Road Angel Group Limited

Directors' report and financial statements

Registered number 04240184

31 May 2011

Contents

Directors' report

The directors present their directors' report and financial statements for the year ended 31 May 2011

Principal activities

The principal activity of the company continued to be that of the development and sale of electronic automotive accessories

Directors

The directors who held office during the year were as follows

D W Clark	(Resigned 31st January 2011)
G R Mackie	(Resigned 31st January 2011)
M G Thickbroom	
J H T Read	(Appointed 6th July 2010 & resigned 10th February 2012)

Qualifying third party indemnity provision is in place for the benefit of all directors of the company

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Baker Tilly UK Audit LLP will therefore continue in office

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

By order of the board

MG Thickbroom
Company Secretary

Registered office
Clark House
Silverstone Technology Park
Silverstone
Northamptonshire
NN12 8GX

28th February 2012

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law)

Under company law the 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 company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditor's report to the members of Road Angel Group Limited

We have audited the financial statements on pages 5 to 15 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As more fully explained in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on the financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 May 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter - going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies on page 7 of the financial statements concerning the company's ability to continue as a going concern As explained in the accounting policy, the company, its subsidiary and parent undertaking (the 'Group') operate a group financing arrangement and the corresponding ability of the Group and therefore the company to operate within its existing financing facility is dependent on revenues forecast to be generated from the introduction of a new product range There is therefore a risk that the profit and loss and corresponding cash flow projections may not be achieved if there is a delay in the launch of the new product or if sales of the new product do not achieve the volumes anticipated

These conditions, along with other matters disclosed on page 7 indicate a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern The financial statements do not include any adjustments that would result if the company were unable to continue as a going concern

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

Baker Tilly UK Audit LLP

ANDREW LAWES (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
The Pinnacle
170 Midsummer Boulevard
Milton Keynes
MK9 1BP

29 February 2012

Profit and loss account
for the year ended 31 May 2011

	Note	2011 £	2010 £
Turnover	2	4,202,015	4,320,410
Cost of sales		(2,164,287)	(1,464,236)
Gross profit		2,037,728	2,856,174
Administrative expenses		(2,632,409)	(2,748,059)
Operating (loss)/ profit		(594,681)	108,115
Interest payable and similar charges	3	(134,406)	(104,472)
(Loss)/ profit on ordinary activities before taxation	6	(729,087)	3,643
Taxation on (loss)/ profit on ordinary activities	7	97,931	119,176
(Loss)/ profit on ordinary activities after taxation	17	(631,156)	122,819

All the results relate to continuing activities

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet
as at 31 May 2011

	Note	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Intangible assets	*8*		368,575		569 265
Tangible assets	*9*		15,537		85,495
Investments	*10*		100		100
			384,212		654,860
Current assets					
Stocks	*11*	669,555		666,312	
Debtors	*12*	7,898,628		7,856,140	
Cash at bank and in hand		478		1,085	
		8,568,661		8,523,537	
Creditors amounts falling due within one year	*13*	(6,528,306)		(6,131,399)	
Net current assets			2,040,355		2 392 138
Total assets less current liabilities			2,424,567		3,046 998
Creditors. amounts falling after more than one year	*14*		(386,364)		(377 639)
Net assets			2,038,203		2,669,359
Capital and reserves					
Called up share capital	*16*		100		100
Profit and loss account	*17*		2,038,103		2,669,259
Shareholders' funds	*18*		2,038,203		2,669,359

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

These financial statements were approved and authorised for issue by the board of directors on 28th February 2012 and were signed on its behalf by

MG Thickbroom
Director

Company number 04240184

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is subject to the small companies regime and consequently is exempt from the requirement to prepare consolidated financial statements Accordingly, these financial statements present the financial position of the company as an individual entity and not about its group

Going concern

The financial statements have been prepared on a going concern basis During the year, the company, its subsidiary and parent undertaking (the 'Group') met their day to day working capital requirements through group overdraft and loan facilities with Lloyds TSB plc Accordingly, the ability of the company to continue as a going concern was dependent upon the ability of the Group to operate within these facilities

