Accident Exchange Limited

Financial statements

For the year ended 30 April 2004

Grant Thornton

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COMPANIES HOUSE 10/08/04

Company No. 4141140

Company information

Company registration number	4141140
Registered office	Unit 1 Roman Park Off Roman Way Coleshill Birmingham B46 1HG
Directors	The Rt. Hon. Lord Young of Graffham S A Evans G R Beacroft M Bramwell R H Seel S T Paget-Wall R J Pope S Eldred
Secretary	Cargil Management Services Limited
Bankers	Barclays Bank plc 15 Colmore Row Birmingham West Midlands B3 2BY
Solicitors	DLA Victoria Square House Victoria Square Birmingham B2 4DL
Auditors	Grant Thornton Chartered Accountants Registered Auditors Enterprise House 115 Edmund Street BIRMINGHAM B3 2HJ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 April 2004.

Principal activities and business review

The principal activity of the company is the provision of non-fault accident management assistance and related services, the main income being derived from replacement vehicle hire.

There was a profit for the year before taxation amounting to £1,150,148.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The directors and their interests in shares of the parent company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary shares	
	At 30 April 2004	**At 1 May 2003 or later date of appointment**
The Rt. Hon. Lord Young of Graffham	–	32
S A Evans	–	600
G R Beacroft	–	100
M Bramwell	–	100
R H Seel	–	100
S T Paget-Wall	–	17
R J Pope	–	17
S Eldred	–	17
P E Wildes	–	–

The Rt. Hon. Lord Young of Graffham was appointed as a director on 1 May 2003.
P E Wildes was appointed as a director on 4 November 2003, and resigned as a director on 5 May 2004.
I Crump and D E Evans resigned as directors on 31 January 2004.

The company is a wholly owned subsidiary and the interests of The Rt. Hon. Lord Young of Graffham and S A Evans, who are directors of the parent undertaking, are disclosed in the financial statements of the parent company.

P E Wildes has no beneficial interests in the shares of the company or the parent company.

The following directors, who are not directors of the parent undertaking, have beneficial interests in the shares of the parent company as follows:

	Ordinary shares in parent company	
	At 30 April 2004	At 1 May 2003 or later date of appointment
G R Beacroft	5,422,950	–
M Bramwell	5,422,950	–
R H Seel	5,422,950	–
S T Paget-Wall	921,901	–
R J Pope	921,901	–
S Eldred	921,901	–

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton were appointed auditors of the Company during the period. On 1 July 2004 the Grant Thornton partnership will transfer its business to a limited liability partnership, Grant Thornton UK LLP and the directors have agreed to extend the audit appointment to Grant Thornton UK LLP with effect from 1 July 2004 in accordance with section 26(5) of the Companies Act 1989.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

Stephen Evans

S A Evans
Director
29 June 2004

Grant Thornton

Report of the independent auditors to the members of Accident Exchange Limited

We have audited the financial statements of Accident Exchange Limited for the year ended 30 April 2004 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

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

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 April 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Birmingham

29 June 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Income recognition

Credit hire and repair income and income derived from other accident management activities is recognised, net of VAT, as receivable on transactions which have been completed during the year, together with an appropriate proportion of income in respect of hires and work in progress at the year end, less estimated discounts on settlement.

Claims in progress

Amounts recoverable on claims in progress, which are included in debtors, are stated as the net claim value, less amounts received as interim payments on account.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures, fittings and equipment	-	25% reducing balance
Motor vehicles	-	20% reducing balance
Computer equipment	-	33% reducing balance

Leased assets

Assets held under hire purchase agreements are capitalised in the balance sheet and depreciated over their expected useful economic lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

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

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

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

Profit and loss account

	Note	2004 £	2003 £
Turnover	1	**4,123,258**	657,441
Cost of sales		**1,350,026**	254,316
Gross profit		**2,773,232**	403,125
Other operating charges	2	**1,375,707**	195,724
Operating profit	3	**1,397,525**	207,401
Interest receivable		**270**	–
Interest payable	6	**(247,647)**	(37,315)
Profit on ordinary activities before taxation		**1,150,148**	170,086
Tax on profit on ordinary activities	7	**377,652**	39,423
Retained profit for the financial year		**772,496**	130,663
Balance brought forward		**130,663**	–
Balance carried forward		**903,159**	130,663

