Annual Report and Accounts 2017

Year ended 28 February 2017

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Contents

Review of the Business

Financial results and KPIs

Revenue and profit

Revenue for the year ended 28 February 2017 was £94.4 million (2016: £99.0 million).

The Group made an operating loss in the year ended 28 February 2017 of £5.5 million (2016: £18.1 million).

The loss before income tax was £11.8 million (2016: £22.1 million) which includes exceptional and other items with a total charge of £5.6 million (2016: £3.1 million).

Cash collections

Cash collections remained a key priority for the Group and during the year ended 28 February 2017 aggregate cash collections (including Autofocus related receipts) were £80.1 million (2016: £85.8 million). The Group generated cash inflows from operations of £0.1 million (2016: £0.5 million).

KPIs

The Group also monitors a number of KPIs on a daily basis. These include, 'Revenue per Day', 'Cash per Day', 'Hire Starts per day' and 'Fleet Utilisation'.

Group restructure

As set out in the Group's Annual Report and Accounts for the year ended 29 February 2016 which was approved by the Board on 17 February 2017 the Board continued to have discussions with the Group's lenders with a view to completing a restructure of the Group. With the support of the Group's lenders, Automotive and Insurance Solutions Group Plc ("the Company") completed a restructuring process on 14 September 2017, further details of which are described in the Events after the balance sheet date section of the accompanying Directors' report on page 7.

The restructure has secured the jobs of approximately 400 members of staff and the new Group will continue to provide high quality services to its customers.

Litigation

The Group issued contempt proceedings against seven former employees of Autofocus Limited ("Autofocus") in 2012. On 24 May 2017 all the defendants were found guilty and given custodial sentences of between six months and 13 months and one week. The judge also made a costs order in favour of the Group.

The Company remains a party to the claim against two former Directors of Autofocus and a number of solicitors who allegedly used dishonest hire rate evidence supplied by Autofocus in litigation involving customers of the Company's main trading subsidiary, Accident Exchange Limited and the Company. This claim is progressing with the next major milestone being an application in respect of legal privilege to be heard in November 2017.

Lucy Woods
Director
13 October 2017

Company Information

Directors

Richard Paul

Nicola Roy

Lucy Woods

Secretary

Irfan Sadiq

Registered office

Alpha 1
Canton Lane
Hams Hall
Birmingham
West Midlands
B46 1GA

Independent auditors

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Registered number

04360804

Directors' Report

The Directors present their report, together with the audited consolidated financial statements of the Group for the year ended 28 February 2017.

Group results

The results for the year show an operating loss before taxation of £5.5 million (2016: £18.1 million) and turnover of £94.4 million (2016: £99.0 million).

The accumulated loss for the year ended 28 February 2017 amounted to £11.8 million (2016: £25.9 million).

Dividend

The Directors do not recommend the payment of a dividend for the year ended 28 February 2017 (2016: £nil),

Principal activities

Prior to the restructure of the Group on 14 September 2017, as described in the Events after the balance sheet date section of this report, the principal activity of the Group was the delivery of accident management and other solutions to the automotive and insurance related sectors in the UK. Revenue was derived principally from the provision of non-fault accident management assistance and related services and particularly from the hire of replacement vehicles to the non-fault parties to road traffic accidents.

As noted in the Events after the balance sheet date section of this report, on 14 September 2017 the Company sold all of its subsidiaries together with the business activity of providing accident management and other solutions to the automotive and insurance related sectors to Eight Bar Financial International S.A.R.L. ("EBFI").

The Company has agreed to delegate to Accident Exchange Limited ("AEL") and EBFI the conduct of a claim for unlawful means conspiracy against two former Directors of Autofocus Limited ("Autofocus") and a number of solicitors ("the UMC Claim"); and to provide access to such books, records and documentation relevant to the pursuance of the UMC claim to EBFI and AEL. The Company has retained certain rights to receive a proportion of the proceeds of any settlement or court award.

Going concern

The Directors have considered the impact of the transactions described in the Events after the balance sheet date (full details of which are set out in the section of this report of that title, on page 7), together with other available information. The Company sold all of its subsidiary undertakings together with the business activity of providing accident management and other solutions to the automotive and insurance related sectors to Eight Bar Financial International S.A.R.L. ("EBFI").

