>(59,813)</b>
<b>Gross profit</b>		<b>28,912</b>	<b>22,537</b>
Administrative expenses		(25,335)	(23,486)
Other operating income	6	122	1,487
Exceptional administrative income/ (expenses)	7	293	(112)
<b>Operating profit</b>	<b>8</b>	<b>3,992</b>	<b>426</b>
Interest receivable and similar income		-	2
Interest payable and similar expenses	9	(1,366)	(1,453)
<b>Profit/ (Loss) before taxation</b>		<b>2,626</b>	<b>(1,025)</b>
Tax on profit/ (loss)	10	(1,238)	1,022
<b>Profit/ (Loss) for the financial year</b>		<b>1,388</b>	<b>(3)</b>

All results relate to continuing operations.

The notes on pages 21 to 41 form part of these financial statements.

There are no recognised gains or losses other than those shown in the Profit and Loss Account. Accordingly, and therefore, no separate statement of comprehensive income is presented.

**Accident Exchange Limited**

**Consolidated Balance Sheet  
as at 28 February 2022**

		<b>2022</b>	<b>2021</b>
	<b>Note(s)</b>	<b>£'000</b>	<b>£'000</b>
<b>Fixed assets</b>			
Intangible assets	11	876	473
Tangible assets	12	2,560	1,495
		<b>3,436</b>	<b>1,968</b>
<b>Current assets</b>			
Inventories		295	301
Debtors	13	49,664	40,060
Cash at bank and in hand	14	668	3,026
		<b>50,627</b>	<b>43,387</b>
<b>Creditors: amounts falling due within one year</b>			
Loans and overdrafts	15	(12,467)	(8,302)
Trade and other payables	17	(19,432)	(17,985)
<b>Net current assets</b>		<b>18,728</b>	<b>17,100</b>
<b>Total assets less current liabilities</b>		<b>22,164</b>	<b>19,068</b>
<b>Creditors: amounts falling due after more than one year</b>			
	15,18	(15,827)	(14,119)
<b>Net assets</b>		<b>6,337</b>	<b>4,949</b>
<b>Capital and reserves</b>			
Called up share capital	20	1	1
Share premium account		1,165	1,165
Other reserves		101,771	101,771
Merger reserve		(2,230)	(2,230)
Profit and loss account		(94,370)	(95,758)
<b>Total equity</b>		<b>6,337</b>	<b>4,949</b>

The notes on pages 21 to 41 form part of these financial statements.

The financial statements on pages 17 to 41 were approved by the Board of Directors and authorised for issue 28 February 2023 and were signed on its behalf by:



Nicholas Williams  
Director

Accident Exchange Limited  
Registered Number: 04141140  
Registered Office: Unit 2, Liberty Park, Burton Old Road, Lichfield, Staffordshire, WS14 9HY

**Accident Exchange Limited**

**Consolidated Statement of Cash Flows  
for the year ended 28 February 2022**

	<b>Year ended 28 February 2022 £'000</b>	<b>Year ended 28 February 2021 £'000</b>
<b>Profit/ (Loss) for the financial year</b>	<b>1,388</b>	<b>(3)</b>
Tax on profit/ (loss)	<b>1,238</b>	<b>(1,022)</b>
Net interest expenses	<b>1,366</b>	<b>1,451</b>
<b>Operating profit</b>	<b>3,992</b>	<b>426</b>
Depreciation of tangible fixed assets	<b>838</b>	<b>1,078</b>
Amortisation of intangible assets	<b>167</b>	<b>124</b>
Profit on disposal of fixed assets	<b>(46)</b>	<b>(57)</b>
Working capital movements:		
Decrease/ (Increase) in inventory	<b>6</b>	<b>(48)</b>
Increase in debtors	<b>(10,863)</b>	<b>(1,974)</b>
Increase/ (Decrease) in creditors	<b>1,755</b>	<b>(1,955)</b>
<b>Net cash from operating activities</b>	<b>(4,151)</b>	<b>(2,406)</b>
Corporation tax paid	<b>(87)</b>	<b>(12)</b>
<b>Net cash used in operating activities</b>	<b>(4,238)</b>	<b>(2,418)</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	<b>(813)</b>	<b>(474)</b>
Purchase of intangible assets	<b>(570)</b>	<b>(38)</b>
Proceeds from disposal of fixed assets	<b>540</b>	<b>1,052</b>
<b>Net cash (used in)/ generated from investing activities</b>	<b>(843)</b>	<b>540</b>
<b>Cash flow from financing activities</b>		
Increases in borrowings	<b>4,165</b>	<b>5,582</b>
Hire purchase capital repayment	<b>(802)</b>	<b>(1,570)</b>
Hire purchase interest repayment	<b>(54)</b>	<b>(309)</b>
Net bank interest paid	<b>(586)</b>	<b>(445)</b>
<b>Net cash generated from financing activities</b>	<b>2,723</b>	<b>3,258</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(2,358)</b>	<b>1,380</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,026</b>	<b>1,646</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>668</b>	<b>3,026</b>

The notes on pages 21 to 41 form part of these financial statements.

**Accident Exchange Limited**

**Consolidated Statement of Changes in Equity  
for the year ended 28 February 2022**

	Called-up share capital	Share premium account	Other reserves	Merger reserve	Profit and loss account	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 March 2020	1	1,165	101,771	(2,230)	(95,755)	4,952
Loss for the year	-	-	-	-	(3)	(3)
Total comprehensive expense for the year	-	-	-	-	(3)	(3)
Balance as at 28 February 2021	1	1,165	101,771	(2,230)	(95,758)	4,949
Balance as at 1 March 2021	1	1,165	101,771	(2,230)	(95,758)	4,949
Profit for the year	-	-	-	-	1,388	1,388
Total comprehensive income for the year	-	-	-	-	1,388	1,388
Balance as at 28 February 2022	1	1,165	101,771	(2,230)	(94,370)	6,337

The notes on pages 21 to 41 form part of these financial statements.

## **Accident Exchange Limited**

### **Notes to the Consolidated Financial Statements**

#### **1. Principal accounting policies**

##### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), and those parts of the Companies Act 2006 applicable to companies reporting under United Kingdom Generally Accepted Accounting Practice.

The financial statements are presented in sterling the functional currency of the Group. Monetary amounts in these consolidated financial statements are rounded to the nearest £'000 unless otherwise indicated.

##### **General information**

Accident Exchange Limited is a private limited company incorporated and domiciled in England, United Kingdom. Its registered office and principal place of business is Unit 2, Liberty Park, Burton Old Road, Lichfield, Staffordshire, WS14 9HY.