Post year-end, these facilities continued to be made available until 12 January 2012, when the Group's bank loan and overdraft, which together amounted to £9 8m at that time, were converted into a loan which was acquired by Esprit Capital, the majority shareholder of the Group Additional working capital of £0 3m was also provided to the Group by Esprit Capital At the same time, Esprit Capital gave an undertaking to the Group not to recall the loan within 12 months from the date of the signing of the 31 May 2011 financial statements of the Group

The Group's financing arrangements continue to be managed on a group basis and the future ability of the company to trade as a going concern is therefore dependent upon the future trading and cash flows of the Group as a whole The directors have prepared consolidated profit and loss, balance sheet and cash flow projections to 31 May 2013 These forecasts show that the Group, with the working capital injection provided, can operate without the need for additional debt or other funding within this period These forecasts include significant revenues to be generated from the introduction of a new product range There is therefore a risk that the profit and loss and corresponding cash flow projections may not be achieved if there is a delay in the launch of the new product or if sales of the new product do not achieve the volumes anticipated

The directors believe the forecasts can be achieved and that it is therefore appropriate to prepare the financial statements of the company on a going concern basis However, the requirement within these forecasts for the new product to achieve anticipated volumes within budgeted timescales represents a material uncertainty that casts significant doubt over the company's ability to continue to trade as a going concern and that therefore the company may be unable to realise its assets and discharge its liabilities in the normal course of business The financial statements do not include any adjustments that would result if the going concern basis of preparation was not appropriate

Turnover

Turnover represents amounts receivable for goods and services, net of value added tax and retrospective discounts Subscription income is treated in line with FRS 5 (revised) and is recognised evenly over the life of the subscription Turnover from sales of goods is recognised on delivery

Licences, software and patents

Patents, licences and software are valued at cost less accumulated amortisation Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives They are amortised over five years, being the period over which the directors believe they will continue to generate revenue and related profits

Notes *(continued)*

1 Accounting policies *(continued)*

Research and development expenditure

Research expenditure is written off to the profit and loss account in the year in which it is incurred Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit, in accordance with SSAP 13

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	3 years straight line
Fixtures, fittings and equipment	3 years straight line
Motor vehicles	3 years straight line

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Investments

Fixed asset investments are stated at cost less provision for diminution in value

Stock

Stock is valued at the lower of cost and net realisable value

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences in the company's taxable profits and its results as stated in the financial statements

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Cash flow

Under FRS 1 'Cash flow Statements (revised)', the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company

Notes *(continued)*

2 Turnover

	2011 £	2010 £
United Kingdom	4,202,015	4,311,981
Rest of the world	-	8,429
	4,202,015	4,320,410

3 Interest payable and similar charges

	2011 £	2010 £
On bank loans and overdrafts	132,630	101,356
Other interest	1,776	3,116
	134,406	104,472

4 Employees

	2011 Number	2010 Number
The average monthly number of employees (including directors) during the year was		
Operations and technical	27	33
Administration	5	6
Management	2	3
	34	42
	£	£
The costs of employment were		
Wages and salaries	1,096,105	1,182,767
Social security costs	118,102	125,014
	1,214,207	1,307,781

5 Directors' emoluments

	2011 £	2010 £
Emoluments for qualifying services	265,476	318,391

The aggregate of emoluments of the highest paid director was £134,709 *(2010 £139,763)*

These emoluments represent amounts paid to the directors for their services to the company and its parent undertaking

Notes *(continued)*

6 (Loss)/ profit on ordinary activities before taxation

	2011	2010
	£	£
(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)		
Amortisation of software and licences	66,738	134,640
Depreciation of tangible assets	70,317	99,786
Amortisation of research and development	301,941	323,710
Profit on disposal of tangible assets	(2,750)	-
Research and development	8,687	2,515
Operating leases rentals – land and building	143,432	139,757
Auditors' remuneration		
- audit of these financial statements	9,725	10,298
- taxation services	4,275	4 275