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	**4,337,342**	754,207
Current assets			
Debtors	9	**2,881,986**	379,220
Cash at bank		**321,726**	–
		3,203,712	379,220
Creditors: amounts falling due within one year	10	**3,516,095**	479,626
Net current liabilities		**(312,383)**	(100,406)
Total assets less current liabilities		**4,024,959**	653,801
Creditors: amounts falling due after more than one year	11	**2,814,941**	473,733
		1,210,018	180,068
Provisions for liabilities and charges			
Deferred taxation	13	**296,877**	39,423
		913,141	140,645
Capital and reserves			
Called-up equity share capital	16	**1,000**	1,000
Share premium account		**8,982**	8,982
Profit and loss account		**903,159**	130,663
Shareholders' equity funds	17	**913,141**	140,645

These financial statements were approved by the directors on 29 June 2004 and are signed on their behalf by:

Stephen Evans

S A Evans

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

	2004	2003
	£	£
United Kingdom	**4,123,258**	657,441

2 Other operating income and charges

	2004	2003
	£	£
Administrative expenses	**1,375,707**	195,724

3 Operating profit

Operating profit is stated after charging:

	2004	2003
	£	£
Directors' emoluments	**187,706**	5,215
Depreciation of owned fixed assets	**125,172**	23,919
Depreciation of assets held under finance leases and hire purchase agreements	**452,402**	114,145
Loss on disposal of fixed assets	**12,254**	–
Auditors' remuneration:		
Audit fees	**8,000**	2,000
Taxation services	**3,000**	–
Operating lease charges	**152,260**	–

4 Directors and employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 26 (2003 - 11).

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	**693,422**	68,055
Social security costs	**76,064**	7,396
Other pension costs	**22,726**	6,300
	792,212	81,751

5 Directors

Remuneration in respect of directors was as follows:

	2004	2003
	£	£
Emoluments receivable	**187,706**	5,215
Value of company pension contributions to money purchase schemes	**2,617**	–
	190,323	5,215

The number of directors who are accruing benefits under company pension schemes was as follows:

	2004	2003
	No	No
Money purchase schemes	**1**	–

6 Interest payable and similar charges

	2004	2003
	£	£
Interest payable on bank borrowing	**21,603**	332
Finance charges in respect of hire purchase contracts	**226,044**	36,983
	247,647	37,315

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2004	2003
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 19%)	**117,536**	–
Under provision in prior year	**2,662**	–
Total current tax	**120,198**	–
Deferred tax:		
Increase in deferred tax provision	**257,454**	39,423
Tax on profit on ordinary activities	**377,652**	39,423

7 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 19%).

	2004	2003
	£	£
Profit on ordinary activities before taxation	**1,150,148**	170,086
Profit/(loss) on ordinary activities by rate of tax	**345,044**	32,316
Expenses not deductible for tax purposes	**48,370**	434
Capital allowances for period in excess of depreciation	**(266,854)**	(39,417)
Unrelieved tax losses	–	6,667
Marginal relief	**(9,024)**	–
Adjustments to tax charge in respect of previous periods	**2,662**	–
Total current tax (note 7(a))	**120,198**	–

8 Tangible fixed assets

	Fixtures, fittings and equipment	**Motor vehicles**	**Computer equipment**	**Total**
	£	**£**	**£**	**£**
Cost				
At 1 May 2003	18,024	791,089	83,158	892,271
Additions	84,232	4,013,226	350,115	4,447,573
Disposals	–	(383,984)	(899)	(384,883)
At 30 April 2004	102,256	4,420,331	432,374	4,954,961
Depreciation				
At 1 May 2003	4,507	119,145	14,412	138,064
Charge for the year	10,177	452,402	114,995	577,574
On disposals	–	(97,869)	(150)	(98,019)
At 30 April 2004	14,684	473,678	129,257	617,619
Net book value				
At 30 April 2004	**87,572**	**3,946,653**	**303,117**	**4,337,342**
At 30 April 2003	13,517	671,944	68,746	754,207

Included within the net book value of £4,337,342 is £3,946,653 (2003 - £671,944) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £452,402 (2003 - £114,145).