The principal activities of Accident Exchange Limited and its subsidiaries include delivering support to motorists in the event that they have suffered a non-fault road traffic accident and delivering a suite of technology based products combining intelligent bespoke software with in-car devices and a highly experienced management team to help manage, connect and protect customers' vehicles.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 28 February 2022.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They cease to be consolidated from the date that the Group no longer has control. Control is assumed where the Company has the power to govern the financial and operating policies of an investee entity so as to gain benefits from its activities. Inter-company transactions and balances are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those adopted by the Group.

##### **Going concern**

As detailed within the strategic report, the pandemic impacted the ability of insurers to deal with claims settlement and created backlogs within the court system, causing the settlement period of litigated claims to increase.

Operational and margin challenges resulting from the restricted supply of new vehicles, and the wider economic uncertainty including interest rates and inflation, together with delays caused by body shop capacity and the lengthening of hire periods, have caused the working capital cycle of the business to become extended.

The above factors have been taken into consideration as the directors assessed the future funding requirements of the Group and Company and the sources and levels of working capital resources available including cash balances, utilisation of a receivables financing agreement with Leumi, which was renewed for a further 5 years on 27 February 2023 and fleet financing lines provided by various parties.

## **Accident Exchange Limited**

### **Notes to the Consolidated Financial Statements (continued)**

#### **1. Principal accounting policies (continued)**

##### **Going concern (continued)**

In addition, the term loan with Eight Bar was extended on 16<sup>th</sup> December 2022 to 31 December 2028. Management have also initiated discussions with Leumi to increase the receivables financing facility from its current £18m and have received confirmation that in principle this increased facility will be forthcoming.

The group monitors its cash position on a daily and weekly basis and has used this experience to prepare the assessment for going concern, which was completed in February 2023 and is a forecast for the 18 month period, 1 March 2023 to 31 August 2024.

The base case scenario, which has been discussed with the group's principal lenders has key assumptions as follows:

- current levels of business activity remain stable, focus on performing a detailed risk assessment before services are provided and improving margin from all elements of a claim;
- pressure on vehicle costs arising from supply chain issues remain and are mitigated by slowing down our normal vehicle replacement cycle and becoming less reliant on outsourced fleet providers;
- Impact of likely increases in interest rates;
- employee wages continue to rise in line with market rates, with recruitment and retention being a high strategic priority;
- cash collection profiles from third party insurers remain stable, reflecting the recent progress made on increasing the volume of claims settling under protocol arrangements. Focus on agreeing protocols and working practices with Non GTA insurers and reducing the time to litigate.

Under the base case scenario, the day to day cash requirements of the business will be able to be met from the facilities already available. However, in conjunction with preparing the forecast, management has assessed the relative working capital cycles and profitability of different business streams and have implemented actions to further improve the efficiency of cash collection processes to increase the level of headroom available, above that forecast in the base case.

Management have applied plausible downside scenarios to the base case scenario outlined above, reflecting both a reduction in referral rates and a slowdown in collection speeds, and again forecast that the business will be able to meet its obligations through utilising existing facilities.

The receivables financing agreement with Leumi has several covenants which are required to be met over the term of the arrangement. These covenants have been considered as part of the assessment undertaken by management and are forecast to be met throughout the going concern period, under both the base case scenario and plausible downside scenarios.

Having undertaken this work, the directors are of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

## **Accident Exchange Limited**

### **Notes to the Consolidated Financial Statements (continued)**

#### **1. Principal accounting policies (continued)**

##### **Business combinations**

Business combinations, other than group reconstructions, are accounted for using the purchase method. Any excess of the purchase price of business combinations over the fair value of the assets, liabilities and contingent liabilities acquired and resulting deferred tax thereon is recognised as goodwill.

##### **Revenue recognition**

Revenue related to car hire, repair, claims management and other services is measured at the fair value of the consideration receivable (after expected discounts), net of VAT and other sales taxes. Revenue is recognised when services are provided, including an appropriate proportion of services in progress at the reporting date.

Credit hire revenue is recognised from the date a vehicle is placed on hire. Vehicles are only placed on hire and remain on hire after a validation process that ensures to the Group's satisfaction that liability for the accident rests with another party. The rates used are based on daily commercial rate tariffs for particular categories of vehicles and are accrued on a daily basis, by claim, after adjustment on a portfolio basis for the amount at which the claim is expected to settle. The settlement adjustment includes an estimation of the extent to which insurers are expected to take advantage of early settlement arrangements afforded under the terms of the ABI GTA, the terms of bilateral protocol agreements in place and an estimate of expected adjustment arising on the settlement of other claims.

Credit repair revenue represents income from the recovery of the costs of repair of customers' vehicles carried out by third party bodyshops. Credit repair revenue is recognised when the work has been completed, invoiced and confirmed as recoverable. Credit repair income is recorded net of an estimation of the expected adjustment arising on the settlement of claims. The Group records credit repair revenue gross as management consider that the Group acts as Principal in respect of credit repair services as all credit risk is borne by the Group.

Accident Exchange Limited is a corporate member of True Solicitors LLP ("True") and is entitled to receive a proportion of the fee costs awarded to True on settlement of litigated claims. Revenue is recognised in line with actual and expected recovery rates across the portfolio of claims being litigated by True.

##### **Grant Income**

Government grant income has been received in the year in relation to the Coronavirus Job Retention Scheme (CJRS) and is recognised within other operating income on a systematic basis over the period in which the company recognises the related costs for which the grant is intended to compensate.

## **Accident Exchange Limited**

### **Notes to the Consolidated Financial Statements (continued)**

#### **1. Principal accounting policies (continued)**

##### **Exceptional items**

Exceptional items are transactions which, by virtue of their size or nature, are disclosed separately within the financial statements in order to aid and improve understanding of the Group's financial performance.

##### **Intangible assets**

Intangible assets are stated at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated so as to write down the purchase cost less the estimated residual value on a straight-line basis over the estimated useful life of that intangible asset. The estimated useful lives are as follows:

- Software 3 - 5 years

##### **Tangible fixed assets**

Property, plant and equipment is stated at cost less accumulated depreciation less any provision for impairment.

Depreciation rates are calculated so as to write down the purchase cost less estimated residual value of an asset on a systematic basis over the expected useful economic life of that asset. The estimated useful lives are as follows:

- Leasehold property and improvements 10 years
- Computer equipment 3 years
- Fixtures and fittings 4 years
- Motor vehicles 2 – 3 years

Residual values, remaining useful economic lives and depreciation methods of non-motor vehicle assets are reviewed annually and adjusted if appropriate.