7 Taxation on (loss)/ profit on ordinary activities

Analysis of (credit)/charge in period

	2011	2010
	£	£
UK corporation tax		
Current tax on income for the period	(70,013)	-
Adjustment in respect of prior periods	(27,918)	-
Total current tax	(97,931)	-
Deferred tax (note 15)		
Deferred tax (credit)/charge - current year	-	(56,451)
- prior periods	-	(62,725)
Total deferred tax	-	(119,176)
Tax on (loss)/profit on ordinary activities	(97,931)	(119,176)

Factors affecting the credit for the year

The current tax credit for the year differs from the standard rate of corporation tax in the UK of 27 67% *(2010 28%)* The differences are explained below

	2011	2010
	£	£
(Loss)/ profit on ordinary activities before taxation	(729 087)	3 643
(Loss)/ profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 27 67% *(2009 28%)*	(201,738)	1,020
Effects of		
Expenses not deductible for tax purposes	5,435	5,044
Other timing differences	(16,181)	-
Depreciation in excess of capital allowances	65,729	114,262
Unrelieved/(utilisation of) tax losses	73,005	(2,568)
Group relief received	-	(45,383)
Additional research and development deduction	(65,589)	(72,375)
Surrender of losses for research and development tax refund	69,326	-
Adjustment in respect of prior periods	(27,918)	-
Current tax credit	(97 931)	-

Notes *(continued)*

8 Intangible fixed assets

	Software	Licences	Development costs	Total
	£	£	£	£
Cost				
At 1 June 2010	333,050	671,155	2,516,446	3,520,651
Additions	8,837	-	159,152	167,989
Disposals	-	-	(1,466,985)	(1,466,985)
At 31 May 2011	341,887	671,155	1,208,613	2,221,655
Accumulated amortisation				
At 1 June 2010	249,703	608,109	2,093,574	2,951,386
Charge for the year	53,692	13,046	301,941	368,679
Disposals	-	-	(1,466,985)	(1,466,985)
At 31 May 2011	303,395	621,155	928,530	1,853 080
Net book value				
At 31 May 2011	**38,492**	**50,000**	**280,083**	**368,575**
At 31 May 2010	83,347	63,046	422,872	569,265

Capitalised development costs are not treated as a realised loss for the purpose of determining the company's distributable profits as, in the directors' view, it is an asset that will result in future economic benefits arising from increased revenue and related profits

9 Tangible fixed assets

	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 June 2010	116,363	775,521	33,900	925,784
Additions	-	359	-	359
Disposals	-	-	(11,500)	(11,500)
At 31 May 2011	116,363	775,880	22,400	914,643
Accumulated depreciation				
At 1 June 2010	94,355	724,533	21,401	840,289
Charge for the year	21,888	39,336	9,093	70,317
Disposals	-	-	(11,500)	(11,500)
At 31 May 2011	116,243	763,869	18,994	899,106
Net book value				
At 31 May 2011	**120**	**12,011**	**3,406**	**15,537**
At 31 May 2010	**22,008**	**50,988**	**12,499**	**85,495**

Notes *(continued)*

10 Fixed asset investments

	Shares in group undertakings £
Cost	
At 1 June 2010 and at 31 May 2011	7,814
Provision for impairment	
At 1 June 2010 and at 31 May 2011	7,714
Net book value	
At 1 June 2010 and at 31 May 2011	100

The companies in which the company has more than a 20% interest at the year end is as follows

	Country of incorporation	Principal activity	Percentage and class of shares held	
Mileage Management Limited	UK	Distributor	100%	Ordinary share capital
Blackspot Interactive Limited	UK	Dormant	100%	Ordinary share capital
Blackspot Limited	UK	Dormant	100%	Ordinary share capital
Road Angel Limited	UK	Dormant	100%	Ordinary share capital

The profit/(loss) for the year ended 31 May 2011 and the capital and reserves at the year end of the above undertakings were as follows