Based on the Company's contractual relationships with Accident Exchange Limited ("AEL") and EBFI, together with having held discussions with the directors of AEL and EBFI, the Directors have a reasonable expectation that AEL and/or EBFI will provide sufficient future funding such that the Company will be able to meet its obligations as they fall due.

The receipt by the Company of sufficient funding from AEL and/or EBFI is not guaranteed. The ability of AEL to satisfy its own debt covenants, repaying the Arena loan before 13 September 2018, and obtaining such support from EBFI required to meet its obligations, and those of its subsidiary undertakings, as they fall due and hence continue to as a going concern, represents a material uncertainty that may cast significant doubt on the ability of AEL and its subsidiary undertakings to continue as a going concern. These circumstances, and the receipt by the Company of sufficient funding from AEL or EBFI, represents a material uncertainty that may cast significant doubt over the ability of the Company to continue as a going concern. If sufficient further funding is not provided to the Company by either AEL or EBFI, the Company would be unable to continue as a going concern, and adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities as they arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The Directors have, at the time of approving the financial statements and based on the matters noted above, a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have prepared the financial statements on a going concern basis of accounting.

Directors

The Directors who served the Company during the period and up to the date of signing this report (unless otherwise stated) were as follows:

Martin Andrews (resigned 16 January 2017)

Steve Evans (resigned 23 May 2017)

David Lees (resigned 8 August 2016)

Richard Paul (appointed 14 September 2017)

Nicola Roy

Lucy Woods (appointed 13 September 2016)

Directors' and officers' insurance

The Company maintains insurance cover for all Directors and officers of the Group against liabilities which may be incurred by them whilst acting in those capacities. This policy is a qualifying third party indemnity provision.

Appointment of auditors

At the Company Annual General Meeting, held on 20 March 2017, PricewaterhouseCoopers LLP were reappointed as Company auditors. Their period of office expires at the forthcoming AGM; their reappointment as auditors will be proposed as a resolution at this time.

Directors' Report (continued)

Financial risk management

Financial risk management is considered in notes 11 and 15 to the consolidated financial statements.

Employees

It is the Group's policy to consider all applicants for employment 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.

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 training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

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.

Political donations

The Company did not make any political donations during the year (2016: £nil).

Principal Risks and Uncertainties

Prior to the restructure of the group on 14 September 2017, as described in the Events after the balance sheet date section of this report, the Board had identified that the principal risks and uncertainties faced by the Group were as follows:

A. Operational

Settlement estimation

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 Association of British Insurers General Terms of Agreement ("GTA") and net of any other settlement adjustments expected to arise on the settlement of claims. This judgement is made on the basis of historical and expected net recovery from the settlement of claims and is influenced by the approach taken towards recovery of amounts claimed.

Whilst the Directors believe that they have a reasonable basis for deriving the settlement estimation processes as reflected in the Group's financial statements, the ultimate settlements agreed through negotiation with, or litigation against, at-fault parties' insurers in relation to the outstanding claims in progress and trade receivables may be higher or lower than that which has been estimated in the preparation of the financial statements.

Rental fleet availability, costs and efficiency

The Group's revenue is dependent on its ability to have available sufficient rental fleet to meet customer demand, including having the appropriate mix of vehicle brands and models. In addition, the Group's profitability is dependent on it being able to source that rental fleet at an appropriate cost.

The Group's rental fleet is acquired on a hire purchase or contract hire basis together with strategic partnerships with a variety of vehicle hire companies to supplement the Group's owned fleet.

If the Group was not able to acquire sufficient rental fleet, either on an owned or sub-leased basis, or the costs of operating its fleet increased significantly, it would have a detrimental effect on the Group's ability to generate revenue and/or profits.

The Group endeavours to maximise the utilisation of its vehicle fleet so as to minimise the costs of holding non-revenue generating vehicles. Fleet utilisation remained strong during the year, however, any subsequent deterioration in utilisation rates could adversely affect the Group's profitability.

IT systems

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 which have, in the main, been developed in-house) are designed to ensure that the operational risks associated with its activities are appropriately controlled, but any weakness in the systems, processes or business continuity arrangements could have a negative impact on its results or operations during the affected period.

Key personnel

The Group's future success is dependent on the retention, development and performance of its senior management. The loss of the services of any of its senior management team could adversely affect the Group's business.

Regulatory

The Group's business is regulated by both the Financial Conduct Authority and the Claims Management Regulator. Whilst the Directors believe that the Group conducts its business in compliance with all applicable regulations and will continue to endeavour to do so, there remains a risk that regulators will find that the business has not complied fully with such regulations and any subsequent action taken against the Group (such as withdrawal of any required authorisations) may adversely affect the Group's business.