Gains or losses on disposal of tangible fixed assets is determined by comparing the net sales proceeds with the carrying value of the asset and is recognised in the profit and loss account.

##### **Impairment of non-current assets excluding goodwill**

Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that an asset may be impaired.

An impairment loss is recognised in the profit and loss account if the recoverable amount (being the higher of fair value less costs to sell and value in use) of an asset or cash generating unit falls below its carrying value in the balance sheet.

Such impairment losses may be reversed in subsequent periods if there is an indication that the impairment loss recognised in prior periods may no longer exist or may have decreased.

##### **Inventories**

Inventories are valued at the lower of cost and estimated net realisable value.

Provision is made where inventories are slow moving or obsolete, in order to reduce cost to its net realisable value.



## **Accident Exchange Limited**

### **Notes to the Consolidated Financial Statements (continued)**

#### **1. Principal accounting policies (continued)**

##### **Claims in progress**

Amounts recoverable on claims in progress are stated at the expected recoverable value.

##### **Trade and other debtors**

Trade debtors are recorded at amortised cost using the effective interest rate method. This represents the expected net claim value after estimated allowances for settlement adjustments.

Settlement adjustments arising under the ABI General Terms of Agreement ("GTA") and individual insurer protocol arrangements are treated as trade discounts and deducted from revenue. The amount of any trade discount is measured as the difference between the carrying amount and the GTA value of the claim.

An adjustment for impairment is established when there is objective evidence that the Group will not be able to collect all amounts determined as above and recognised within administrative expenses.

Other debtors are stated at amortised cost less any provision for impairment.

##### **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, and short and medium-term deposits with original maturities of three months or less.

##### **Leased assets**

Leases of property, plant and equipment where the Group has substantially all of the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Capitalised leased assets are subsequently depreciated over the shorter of the lease term or the asset's useful life. Obligations related to finance leases, net of finance charges in respect of future periods, are included as appropriate under current or non-current liabilities. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The finance charges are expensed to the profit and loss account.

All other leases are classified as operating leases. Lease payments made under operating leases are charged to the profit and loss account as an expense on a straight-line basis over the term of the lease.

##### **Employee benefits**

###### *Pensions*

The Group contributes to certain of its employees' individual personal pension plans on a defined contribution basis. The pension costs charged to the profit and loss account represents the amount of the contributions payable to the plans in respect of the accounting period.

## **Accident Exchange Limited**

### **Notes to the Consolidated Financial Statements (continued)**

#### **1. Principal accounting policies (continued)**

##### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated profit and loss account because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

No deferred tax is recognised in respect of temporary differences associated with investments in subsidiaries where the Group is able to control the timing of reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

##### **Financial instruments**

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

##### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that gives a residual interest in the assets of the Group after deducting all of its liabilities.

##### **Interest bearing borrowings**

Interest bearing bank loans and revolving credit facilities are initially recorded at fair value net of attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest rate method.

## **Accident Exchange Limited**

### **Notes to the Consolidated Financial Statements (continued)**

#### **1. Principal accounting policies (continued)**

##### **Fair value estimation**

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values are used to determine fair values. Where market values are not available, fair values are calculated by discounting expected cash flows at prevailing interest rates.

##### **Equity instruments**

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

##### **Trade and other payables**

Trade and other payables are initially stated at their fair value and then at amortised cost.

##### **Critical estimates and judgements**

The preparation of the consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenditure.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and underlying assumptions are reviewed on an ongoing and regular basis.

The resulting accounting estimates calculated using these judgements and assumptions will, by definition, vary from the related actual results.

The critical estimates and judgements that impact upon the Group's consolidated financial statements include:

- assessment and conclusion as a going concern;
- estimation of income receivable from accident management activities. By their very nature, claims against motor insurance companies or self-insuring organisations can be subject to dispute. The Directors have estimated the value of revenue, trade receivables and claims in progress, and the impact of discounting trade receivables and claims in progress to reflect the expected settlement amounts receivable on the basis of the prior experience of collection levels and anticipated collection profiles;
- estimation of the residual values of property, plant and equipment, particularly motor vehicles, the residual values of which are affected by market conditions in the motor trade and wider economy; and
- assessment of the recoverability of deferred tax assets.

## Accident Exchange Limited

### Notes to the Consolidated Financial Statements (continued)

#### 2. Turnover

The Group's turnover is analysed as follows:

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Delivery of accident management and related services	74,877	56,722
Credit repair	34,061	22,019
Other	4,021	3,609
	<b>112,959</b>	<b>82,350</b>

The Group operates within one business segment being that of the delivery of accident management, credit repair and other solutions to the automotive and insurance related sectors in the UK. The Group's turnover and operating profit relate entirely to its principal activity and arise in the United Kingdom.

#### 3. Employees

The average monthly number of persons by activity (including Directors) employed by the Group during the year was as follows:

	Year ended 28 February 2022 No.	Year ended 28 February 2021 No.
Sales and Operations	435	435
Finance and Administration	68	68
	<b>503</b>	<b>503</b>

#### 4. Wages and salaries

Staff costs (including Directors) for the Group during the year were as follows:

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Wages and salaries	14,557	13,473
Social security costs	1,470	1,228
Other pension costs	589	636
	<b>16,616</b>	<b>15,337</b>

## Accident Exchange Limited

### Notes to the Consolidated Financial Statements (continued)

#### 5. Directors' remuneration

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Emoluments and other benefits	879	870
Contributions to money purchase pension schemes	4	4
	883	874

Retirement benefits are accruing to the following number of directors under:

	Year ended 28 February 2022 No. Directors	Year ended 28 February 2021 No. Directors
Defined contribution schemes	1	1

#### Highest paid

The aggregate remuneration of the highest paid director was £527,060 (2021: £502,285) and company pension scheme contributions of £nil (2021: £nil) were made to a defined contribution scheme.

The highest paid Director has not participated in a defined benefit pension scheme during the financial year.

#### 6. Other operating income

Other operating income received during the financial year relates to amounts due to the company arising from placing certain employees on furlough leave under the UK government's Coronavirus Job Retention Scheme, a support scheme available to eligible businesses designed to help businesses retain their workforce during periods where business activity significantly reduced due to the impact of the Covid-19 pandemic.

