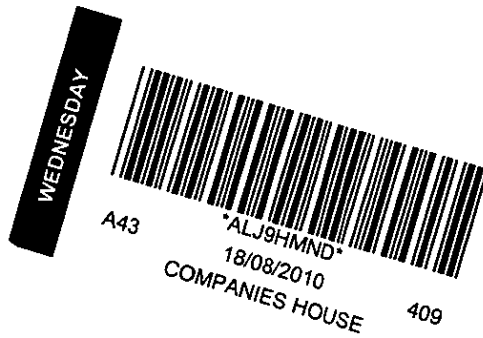


**DAVIES RESPONSE LIMITED**

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

**REGISTERED NUMBER 4277289**



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

**DIRECTORS AND ADVISERS**

**DIRECTORS**

M D Chapman  
C Crawford  
G Lumsdon

**COMPANY SECRETARY**

G Lumsdon

**REGISTERED OFFICE**

2 St Giles Court  
Southampton Street  
Reading  
Berkshire  
RG1 2QL

**INDEPENDENT AUDITORS**

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

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

**DIRECTORS' REPORT**

The directors present their report with the audited financial statements of the company, registered number 4277289, for the year ended 31 March 2010

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

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was the provision of disaster restoration services to the UK insurance industry

**REVIEW OF BUSINESS**

A summary of the results for the year is given in the profit and loss account on page 6

On 20 July 2009, the company sold certain trade and assets to Moving On Response Limited for a consideration of £129,021, resulting in a profit on disposal of £23,579 (note 15)

**RESULTS AND DIVIDENDS**

The company's profit for the year is £227,517 (2009 £290,878) The directors do not recommend the payment of a dividend The retained profit for the year has been transferred to reserves accordingly

**DIRECTORS**

The directors who served during the year and up to the date of signing the financial statements were as follows

M D Chapman

C Crawford (appointed 19 August 2009)

M R Edwards (resigned 31 March 2010)

G Lumsdon

**QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company is a wholly owned subsidiary of Davies Group Limited which has maintained cover for its directors and officers and those of its subsidiary companies under a directors' and officers' liability insurance policy as permitted by the Companies Act 2006

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

(1) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

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

**DIRECTORS' REPORT (continued)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS**

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

On behalf of the Board



G Lumsdon  
Director

10 AUGUST 2010

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

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

We have audited the financial statements of Davies Response Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

**Respective responsibilities of directors and auditors**

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Scope of the audit of the financial statements**

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

**Opinion on financial statements**

In our opinion the financial statements

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

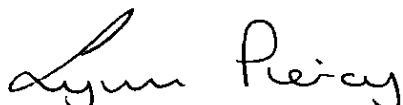
**Opinion on other matter prescribed by the Companies Act 2006**

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

**Matters on which we are required to report by exception**

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

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



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

10 August 2010

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

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010 £	2009 £
Turnover		441,068	896,754
Cost of Sales		(108,612)	(379,988)
<b>Gross Profit</b>		<b>332,456</b>	<b>516,766</b>
Administrative expenses		(137,624)	(121,180)
<b>Operating profit</b>	2	<b>194,832</b>	<b>395,586</b>
<b>Profit on the sale of certain trade and assets</b>	15	<b>23,579</b>	-
Interest receivable and similar income	3	437	1,194
Interest payable and similar charges		-	(115)
<b>Profit on ordinary activities before taxation</b>		<b>218,848</b>	<b>396,665</b>
Tax on profit on ordinary activities	5	8,669	(105,787)
<b>Profit for the financial year</b>	11, 12	<b>227,517</b>	<b>290,878</b>

The results above relate to discontinuing operations

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

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

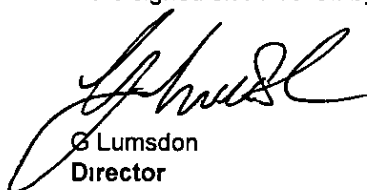
DAVIES RESPONSE LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010