	2011 Profit/ (loss) £	2011 Capital and reserves £	2010 Profit/ (loss) £	2010 Capital and reserves £
Mileage Management Limited	10,288	(1,259,949)	(272,354)	(1,270,237)
Blackspot Interactive Limited	-	2	-	2
Blackspot Limited	-	100	-	100
Road Angel Limited	-	100	-	100

11 Stocks

	2011 £	2010 £
Raw materials and consumables	19,013	190,195
Finished goods and goods for resale	650,542	476,117
	669,555	666,312

Notes *(continued)*

12 Debtors

	2011 £	2010 £
Trade debtors	180,758	150,893
Amounts owed by group undertakings	7,566,101	7,615,684
Prepayments and accrued income	84,758	89,563
Corporation tax recoverable	67,011	-
	7,898,628	7,856,140

13 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank overdraft	5,162,745	4,207,395
Trade creditors	194,157	526,141
Corporation tax	-	3,365
Other taxes and social security costs	116,176	134,528
Other creditors	169,171	148,862
Accruals and deferred income	886,057	1,111,108
	6,528,306	6,131,399

The bank overdraft is secured by means of a debenture over the trade and assets of the company in favour of Lloyds TSB Bank Plc

14 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Accruals and deferred income	386,364	377,639

15 Provisions for liabilities and charges

Provided and unprovided deferred tax liabilities/(assets) are as follows

		Provided		Unprovided
	2011 £	2010 £	2011 £	2010 £
Tax losses	-	-	(70,984)	-
Depreciation in advance of capital allowances	-	-	396	(18,019)
Other	-	-	-	(37,224)
	-	-	(70,588)	(55,243)

No deferred tax asset has been recognised in these financial statements due to the uncertainty over the timing of anticipated future taxable profits

Notes *(continued)*

16 Share capital

	2011	2010
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

17 Reserves

	2011	2010
	£	£
Balance at 1 June	2,669,259	2,546,440
(Loss)/profit for the year	(631,156)	122 819
Balance as at 31st May	2,038 103	2,669 259

18 Reconciliation of movement in shareholders' funds

	2011	2010
	£	£
(Loss)/ profit for the year	(631,156)	122,819
Net movement in shareholders' funds	(631,156)	122,819
Opening shareholders' funds	2,669,359	2,546,540
Closing shareholders' funds	2,038,203	2,669 359

19 Financial commitments

At 31 May 2011, the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011	2010
	£	£
Expiry date		
Between two and five years	148,728	145 000

20 Contingent liabilities

The company has guaranteed the overdraft of its subsidiary and parent undertaking At 31 May 2011 the group overdraft amounted to £5,539 914 (2010 £4,759,676)

Notes *(continued)*

21 Related party transactions

During the year purchases of £768,475 (2010 £1 125,452) were made from Ingleby (1653) Limited, the company's parent undertaking The company also recharged expenses of £276 530 to Ingleby (1653) Limited (2010 £418,685) At the year end £7 034,529 (2010 £7,347,500) was due from Ingleby (1653) Limited

During the year the company recharged expenses of £545,740 (2010 £222,530) to Mileage Management Limited, its subsidiary undertaking At the year end £531,572 (2010 £268,184) was due from Mileage Management Limited

22 Ultimate holding company and controlling party

The company is a subsidiary undertaking of Ingleby (1653) Limited which is the ultimate parent company incorporated in the UK

The ultimate controlling party is Esprit Capital

23 Post balance sheet event

Post year-end the Group overdraft and loan facilities with Lloyds TSB plc continued to be made available until 12 January 2012, when the Group's bank loan and overdrafts, which together amounted to £9 8m at that time, were all transferred to Ingleby (1653) Limited and converted into a loan which was acquired by Esprit Capital, the majority shareholder of the Group Additional working capital of £0 3m was also provided to the Group by Esprit Capital At the same time, Esprit Capital gave an undertaking to the Group not to recall the loan within 12 months from the date of the signing of the 31 May 2011 financial statements of the Group