**Accident Exchange Limited****Notes to the Consolidated Financial Statements (continued)****7. Exceptional administrative income/ (expenses)**

	<b>Year ended 28 February 2022 £'000</b>	<b>Year ended 28 February 2021 £'000</b>
Dilapidations	<b>315</b>	-
Redundancy costs	<b>(22)</b>	(112)
	<b>293</b>	(112)

**Dilapidations**

The lease on the Group's former headquarters expired in April 2021 and the property has been vacated. Under the terms of the lease the Group was required to return the property to its original condition and the Directors' best estimate of those costs was accrued for in the year ended 29 February 2020. The work was finalised during the year and so any remaining accrual has been released.

**Redundancy costs**

These are costs arising from the decrease in activity within the business as a result of the ongoing Covid-19 pandemic.

# **Accident Exchange Limited**

## **Notes to the Consolidated Financial Statements (continued)**

### **8. Operating profit**

Operating profit is stated after charging:

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Auditors' remuneration in respect of:		
Audit services	105	95
Tax compliance services	22	42
Tax advisory services	86	56
Other advisory services	114	-
Impairment expense in respect of:		
Debtors	1,569	2,056
Depreciation of owned tangible assets (note 12)		
Tangible assets - owned	583	501
Tangible assets - held under hire purchase contracts	255	577
Amortisation of owned intangible assets (note 11)	167	124
Operating lease rentals:		
Land and buildings	1,344	2,200
Plant and machinery	103	83
Vehicles	9,711	8,373

Total administrative expenses for the year ended 28 February 2022 were £25,042,000 (year ended 28 February 2021: £23,598,000).

### **9. Interest payable and similar expenses**

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Bank and other loan interest	1,312	1,144
Finance charges in respect of hire purchase contracts	54	309
	1,366	1,453

# Accident Exchange Limited

## Notes to the Consolidated Financial Statements (continued)

### 10. Tax on profit/ (loss)

#### (a) Analysis of tax charge/ (credit) for the financial year

The tax charge/ (credit) is based on the profit/ (loss) for the financial year and consists of:

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
Total current tax	(22)	21
Total deferred tax	1,260	(1,043)
<b>Total tax charge/ (credit)</b>	<b>1,238</b>	<b>(1,022)</b>

#### (b) Reconciliation of tax charge/ (credit) for the financial year

The average standard rate of corporation tax applicable to the Company during the year to 28 February 2022 was 19% (2021: 19%).

The tax assessed for the financial year differs (2021: differs) from that resulting from applying the average standard rates of corporation tax of 19% (2021: 19%) as explained below:

	Year ended 28 February 2022 £'000	Year ended 28 February 2021 £'000
<b>Profit/ (Loss) before taxation</b>	<b>2,626</b>	<b>(1,025)</b>
Profit/ (Loss) before taxation multiplied by the standard effective rate of corporation tax in the UK of 19% (for the year ended 28 February 2021: 19%)	499	(195)
Effects of:		
Expenses not deductible for tax purposes	409	345
Capital allowances in excess of depreciation	(153)	(222)
Adjustments to tax charge in respect of prior years	(36)	-
Losses utilised	(741)	-
Unutilised losses	-	93
Deferred tax charge/ (credit) for the year	1,260	(1,043)
<b>Tax charge/ (credit) for the year</b>	<b>1,238</b>	<b>(1,022)</b>



## Accident Exchange Limited

### Notes to the Consolidated Financial Statements (continued)

#### 10. Tax on profit/ (loss) (continued)

##### (c) Factors affecting current and future tax charges

###### *Unutilised losses*

At the balance sheet date the Group had unutilised tax losses of £94.5 million (2021: £99.3 million) available for offset against future trading profits. No deferred tax asset was recognised as at 28 February 2022 (2021: £1.3 million). The deferred tax asset recognised in the prior year was in respect of these tax losses associated with the expected future profit streams of the Company.

###### *Changes in tax legislation*

From 1 April 2017 the UK main rate of corporation tax has been 19%. At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

At Budget 2021, the government confirmed that the Corporation Tax main rate for the year beginning 1 April 2022 would still remain at 19%, but would increase to 25% for the following year starting 1 April 2023, albeit with the introduction of a small profits rate (19% for profits of £50,000 or less) and marginal rate relief for profits between £50,000 and £250,000.

#### 11. Intangible assets

	<b>Software</b>
	<b>£'000</b>
<b>Cost</b>	
1 March 2021	659
Additions	570
<b>28 February 2022</b>	<b>1,229</b>
<b>Accumulated amortisation</b>	
1 March 2021	186
Provided in the year	167
<b>28 February 2022</b>	<b>353</b>
<b>Net book amount</b>	
<b>28 February 2022</b>	<b>876</b>
Net book amount	
<b>28 February 2021</b>	<b>473</b>

# **Accident Exchange Limited**

## **Notes to the Consolidated Financial Statements (continued)**

### **12. Tangible assets**

	Leasehold property and improvements	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
1 March 2021	64	4,201	2,454	1,091	7,810
Additions	-	541	270	1,585	2,396
Disposals	(3)	(2,826)	(1,393)	(939)	(5,161)
<b>28 February 2022</b>	<b>61</b>	<b>1,916</b>	<b>1,331</b>	<b>1,737</b>	<b>5,045</b>
<b>Accumulated depreciation</b>					
1 March 2021	54	3,655	2,129	477	6,315
Charge for the year	10	433	140	255	838
Disposals	(3)	(2,824)	(1,368)	(473)	(4,668)
<b>28 February 2022</b>	<b>61</b>	<b>1,264</b>	<b>901</b>	<b>259</b>	<b>2,485</b>
<b>Net book amount</b>					
<b>28 February 2022</b>	<b>-</b>	<b>652</b>	<b>430</b>	<b>1,478</b>	<b>2,560</b>
Net book amount at 28 February 2021	10	546	325	614	1,495

The disposals of computer equipment and fixtures & fittings during the year arose due to asset reviews resulting from the office move, with the lease on the Group's former headquarters ending in April 2021 and the property vacated.

The figures stated above include assets held under hire purchase contracts as follows:

	Motor vehicles
	£'000
<b>Net book amount</b>	
<b>28 February 2022</b>	<b>1,478</b>
Net book amount 28 February 2021	614

### **13. Debtors**

	2022	2021
	£'000	£'000
Claims in progress	9,121	3,619
Trade debtors	37,640	31,210
Other debtors	358	872
Deferred tax asset (note 19)	-	1,260
Prepayments and accrued income	2,545	3,099
	<b>49,664</b>	<b>40,060</b>

Trade debtors are stated after settlement adjustment and provision of £23,491,766 (2021: £23,354,704). An impairment charge of £1,569,000 (2021: £2,056,000) has been recognised in administrative expenses.