Risks relating to the industry

There have been a number of test cases, funded mainly by insurance companies, which have challenged the enforceability of credit hire agreements and the recovery of hire charges incurred through a credit hire agreement. There have also been challenges to the hire rates which can be recovered by credit hire organisations. These challenges have been a feature of the credit hire market for a number of years and the Group has had to deal with and ultimately overcome a number of such challenges itself in recent years. The ability of a non-fault claimant to recover the costs of a replacement vehicle as well as the cost of repairing the damaged vehicle after a road accident and the basis upon which the rates for the hire of a vehicle will be awarded is firmly established in law.

Directors' Report (continued)

However, if insurance companies were to bring more challenges in respect of the principle of the recoverability of credit hire and credit repair charges or the hire rates recoverable in tort, and if those challenges were protracted and/or successful, then the Group's revenue, profitability and cash flow could be materially and adversely affected.

The Group is a signatory to the GTA. The GTA is a protocol between the majority of insurance companies and credit hire operators, including the Group, as to 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, agreed hire rates for replacement vehicles by category and provision for early payment discounts. There is no guarantee that insurers will remain subscribers to the GTA or that the GTA will not change adversely over time. Either of these events could have a materially detrimental effect on the profitability and cash flow of the Group. Membership of the GTA is voluntary and it is open to members to leave at any time.

Competition

The Group operates in a competitive industry, the barriers to entry to which are relatively low. There is also the potential for insurance companies, brokers and/or providers of services to motorists or other consumer groups to enter the market, either alone or in collaboration with service providers such as the Group. 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. The Group seeks to minimise such risk by entering into contracts with the majority of its referring partners for periods of up to three years for the referral of prospective customers to the Group on an exclusive basis.

B. Financial

The principal financial risks and uncertainties include the nature of receivables, credit risk, liquidity risk, interest rate risk and price risk, which are considered in notes 11 and 15 to the consolidated financial statements.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Group and of the loss of the Group 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;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively. The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each Director who is a Director of the Company at the date of approval of these financial statements confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he/she has taken all the steps that he/she ought to have been taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is 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.

Directors' Report (continued)

Events after the balance sheet date

On 25 May 2017, the Company entered into a series of transactions to restructure the Group. These completed on 14 September 2017. The principal effects of these agreements were as follows:

The Company released its subsidiary company Oops! (RRI) Limited ("Oops") from Oops' obligation to pay the Company £3,119,193;

The Company released its subsidiary company APU Limited ("APU") from APU's obligation to pay the Company £1,358,141;

The Company released its subsidiary company In-Car Cleverness Limited ("ICC") from ICC's obligation to pay the Company £1,609,670;

The Company sold all its subsidiary undertakings except Accident Exchange Limited ("AEL") to AEL for a combined consideration of £7 which was settled by way of intercompany account;

The Company sold AEL to Eight Bar Financial International S.A.R.L ("EBFI") for a consideration of £30 million which was settled by a reduction in the amount due to EBFI from the Company by £30 million;

£6,797,533 due to Arena Limited SPV, LLC ("Arena") from the Company was novated to AEL and £11,140,748 due to EBFI from the Company was novated to AEL. In each case the consideration being the creation of an obligation for the Company to pay AEL an equal amount;

The obligation of the Company to pay AEL £17,938,281 arising from the novations described above was set off against an equal amount due to the Company from AEL;

Immediately after completion of the restructure the Company had no amounts receivable or payable to its former subsidiaries;

EBFI amended the terms of its facility agreement with the Company such that the Company's obligation to repay amounts due to EBFI under the facility is limited to the Company's share of the proceeds received from the Unlawful Means Conspiracy litigation and the maturity date was extended to 31 December 2020; and

AEL has agreed that for a period of two years from the date of completion it will meet the running costs of the Company. Such costs to include the costs of bookkeeping, registrar services, company secretarial services, audit services and any other services reasonably requested by the Company.

The Company novated all contracts relevant to the performance of the delivery of accident management and other solutions to the automotive and insurance related sector to AEL on or prior to 14 September 2017.