9 Debtors

	2004 £	2003 £
Trade debtors	**2,536,978**	358,247
Other debtors	**278,113**	–
Prepayments and accrued income	**66,895**	20,973
	2,881,986	379,220

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	–	49,841
Trade creditors	**243,195**	59,446
Amounts owed to group undertakings	**1,176,290**	8,839
Corporation tax	**120,198**	–
Other taxation and social security	**186,508**	16,347
Amounts due under hire purchase agreements	**1,451,442**	280,094
Other creditors	**3,457**	14,131
Directors current accounts	**194,945**	48,928
Accruals and deferred income	**140,060**	2,000
	3,516,095	479,626

11 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Amounts due under hire purchase agreements	**2,814,941**	473,733

12 Commitments under finance leases and hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2004 £	2003 £
Amounts payable within 1 year	**1,451,442**	280,094
Amounts payable between 1 and 2 years	**2,478,549**	297,711
Amounts payable between 3 and 5 years	**336,392**	176,022
	4,266,383	753,827

13 Deferred taxation

	2004	2003
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	**39,423**	–
Profit and loss account movement arising during the year	**257,454**	39,423
Provision carried forward	**296,877**	39,423

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2004	2003
	£	£
Excess of taxation allowances over depreciation on fixed assets	**329,257**	39,423
Other timing differences	**(32,380)**	–
	296,877	39,423

14 Leasing commitments

At 30 April 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	2004		2003	
	Land & Buildings	**Other Items**	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	–	**200,877**	–	15,195
Within 2 to 5 years	–	**12,413**	–	–
After more than 5 years	**64,240**	–	–	–
	64,240	**213,290**	–	15,195

15 Related party transactions

During the year the directors made available certain cars owned privately for the use of the company in order to hire these cars to customers in the usual course of the business. Operating costs of these vehicles and income generated by them is all accounted for through the company.

During the year the company entered into transactions with Autohit plc, a company of which S A Evans, G Beacroft, M Bramwell, R Pope, R H Steel and D Young are directors. All transactions took place on a commercial basis with a value of £62,272. The balance owing to Autohit plc at 30 April 2004 amounted to nil (2003 - £8,839).

15 Related party transactions (continued)

In addition, on 30 June 2003, the company acquired assets, being the development of a website, related software and intellectual property rights from Autohit plc for consideration of £285,000. This transaction was performed on an arms length basis. The consideration of £285,000 was satisfied in part by directors' loan accounts existing in Autohit plc being transferred to Accident Exchange Limited. The balance on these loan accounts at 30 June 2003 and 30 April 2004, together with the maximum overdrawn balance in the year are given below:

	As at 30 April 2004 £	Maximum overdrawn balance in the year £	As at 30 June 2003 £
S A Evans	167,650	–	211,644
M Bramwell	1,891	–	4,565
R H Seel	392	3,187	4,565
S T Paget-Wall	15,474	–	1,816
G R Beacroft	430	4,077	17,810
R J Pope	1,816	–	1,816
M Eldred	1,816	–	1,816
The Rt. Hon. Lord Young of Graffham	5,476	–	5,476
	194,945	7,264	249,508

All overdrawn directors' loan accounts were repaid during the year.

16 Share capital

Authorised share capital:

	2004 £	2003 £
1,000 Ordinary shares of £1 each	1,000	1,000

Allotted, called up and fully paid:

	2004 No	2004 £	2003 No	2003 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

17 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the financial year	772,496	130,663
Issue of new equity share capital	–	9,980
Net addition to funds	772,496	140,643
Opening shareholders' equity funds	140,645	2
Closing shareholders' equity funds	913,141	140,645

18 Contingent liabilities

There were no contingent liabilities at 30 April 2004 or 30 April 2003.

19 Capital Commitments

There were no capital commitments at 30 April 2004 or 30 April 2003.

20 Ultimate parent company

The company is a wholly-owned subsidiary of Accident Exchange Group plc and is therefore controlled by this entity.