## Accident Exchange Limited

### Notes to the Consolidated Financial Statements (continued)

#### 14. Cash at bank and in hand

Cash and cash equivalents comprise of cash at bank of £668,000 (2021: £3,026,000).

#### 15. Loans and overdrafts

Details of borrowings are as follows:

	28 February 2022 £'000	28 February 2021 £'000
<b>Current</b>		
Bank loans	12,467	8,302
Finance lease obligations	405	616
<b>Non-current</b>		
Bank loans	14,817	14,103
Finance lease obligations	1,010	16
<b>Total borrowings</b>	<b>28,699</b>	<b>23,037</b>

#### Bank loans

On 8 October 2018 the Group entered into to a receivables financing agreement with Leumi ABL Limited ("Leumi") for an initial period of five years. From 1 December 2020, the maximum drawdown of the facility was £13,000,000 however this was increased to £16,000,000 on 13 January 2022, with a further subsequent increase to £18,000,000 after the balance sheet date on 2 August 2022. Funds are advanced based on the approved receivables of the Group and carried an interest rate of 2.65% above 3 month LIBOR up to 16 October 2021, then 2.65% above Sterling Overnight Index Average for Sterling Advances (SONIA) thereafter. The amount drawn at the balance sheet date was £12,467,000 (2021: £8,302,000). On 27 February 2023 the facility was extended for a further 5 years.

At the balance sheet date the Group had a senior secured credit facility with Eight Bar Financial International S.A.R.L. ("EBFI") in respect of banking facilities of up to £10.0 million maturing on 31 December 2023 ("Facility"); subsequently after the year end, the maturity date was extended to 31 December 2028. The Facility carried interest charged at 5% per annum throughout the current and preceding financial year, reduced to 0% per annum after the balance sheet date. Interest is capitalised biannually. At the balance sheet date capitalised interest amounted to £4.8 million. The Facility is secured by a fixed and floating charge over certain of the Group's assets. At the year end the amount drawn including capitalised interest was £14,817,000 (2021: £14,103,000).

# **Accident Exchange Limited**

## **Notes to the Consolidated Financial Statements (continued)**

### **15. Loans and overdrafts (continued)**

#### **Finance lease facilities**

Finance lease facilities totalled £9.0 million at 28 February 2022 (2021: £4.5 million) and were 54% utilised as at that date (2021: 13% utilised).

Finance lease liabilities are payable as follows:

	2022			2021		
	Minimum lease payments	Interest	Present value	Minimum lease payments	Interest	Present value
	£'000	£'000	£'000	£'000	£'000	£'000
In less than one year	405	-	405	633	17	616
Between one and five years	1,010	-	1,010	16	-	16
	<b>1,415</b>	<b>-</b>	<b>1,415</b>	<b>649</b>	<b>17</b>	<b>632</b>

All finance lease arrangements are secured over the assets to which they relate and mostly have a two-year term, with rates of interest being fixed at the inception of each lease arrangement. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### **16. Analysis of changes in net debt**

	At 1 March 2021 £'000	Cash flows £'000	New finance leases £'000	Non-cash changes £'000	At 28 February 2022 £'000
Cash at bank and in hand	3,026	(2,358)	-	-	668
Cash and cash equivalents	3,026	(2,358)	-	-	668
Bank loans: current	(8,302)	(4,165)	-	-	(12,467)
Bank loans: non-current	(14,103)	-	-	(714)	(14,817)
Finance leases	(632)	1,173	(1,902)	(54)	(1,415)
<b>Total</b>	<b>(20,011)</b>	<b>(5,350)</b>	<b>(1,902)</b>	<b>(768)</b>	<b>(28,031)</b>

Non-cash movements represent PIK interest capitalised and effective interest rate adjustments.

## Accident Exchange Limited

### Notes to the Consolidated Financial Statements (continued)

#### 17. Trade and other payables

	2022	2021
	£'000	£'000
Trade creditors	13,857	9,736
Amounts due under hire purchase contracts (note 15)	405	616
Corporation tax	35	138
Other creditors including taxation and social security	1,996	2,291
Accruals and deferred income	3,139	5,204
	<b>19,432</b>	<b>17,985</b>

#### 18. Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Amounts due under hire purchase contracts (note 15)	1,010	16
Bank loans and overdrafts	14,817	14,103
	<b>15,827</b>	<b>14,119</b>

#### 19. Deferred tax

	2022	2021
	£'000	£'000
At start of the year	(1,260)	(217)
Charge/ (Credit) for the financial year	1,260	(1,043)
<b>At end of year</b>	<b>-</b>	<b>(1,260)</b>

No deferred tax asset was recognised as at 28 February 2022 (2021: £1,260,000). The deferred tax asset recognised in the prior year arose wholly on the recognition of the value of unrelieved trading losses brought forward. A deferred tax asset is only recognised to the extent that it is probable that trading losses brought forward will be utilised against future taxable profits.

The Group has an unrecognised deferred tax asset of £23.1 million at 28 February 2022 (2021: £17.6 million).

## Accident Exchange Limited

### Notes to the Consolidated Financial Statements (continued)

#### 20. Called up share capital

	2022 £'000	2021 £'000
<b>Allotted and fully paid</b>		
1,001 (2021: 1,001) Ordinary shares of £1	1	1
2,002 (2021: 2,002) A1 Ordinary shares of £0.06p	-	-
7,998 (2021: 7,998) A2 Ordinary shares of £0.001p	-	-

#### Rights, preferences and restrictions by class of share

##### Ordinary

Each share is entitled, on a poll, to eighteen votes. Each share is entitled *pari passu* to the amount of any profits available for distribution, other than the dividend payments to which holders of preferred ordinary shares are exclusively entitled. Each share is entitled *pari passu* to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

##### A1 Ordinary shares

Each share is entitled to one vote in any circumstances. The shares carry no right to receive any profits available for distribution. Each share is entitled *pari passu* to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

##### A2 Ordinary shares

The shares do not have attached to them any voting rights. The shares carry no right to receive any profits available for distribution. Each share is entitled *pari passu* to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

#### 21. Other reserves

Movements in reserves are shown in the Consolidated Statement of Changes in Equity on page 20.

## Accident Exchange Limited

### Notes to the Consolidated Financial Statements (continued)

#### 22. Capital commitments and contingent liabilities

There were no material contingent liabilities at 28 February 2022 (2021: £nil). The Company is party to cross-guarantees in relation to bank and certain other borrowings.