On behalf of the Board

Lucy Woods
Director
13 October 2017

Irfan Sadiq
Company Secretary
13 October 2017

Independent Auditors' Report to the members of Automotive and Insurance Solutions Group Plc - Group

Report on the group financial statements

Our opinion

In our opinion, Automotive and Insurance Solutions Group Plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 28 February 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; 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 disclosure made in the Principal Accounting Policies within the financial statements concerning the group's ability to continue as a going concern. The Company has entered into an agreement with Accident Exchange Limited ("AEL"), who have agreed to meet the Company's obligations as they fall due for a period of two years from 14 September 2017. The ability of AEL to satisfy its own debt covenants, repay the Arena loan before 13 September 2018, and obtain such support from Eight Bar Financial International S.A.R.L. ("EBFI"), AEL's parent company, required to meet its obligations as they fall due, and those of its subsidiary undertakings which includes providing support to the Company, represents a material uncertainty that may cast significant doubt on the ability of AEL and its subsidiary undertakings to continue as a going concern. The receipt by the Company of sufficient resources to meet its obligations from AEL, or from EBFI, also a shareholder of the Company, is therefore uncertain. If sufficient further funding is not provided to the Company by AEL or EBFI, the Company would be unable to meet its obligations. These conditions, along with the other matters explained in note 27 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Consolidated Balance Sheet as at 28 February 2017;
- the Consolidated Income Statement and Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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) ("ISAs (UK & 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 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.

Independent Auditors' Report to the members of Automotive and Insurance Solutions Group Plc – Group (continued)

Responsibilities for the financial statements and the audit (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 group'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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the parent company financial statements of Automotive and Insurance Solutions Group Plc for the year ended 28 February 2017. That report includes an emphasis of matter.

Mark L. Smith

Mark Smith
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Birmingham
13 October 2017

Consolidated Income Statement and Statement of Comprehensive Income

for the year ended 28 February 2017

	Note	**Year ended 28 February 2017 Total £'m**	Year ended 29 February 2016 Total £'m
Revenue	1	**94.4**	99.0
Other operating income	1	**1.9**	3.5
		96.3	102.5
Cost of sales	3	**(74.7)**	(95.2)
Gross profit		**21.6**	7.3
Administrative expenses		**(21.5)**	(22.3)
Operating profit/(loss) before exceptional items		**0.1**	(15.0)
Exceptional administrative expenses	2	**(5.6)**	(3.1)
Operating loss	4	**(5.5)**	(18.1)
Finance costs	7	**(6.3)**	(4.0)
Loss before income tax		**(11.8)**	(22.1)
Income tax expense	8	**-**	(3.8)
Loss and total comprehensive expense for the year		**(11.8)**	(25.9)

The Directors do not recommend payment of a dividend for the year ended 28 February 2017 (2016: £nil).

The notes on pages 14 to 37 form part of these consolidated financial statements.

Consolidated Balance Sheet
as at 28 February 2017

	Note	2017 £'m	2016 £'m
Assets			
Non-current assets			
Property, plant and equipment	9	**4.0**	4.4
Goodwill	10	**1.8**	1.8
		5.8	6.2
Current assets			
Inventories		**0.2**	-
Claims in progress		**2.5**	2.9
Trade and other receivables	11	**30.2**	33.1
Cash and cash equivalents	12	**2.9**	3.2
		35.8	39.2
Total assets		**41.6**	45.4
Equity and liabilities			
Equity			
Share capital	19	**13.5**	13.5
Share premium		**29.6**	29.6
Other reserves	20	**11.5**	11.5
Accumulated losses		**(105.9)**	(94.1)
Total equity		**(51.3)**	(39.5)
Liabilities			
Non-current liabilities			
Financial liabilities - borrowings	13	**1.7**	1.2
		1.7	1.2
Current liabilities			
Financial liabilities - borrowings	13	**72.5**	65.9
Trade and other payables	14	**18.6**	17.7
Current tax liabilities		**0.1**	0.1
		91.2	83.7
Total liabilities		**92.9**	84.9
Total equity and liabilities		**41.6**	45.4

The notes on pages 14 to 37 form part of these consolidated financial statements.