**BALANCE SHEET AS AT 31 MARCH 2010**

	Note	£	2010 £	£	2009 £
<b>Fixed assets</b>					
Tangible assets	6		-		74,220
<b>Current assets</b>					
Debtors	7	150,112		834,582	
Client bank balances		1,695			
Cash at bank and in hand		738,808		542,024	
		890,615		1,376,606	
Creditors amounts falling due within one year	8	(90,502)		(873,840)	
<b>Net current assets</b>			800,113		502,766
<b>Total assets less current liabilities</b>			800,113		576,986
Provisions for liabilities and charges	9		-		(4,390)
<b>Net assets</b>			800,113		572,596
<b>Capital and reserves</b>					
Called up share capital	10		100		100
Profit and loss account	11		800,013		572,496
<b>Total shareholders' funds</b>	12		800,113		572,596

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

The financial statements on pages 6 to 13 were approved by the Board of Directors on 10 AUGUST 2010 and were signed on its behalf by

  
G Lumsdon  
Director



**NOTES TO THE FINANCIAL STATEMENTS**

**1 Accounting policies**

The financial statements of the company have been prepared on a going concern basis, under the historical cost convention and in accordance with the small companies regime of the Companies Act 2006, and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

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

**Turnover**

Turnover represents the aggregate value of initial response services provided to clients, excluding value added tax. Turnover is recognised in line with the estimated stage of completion of the service. All turnover is derived from within the United Kingdom.

Income accrued in respect of jobs in progress at the year-end is included within turnover in the profit and loss account and within prepayments and accrued income in the balance sheet.

**Cost of sales**

Cost of sales represents the salary costs, benefits and associated expenses of fee earning staff together with disbursements incurred in the provision of services to clients.

**Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives or, if held under a finance lease, over the lease term, whichever is the shorter. The expected useful lives of the assets to the business are reassessed periodically in the light of experience.

Depreciation is provided at the following rates

Leasehold Improvements	-	over life of lease
Plant and machinery	-	20% straight line
Fixtures and fittings and office equipment	-	20% straight line
Computer equipment	-	33 3% straight line
Motor vehicles	-	25% straight line

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

**Deferred taxation**

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

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

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

**Pensions**

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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Hire purchase contracts**

Assets obtained under hire purchase contracts are capitalised in the balance sheet. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases or hire purchase contracts, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

**2 Operating profit**

Operating profit is stated after charging

	2010	2009
	£	£
Operating lease rentals - other than plant and machinery	4,951	1,897
Depreciation - owned assets	5,303	18,804
Depreciation - assets held under hire purchase contracts	514	1,787
Pension costs	1,336	5,029
Auditors' remuneration - audit services	-	8,185

The auditors' remuneration of £8,512 for the year ended 31 March 2010 was borne by a fellow group company.

**3 Interest receivable and similar income**

	2010	2009
	£	£
Bank interest receivable	437	1,194

**4 Directors' emoluments**

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

**DAVIES RESPONSE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**5 Tax on profit on ordinary activities**

The tax charge on the profit on ordinary activities for the year was as follows

	2010 £	2009 £
<b>Current tax:</b>		
UK corporation tax at 28% (2009 28%)	64,096	113,157
Adjustments in respect of previous years	(71,351)	(5,889)
<b>Total current tax</b>	<b>(7,255)</b>	<b>107,268</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(1,487)	(2,090)
Adjustments in respect of previous years	73	609
<b>Total deferred tax</b>	<b>(1,414)</b>	<b>(1,481)</b>
<b>Tax (credit)/charge on profit on ordinary activities</b>	<b>(8,669)</b>	<b>105,787</b>

**6 Tangible fixed assets**

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Total £
<b>Cost</b>						
At 1 April 2009	3,960	93,088	12,521	7,195	37,227	153,991
Disposals	(3,960)	(93,088)	(12,521)	(7,195)	(37,227)	(153,991)
<b>At 31 March 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated depreciation</b>						
At 1 April 2009	1,088	45,908	8,389	1,927	22,459	79,771
Charge for the year	50	3,373	318	594	1,482	5,817
Disposals	(1,138)	(49,281)	(8,707)	(2,521)	(23,941)	(85,588)
<b>At 31 March 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>						
<b>At 31 March 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 March 2009</b>	<b>2,872</b>	<b>47,180</b>	<b>4,132</b>	<b>5,268</b>	<b>14,768</b>	<b>74,220</b>