Capital commitments relate to the replacement of some existing motor vehicles and the purchase of new motor vehicles. The purchase of new vehicles is contingent upon specific motor dealers operating an exclusive relationship with the Company in respect of the introduction of credit hire claims involving their customers.

Capital commitments for motor vehicles, which are contingent upon an exclusive relationship being upheld by our referring partners and on the maximum expected referral volumes being received from each referrer are analysed as follows:

	2022	2021
	£'000	£'000
In less than one year	9	290
Between one and five years	54	19
	63	309

There were confirmed orders, cancellable at any time, for 39 motor vehicles with a value of £1,092,000 at 28 February 2022 (2021: £nil).

The following subsidiary undertakings are exempt from the requirements of the Companies Act 2006 ("the Act") relating to the audit of individual financial statements by virtue of section 479A of the Act:

AX Innovation Limited  
APU Limited  
In-Car Cleverness Limited  
AX UK Group Limited  
AX Finance Limited  
AXI Limited

Accident Exchange Limited will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year ended 28 February 2022 in accordance with section 479C of the Act, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012.

## Accident Exchange Limited

### Notes to the Consolidated Financial Statements (continued)

#### 23. Operating lease commitments

The Group operates from various premises, including its Liberty Park headquarters, occupied under non-cancellable leases. The Group also leases vehicles to service a proportion of its fleet requirements.

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

	Land & buildings		Other	
	2022	2021	2022	2021
Payment due	£'000	£'000	£'000	£'000
Not later than one year	1,116	935	7,329	6,980
Later than one year and not later than five years	3,769	2,350	4,217	826
Later than five years	2,477	1,475	-	-
	7,362	4,760	11,546	7,806

#### 24. Pension commitments

The Group makes contributions to certain of its employees' individual personal pension plans on a defined contribution basis, the assets of which are held separately from those of the Group in independently administered funds. The pension cost charge for the financial year of £589,000 (2021: £636,000) represents contributions payable by the Group to the funds. Contributions of £127,000 (2021: £108,000) were included within creditors at 28 February 2022.



## Accident Exchange Limited

### Notes to the Consolidated Financial Statements (continued)

#### 25. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned subsidiaries.

Under paragraph 1.12 of FRS 102 the Company is exempt from the requirement to disclose key management personnel compensation in total.

During the year the Company entered into transactions (2021: entered) with Eight Bar Financial International S.A.R.L to receive finance in the form of a loan.

The loan received is repayable on 31 December 2023. The facility carried interest charged at 5% per annum throughout the current and preceding financial year. Interest is capitalised biannually. The total amount payable inclusive of accrued interest at the end of the period was £15,060,022 (2021: £14,334,347).

The transactions are disclosed below:

	Year ended 28 February 2022 £	Year ended 28 February 2021 £
PIK Interest capitalised	713,940	683,655
Interest payable accrued	243,558	231,822
Sum of movement in period	957,498	915,477

#### 26. Controlling party and ultimate parent undertaking

As at the 28 February 2022 the Directors consider that:

- the Company's immediate parent undertaking to be Eight Bar Financial International S.A.R.L, a company incorporated in Luxembourg and that the Company's ultimate parent undertaking is Eight Bar Partners HC, Inc. a corporation incorporated in Delaware, United States of America. Accident Exchange Limited is the largest and smallest group to consolidate these financial statements; and
- the Company's ultimate controlling party is Eight Bar Financial Partners I, LP a limited partnership registered in the Cayman Islands by virtue of its shareholding in Eight Bar Financial International S.A.R.L.

**Accident Exchange Limited – Parent Company**

**Annual Report and Financial Statements  
for the year ended 28 February 2022**

**Registered number: 04141140**

**Accident Exchange Limited – Parent Company**

**Annual Report and Financial Statements**

**Contents Page**

Company Information .....	44
Independent Auditors' Report .....	45
Parent Company Balance Sheet .....	49
Parent Company Statement of Changes in Equity .....	50
Parent Company Notes to the Financial Statements.....	51

## **Accident Exchange Limited – Parent Company**

### **Company Information**

#### **Directors**

Holly Neiweem  
Lucy Woods  
Nicola Roy  
Thomas Doster IV  
Nicholas Williams (appointed 10 February 2023)

#### **Company secretary**

Irfan Sadiq

#### **Registered office**

Unit 2  
Liberty Park  
Burton Old Road  
Lichfield  
Staffordshire  
WS14 9HY

#### **Independent auditors**

PricewaterhouseCoopers LLP  
One Chamberlain Square  
Birmingham  
B3 3AX

#### **Registered number**

04141140

# Independent auditors' report to the members of Accident Exchange Limited

## Report on the audit of the parent company financial statements

### Opinion

In our opinion, Accident Exchange Limited's parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 28 February 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 28 February 2022, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the parent company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 28 February 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the parent company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK taxation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial information through the posting of journal entries, or undue bias exhibited in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- discussions with management in relation to known or suspected instances of fraud, or non-compliance with laws and regulations;
- testing of significant estimates and judgements made by management which involved the verification of the data and accuracy of the models;
- testing of journal entries using a risk based approach, including entries which credit revenue offset by an unusual counter entry, as well as postings made by unexpected users;
- incorporating elements of unpredictability into our audit procedures; and
- review of the financial statements for disclosures required by the accounting standards and the Companies Act 2006

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the parent 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.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion

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

We have no exceptions to report arising from this responsibility.

## Other matter

We have reported separately on the group financial statements of Accident Exchange Limited for the year ended 28 February 2022.

A handwritten signature in black ink, appearing to read 'Neil Philpott' followed by a stylized 'H' and a period.

Neil Philpott (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
28 February 2023



**Accident Exchange Limited – Parent Company**  
**Balance Sheet**  
**as at 28 February 2022**

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Intangible assets	III	876	473
Tangible assets	IV	2,514	1,436
Investments	V	2,276	2,276
		<b>5,666</b>	<b>4,185</b>
<b>Current assets</b>			
Debtors	VI	49,694	41,108
Cash at bank and in hand	VII	217	1,611
		<b>49,911</b>	<b>42,719</b>
<b>Creditors: amounts falling due within one year</b>	VIII,IX	<b>(31,546)</b>	<b>(25,914)</b>
<b>Net current assets</b>		<b>18,365</b>	<b>16,805</b>
<b>Total assets less current liabilities</b>		<b>24,031</b>	<b>20,990</b>
<b>Creditors: amounts falling due after more than one year</b>	VIII,X	<b>(15,826)</b>	<b>(14,119)</b>
<b>Net assets</b>		<b>8,205</b>	<b>6,871</b>
<b>Capital and reserves</b>			
Called up share capital	XII	1	1
Share premium		1,165	1,165
Other reserves		101,751	101,751
Accumulated losses		(94,712)	(96,046)
<b>Total equity</b>		<b>8,205</b>	<b>6,871</b>

The notes on pages 51 to 58 form part of these financial statements.