The financial statements on pages 10 to 37 were approved by the Board on 13 October 2017 and were signed on its behalf by:

Lucy Woods
Director

Automotive and Insurance Solutions Group Plc (registered number: 04360804)

Consolidated Statement of Cash Flows

for the year ended 28 February 2017

	Note	**Year ended 28 February 2017 £'m**	Year ended 29 February 2016 £'m
Cash flows from operating activities			
Cash generated from operations	22	**0.1**	0.5
Finance costs on bank loans		**(0.8)**	(0.1)
Finance cost element of finance lease payments		**(0.6)**	(0.5)
Net cash outflow from operating activities		**(1.3)**	(0.1)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(0.4)**	(0.2)
Proceeds from sale of vehicles, plant and equipment		**1.6**	0.2
Net cash inflow from investing activities		**1.2**	–
Cash flows from financing activities			
Proceeds from borrowings	23	**3.0**	3.0
Capital element of finance lease payments	23	**(3.2)**	(1.6)
Net cash (outflow)/inflow from financing activities		**(0.2)**	1.4
Net (decrease)/increase in cash and cash equivalents		**(0.3)**	1.3
Cash and cash equivalents at beginning of the year		**3.2**	1.9
Cash and cash equivalents at end of the year	12	**2.9**	3.2

The notes on pages 14 to 37 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 28 February 2017

Year ended 28 February 2017	**Share capital £'m**	**Share premium £'m**	**Other reserves £'m**	**Accumulated losses £'m**	**Total equity £'m**
At 1 March 2016	13.5	29.6	11.5	(94.1)	(39.5)
Loss and total comprehensive expense for the year	-	-	-	(11.8)	(11.8)
At 28 February 2017	**13.5**	**29.6**	**11.5**	**(105.9)**	**(51.3)**

Year ended 29 February 2016	Share capital £'m	Share premium £'m	Other reserves £'m	Accumulated losses £'m	Total equity £'m
At 1 March 2015	13.5	29.6	11.5	(68.2)	(13.6)
Loss and total comprehensive expense for the year	-	-	-	(25.9)	(25.9)
At 29 February 2016	13.5	29.6	11.5	(94.1)	(39.5)

The notes on pages 14 to 37 form part of these consolidated financial statements.

Principal Accounting Policies

Automotive and Insurance Solutions Group Plc ("the Company") is a public limited company incorporated and domiciled in the United Kingdom ("UK") under the Companies Act 2006 (Registration number 04360804). The address of the registered office is Alpha 1, Canton Lane, Hams Hall, Birmingham, West Midlands B46 1GA. The principal activity of the Company and its subsidiaries (together "the Group") is the provision of accident management and other solutions to the automotive and insurance related sectors in the UK.

Basis of preparation

The consolidated Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("EU"), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated Group financial statements are presented in Pounds Sterling, generally rounded to the nearest million. They are prepared on the historical cost basis, except for the costs of share-based payments which have been measured at fair value.

The Directors have considered the impact of the transactions described in the Events after the balance sheet date (full details of which are set out in note 27 to the financial statements), together with other available information. The Company sold all of its subsidiary undertakings together with the business activity of providing accident management and other solutions to the automotive and insurance related sectors to Eight Bar Financial International S.A.R.L. ("EBFI").

Based on the Company's contractual relationships with Accident Exchange Limited ("AEL") and EBFI, together with having held discussions with the directors of AEL and EBFI, the Directors have a reasonable expectation that AEL and/or EBFI will provide sufficient future funding such that the Company will be able to meet its obligations as they fall due.

The receipt by the Company of sufficient funding from AEL and/or EBFI is not guaranteed. The ability of AEL to satisfy its own debt covenants, repaying the Arena loan before 13 September 2018, and obtaining such support from EBFI required to meet its obligations, and those of its subsidiary undertakings, as they fall due and hence continue to as a going concern, represents a material uncertainty that may cast significant doubt on the ability of AEL and its subsidiary undertakings to continue as a going concern. These circumstances, and the receipt by the Company of sufficient funding from AEL or EBFI, represents a material uncertainty that may cast significant doubt over the ability of the Company to continue as a going concern. If sufficient further funding is not provided to the Company by either AEL or EBFI, the Company would be unable to continue as a going concern, and adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities as they arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The Directors have, at the time of approving the financial statements and based on the matters noted above, a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have prepared the financial statements on a going concern basis of accounting.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

Subsidiaries

The consolidated Group financial statements consist of the financial statements of Automotive and Insurance Solutions Group Plc, all entities controlled by the Company (its subsidiaries) and the Group's share of its interests in joint ventures and associates.

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.

The financial statements of all subsidiaries are prepared to the same reporting date as the Parent Company.