**7 Debtors**

	2010 £	2009 £
Trade debtors	60,120	812,826
Other debtors	72,803	3,983
Corporation tax	6,139	-
Other tax and social security	11,050	-
Prepayments and accrued income	-	17,773
	<b>150,112</b>	<b>834,582</b>

**DAVIES RESPONSE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**8 Creditors: amounts falling due within one year**

	Note	2010 £	2009 £
Hire purchase creditor		-	937
Trade creditors		72,739	584,411
Amounts owed to group undertakings	13	2,976	57,579
Corporation tax		-	94,643
Other tax and social security		-	46,127
Other creditors		954	1,734
Accruals and deferred income		13,833	88,409
		<b>90,502</b>	<b>873,840</b>

**9 Provisions for liabilities**

The movements on the deferred tax liability are as follows

	Note	2010 £
At 1 April 2009		4,390
Deferred tax credit in profit and loss account for the year	5	(1,414)
Transferred to a fellow group company		(2,976)

**At 31 March 2010** -

The deferred tax liability comprises		
	2010 £	2009 £
Accelerated capital allowances	-	4,390
<b>At 31 March 2010</b>	<b>-</b>	<b>4,390</b>

**10 Called up share capital**

	2010 £	2009 £
<b>Authorised</b>		
10,000 Ordinary Shares of £1 each	10,000	10,000
<b>Allotted, issued and fully paid</b>		
100 Ordinary Shares of £1 each	100	100

**11 Reserves**

	Profit and loss account £
At 1 April 2009	572,496
Retained profit for the financial year	227,517
<b>At 31 March 2010</b>	<b>800,013</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12 Reconciliation of movements in equity shareholders' funds**

	2010	2009
	£	£
Retained profit for the financial year	227,517	290,878
Opening equity shareholders' funds	572,596	281,718
<b>Closing equity shareholders' funds</b>	<b>800,113</b>	<b>572,596</b>

**13 Related party transactions**

During the current and prior year, the company had both transactions and balances with Davies Group Limited, the parent undertaking, and with fellow group undertakings Eastwell Contractor Management and Claim Care Limited and Farradane Limited

At the year-end, there were amounts owed to these related parties as follows

	2010	2009
	£	£
Eastwell Contractor Management and Claim Care Limited	-	36,235
Farradane Limited	2,976	21,240
Davies Group Limited	-	104
	<b>2,976</b>	<b>57,579</b>

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

	2010	2009
	£	£
Farradane Limited	56,295	136,904
Davies Group Limited	4,035	50,005
Eastwell Contractor Management and Claim Care Limited	-	36,235

All other movements on the related party balances relate to recharges between companies for invoices issued by third parties and the repayment of outstanding balances

**14 Pensions**

The company operates a defined contribution pension scheme. The assets are held separately from those of the company in an independently-administered fund. The charge for the year represents contributions payable by the company to the fund and amounted to £1,336 (2009 £5,029)

There were no outstanding or prepaid contributions at 31 March 2010 (2009 £nil)

**15 Profit on the sale of certain trade and assets**

On 20 July 2009, the company sold certain trade and assets for a consideration of £129,021

	2010
	£
Fixed assets	68,403
Debtors	37,039
	<b>105,442</b>
Deferred consideration	34,679
Cash consideration	94,342
<b>Profit on sale of certain trade and assets</b>	<b>(23,579)</b>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**16 Contingent liabilities**

The company has given a guarantee to HSBC on behalf of certain fellow group companies and the parent company, Davies Group Limited, in connection with monies from time to time owing to HSBC. The facility with HSBC is secured by a fixed and floating charge over the assets of the company.

The maximum liability for the company under this arrangement at 31 March 2010 was £1,547,338 (2009 £380,987). The companies participating in this arrangement also had a balance at bank amounting to £4,683,149 at 31 March 2010 (2009 £3,421,662).

**17 Ultimate parent undertaking and controlling party**

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