The financial statements on pages 49 to 58 were approved by the Board of Directors and authorised for issue 28 February 2023 and were signed on its behalf by:



Nicholas Williams

Director

Accident Exchange Limited

Registered Number: 04141140

Registered Office: Unit 2, Liberty Park, Burton Old Road, Lichfield, Staffordshire, WS14 9HY

**Accident Exchange Limited – Parent Company**  
**Statement of Changes in Equity**  
**for the year ended 28 February 2022**

	Called-up share capital	Share premium	Other reserves	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance as at 1 March 2020	1	1,165	101,751	(95,932)	6,985
Loss for the year	-	-	-	(114)	(114)
Total comprehensive expense for the year	-	-	-	(114)	(114)
Balance as at 28 February 2021	1	1,165	101,751	(96,046)	6,871
Balance as at 1 March 2021	1	1,165	101,751	(96,046)	6,871
Profit for the year	-	-	-	1,334	1,334
Total comprehensive income for the year	-	-	-	1,334	1,334
Balance as at 28 February 2022	1	1,165	101,751	(94,712)	8,205

## Accident Exchange Limited – Parent Company

### Notes to the Financial Statements

#### I. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form part of these financial statements.

The financial statements have been prepared on a historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except that investments held in subsidiaries in the Company balance sheet are included at cost less provision for impairment.

#### II. Operating profit

The auditors' remuneration for audit services to the Company was £105,000 (2021: £95,000).

#### III. Intangible assets

	<b>Software</b>
	<b>£'000</b>
<b>Cost</b>	
1 March 2021	659
Additions	570
<b>28 February 2022</b>	<b>1,229</b>
<b>Accumulated amortisation</b>	
1 March 2021	186
Provided in the year	167
<b>28 February 2022</b>	<b>353</b>
<b>Net book amount</b>	
<b>28 February 2022</b>	<b>876</b>
<b>28 February 2021</b>	<b>473</b>

**Accident Exchange Limited – Parent Company**  
**Notes to the Financial Statements (continued)**

**IV. Tangible assets**

	<b>Fixtures and fittings</b>	<b>Computer equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>				
1 March 2021	2,205	4,157	1,091	7,453
Additions	270	503	1,585	2,358
Disposals	(1,393)	(2,781)	(939)	(5,113)
<b>28 February 2022</b>	<b>1,082</b>	<b>1,879</b>	<b>1,737</b>	<b>4,698</b>
<b>Accumulated depreciation</b>				
1 March 2021	1,957	3,583	477	6,017
Charged in the year	140	393	255	788
Disposals	(1,367)	(2,781)	(473)	(4,621)
<b>28 February 2022</b>	<b>730</b>	<b>1,195</b>	<b>259</b>	<b>2,184</b>
<b>Net book amount at</b>				
<b>28 February 2022</b>	<b>352</b>	<b>684</b>	<b>1,478</b>	<b>2,514</b>
28 February 2021	248	574	614	1,436

The disposals of computer equipment and fixtures & fittings during the year arose due to asset reviews resulting from the office move, with the lease on the Group's former headquarters ending in April 2021 and the property vacated.

The figures stated above include assets held under hire purchase contracts as follows:

	<b>Motor vehicles</b>
	<b>£'000</b>
<b>Net book amount at</b>	
<b>28 February 2022</b>	<b>1,478</b>
Net book amount at	
28 February 2021	614

**V. Investments**

	<b>Investments</b>
	<b>£'000</b>
<b>Cost</b>	
At 1 March 2021 and 28 February 2022	2,276
<b>Accumulated impairment</b>	
At 1 March 2021 and 28 February 2022	-
<b>Net book amount</b>	
At 28 February 2021 and 28 February 2022	2,276

**Accident Exchange Limited – Parent Company**  
**Notes to the Financial Statements (continued)**

**V. Investments (continued)**

The Company's principal subsidiary undertakings to which the investments relate, are wholly owned, registered and incorporated in England and Wales and are as shown in the table below. A full list of all subsidiaries is shown in note XV.

<b>Subsidiary</b>	<b>Nature of business</b>
AX Innovation Limited	Provision of business software solutions to the automotive industry
AX Finance Limited	An authorised firm for general insurance mediation
APU Limited	Provision of motor accident investigation services and the sale of vehicle recovery devices

Carrying values of investments in subsidiary undertakings are reviewed annually for indications of impairment or more frequently if there are indications that they may be impaired. Testing of impairment is carried out by assessing the recoverable amount for each cash generating unit ("CGU") based on value in use calculations. These calculations use cash flow projections based on forecast operating results covering a three-year period.

No impairment has been made to the carrying value of the investment in AX Innovation Limited (2021: £nil); AX Finance Limited (2021: £nil); or APU Limited (2021: £nil).

The key assumptions inherent in the forecasts for AX Innovation Limited, AX Finance Limited and APU Limited include customer gains and losses, levels of revenue, headcount related costs and cash collections. The assumptions for each CGU have been determined by reference to historical experience and consideration of all available information.

A pre-tax discount rate of 5.0% has been used to discount forecast cash flows of each of the subsidiaries. This discount rate is derived from the Company's weighted average cost of capital, adjusted for risks specific to each CGU.

An annual growth rate of 2.4%, which the Directors consider to be broadly consistent with the long term average growth potential for the industry, has been used to extrapolate cash flow projections beyond the period covered by the forecasts.

**VI. Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Trade debtors	<b>36,979</b>	30,667
Claims in progress	<b>9,121</b>	3,619
Amounts owed by group undertakings	<b>842</b>	1,678
Other debtors	<b>360</b>	859
Deferred tax asset (note XI)	<b>-</b>	1,260
Prepayments and accrued income	<b>2,392</b>	3,025
	<b>49,694</b>	41,108

Amounts owed by group undertakings included above are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**VII. Cash at bank and in hand**

Cash and cash equivalents comprise of cash at bank of £217,000 (2021: £1,611,000).

**Accident Exchange Limited – Parent Company**  
**Notes to the Financial Statements (continued)**

**VIII. Loans and overdrafts**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current</b>		
Bank loans	<b>12,467</b>	8,302
Finance lease obligations	<b>405</b>	616
<b>Non-current</b>		
Bank loans	<b>14,816</b>	14,103
Finance lease obligations	<b>1,010</b>	16
<b>Total borrowings</b>	<b>28,698</b>	<b>23,037</b>

On 8 October 2018 the Group entered into to a receivables financing agreement with Leumi ABL Limited ("Leumi") for an initial period of five years. From 1 December 2020, the maximum drawdown of the facility was £13,000,000 however this was increased to £16,000,000 on 13 January 2022, with a further subsequent increase to £18,000,000 after the balance sheet date on 2 August 2022. Funds are advanced based on the approved receivables of the Group and carried an interest rate of 2.65% above 3 month LIBOR up to 16 October 2021, then 2.65% above Sterling Overnight Index Average for Sterling Advances (SONIA) thereafter. The amount drawn at the balance sheet date was £12,467,000 (2021: £8,302,000). On 27 February 2023 the facility was extended for a further 5 years.

At the balance sheet date the Group had a senior secured credit facility with Eight Bar Financial International S.A.R.L. ("EBFI") in respect of banking facilities of up to £10.0 million maturing on 31 December 2023 ("Facility"); subsequently after the year end, the maturity date was extended to 31 December 2028. The Facility carried interest charged at 5% per annum throughout the current and preceding financial year, reduced to 0% per annum after the balance sheet date. Interest is capitalised biannually. At the balance sheet date capitalised interest amounted to £4.8 million. The Facility is secured by a fixed and floating charge over certain of the Group's assets. At the year end the amount drawn including capitalised interest was £14,816,000 (2021: £14,103,000).

**IX. Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>13,619</b>	9,514
Amounts owed to group undertakings	<b>368</b>	402
Amounts due under hire purchase contracts	<b>405</b>	616
Taxation and social security	<b>1,781</b>	2,114
Loan borrowings	<b>12,467</b>	8,302
Accruals and deferred income	<b>2,906</b>	4,966
	<b>31,546</b>	<b>25,914</b>

Amounts owed to group undertakings included above are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**Accident Exchange Limited – Parent Company**  
**Notes to the Financial Statements (continued)**

**X. Creditors: amounts falling due after more than one year**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Loan borrowings	<b>14,816</b>	14,103
Amounts due under hire purchase contracts	<b>1,010</b>	16
	<b>15,826</b>	14,119

**XI. Deferred tax asset**

	<b>Year ended 28 February 2022 £'000</b>	<b>Year ended 28 February 2021 £'000</b>
At start of the year	<b>1,260</b>	217
(Charge)/ Credit for the financial year	<b>(1,260)</b>	1,043
	-	1,260

No deferred tax asset was recognised as at 28 February 2022 (2021: £1,260,000). The deferred tax asset recognised in the prior year arose wholly on the recognition of the value of unrelieved trading losses brought forward. A deferred tax asset is only recognised to the extent that it is probable that trading losses brought forward will be utilised against future taxable profits.

The Company has an unrecognised deferred tax asset of £22.3 million at 28 February 2022 (2021: £16.9 million).

**Accident Exchange Limited – Parent Company**  
**Notes to the Financial Statements (continued)**

**XII. Called up share capital**

	28 February 2022 £'000	28 February 2021 £'000
<b>Allotted and fully paid</b>		
1,001 (2021: 1,001) Ordinary shares of £1	1	1
2,002 (2021: 2,002) A1 ordinary shares of £0.06p	-	-
7,998 (2021: 7,998) A2 ordinary shares of £0.001p	-	-

**Rights, preferences and restrictions by class of share**

**Ordinary**

Each share is entitled, on a poll, to eighteen votes. Each share is entitled *pari passu* to the amount of any profits available for distribution, other than the dividend payments to which holders of preferred ordinary shares are exclusively entitled. Each share is entitled *pari passu* to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

**A1 Ordinary shares**

Each share is entitled to one vote in any circumstances. The shares carry no right to receive any profits available for distribution. Each share is entitled *pari passu* to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

**A2 Ordinary shares**

The shares do not have attached to them any voting rights. The shares carry no right to receive any profits available for distribution. Each share is entitled *pari passu* to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

**XIII. Profit and loss account**

The Company made a profit of £1,333,639 for the financial year (2021: loss of £113,808).



**Accident Exchange Limited – Parent Company**  
**Notes to the Financial Statements (continued)**

**XIV. Related party transactions**

The Company has taken advantage of the exemption under paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned subsidiaries.

Under paragraph 1.12 of FRS 102 the Company is exempt from the requirement to disclose key management personnel compensation in total.

During the year the Company entered into transactions (2021: entered) with Eight Bar Financial International S.A.R.L to receive finance in the form of a loan.

The loan received is repayable on 31 December 2023. The facility carried interest charged at 5% per annum throughout the current and preceding financial year. Interest is capitalised biannually. The total amount payable inclusive of accrued interest at the end of the period was £15,060,022 (2021: £14,334,347).

The transactions are disclosed below:

	Year ended 28 February 2022 £	Year ended 28 February 2021 £
PIK Interest capitalised	713,940	683,655
Interest payable accrued	243,558	231,822
Sum of movement in period	957,498	915,477

**XV. Subsidiaries**

Details of the Company's subsidiaries at 28 February 2022 are as follows:

Subsidiary	Principal activity during the year	% Interest
AX Innovation Limited	Software & Insurance	100
APU Limited	Investigation Services	100
In-Car Cleverness Limited	Telematics	100
AX UK Group Limited	Insurance Administration	100
AX Finance Limited	Insurance Administration	100
AXI Limited	Telematics	100
AX Automotive Limited	Dormant	100
DCML Limited	Dormant	100
Dealer Car Manager Limited	Dormant	100

All subsidiaries are incorporated in England and Wales and operate in the United Kingdom and Ireland.

The registered office address of all subsidiaries is Unit 2, Liberty Park, Burton Old Road, Lichfield, Staffordshire, WS14 9HY.

**Accident Exchange Limited – Parent Company  
Notes to the Financial Statements (continued)**

**XVI. Parent undertaking and controlling party**

As at the 28 February 2022 the Directors consider that:

- the Company's immediate parent undertaking to be Eight Bar Financial International S.A.R.L, a company incorporated in Luxembourg and that the Company's ultimate parent undertaking is Eight Bar Partners HC, Inc. a corporation incorporated in Delaware, United States of America. Accident Exchange Limited is the largest and smallest group to consolidate these financial statements; and
- the Company's ultimate controlling party is Eight Bar Financial Partners I, LP a limited partnership registered in the Cayman Islands by virtue of its shareholding in Eight Bar Financial International S.A.R.L.