Business combinations 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

Credit hire and repair income, and income derived from other accident management activities is recognised, net of VAT, as that which is estimated as recoverable on transactions which have been completed during the year, together with an appropriate proportion of estimated recoverable income in respect of hires and claims in progress at the year end and is measured at the fair value of the consideration receivable.

Credit hire revenue is recognised from the date a vehicle is placed on hire. Vehicles are only placed 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 charges for particular categories of vehicles and are accrued on a daily basis, by claim, after adjustment 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.

Credit repair revenue represents income from the recovery of the costs of repair of customers' vehicles. Credit repair revenue is recognised when the work has been completed, invoiced and confirmed as recoverable. Credit repair income is recorded net of settlement adjustments.

Other operating income consists of interest income arising on claims in progress and trade receivables, which is accrued on a

Principal Accounting Policies (continued)

time basis by reference to outstanding trade receivables and at the effective interest rate applicable.

Segmental reporting

The chief operating decision-maker has been identified as the Board. Operating segments are reported in a manner consistent with the internal reporting provided to the Board. The Board is responsible for allocating resources and assessing the performance of the Group and has determined that the Group operates in one business segment.

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.

Goodwill

The Group accounts for all business combinations by applying the acquisition method of accounting. All acquisition related costs are expensed.

On acquisition, the assets including intangible assets, liabilities and contingent liabilities of an acquired entity are measured at their fair value. Non-controlling interest is stated at the non-controlling interest's proportion of the fair values of the assets and liabilities recognised.

Goodwill arising on consolidation represents the excess of the consideration transferred over the net fair value of the Group's share of the net assets, liabilities and contingent liabilities of the acquired subsidiary, joint venture or associate and the fair value of the non-controlling interest in the acquired.

If the consideration is less than the fair value of the Group's share of the net assets, liabilities and contingent liabilities of the acquired entity (i.e. a discount on acquisition), the difference is credited to the Group income statement in the period of acquisition.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and impairment losses.

Other intangible assets comprise acquired customer and supplier contracts and relationships and software development costs.

Other intangible assets are amortised on a straight-line basis over their estimated useful economic life, unless such lives are indefinite, from the date they are available for use.

Internal software development costs that satisfy the recognition criteria of IAS 38 - 'Intangible Assets' are capitalised at cost and amortised over their estimated useful economic lives. All other internal software development costs are recognised in the statement of comprehensive income in the period in which they are incurred.

All amortisation charges are included within administrative expenses in the statement of comprehensive income.

Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost less accumulated depreciation less any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value on a systematic basis over the expected useful economic lives. The rates generally applicable are as follows:

Leasehold property and improvements - the shorter of the period of the lease or ten years

Computer equipment - 33.3%

Fixtures and fittings - 25.0%

Motor vehicles - 22.5%

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

The gain or loss on disposal is determined by comparing the net sales proceeds with the carrying value and is recognised in the statement of comprehensive income.

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 statement of comprehensive income 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.

Claims in progress

Amounts recoverable on claims in progress are stated at the expected net claim value after estimated allowances for settlements.

Trade and other receivables

Trade receivables are recorded at amortised cost using the effective interest rate method. This represents the expected net claim value after estimated allowances for settlement adjustments. Income arising from discounting trade receivables using the effective interest rate is recognised in other operating income.

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.

Principal Accounting Policies (continued)

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.

The amount of any impairment is measured as the difference between the GTA value of the claim and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate.

Other receivables 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 statement of comprehensive income.

All other leases are classified as operating leases. Lease payments made under operating leases are charged to the statement of comprehensive income 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 statement of comprehensive income represent the amount of the contributions payable to the plans in respect of the accounting period.

Share-based payments

The Accident Exchange Group Plc Unapproved Share Option Plan (2004), the Accident Exchange Group Plc Directors' and Senior Executives' Long Term Incentive Plan, the Accident Exchange Group Plc Approved Company Share Option Plan (2005) and the Accident Exchange Group Plc Sharesave Plan 2008 allow certain of the Group's employees to acquire shares of the Company (equity-settled share options).

Share options are measured at fair value at the date of grant using either the Black Scholes model or the Monte Carlo simulation model. This fair value is expensed on a straight-line basis over the vesting period, being the period in which the services are received, based on the Group's estimate of shares that will eventually vest. Where an option is unable to be exercised because vesting conditions are not met (for example, if a non-market based performance target is not met, or the employee leaves the employment) the cost of the options is reversed. However, if the employer cancels the options, the full value of the options is recognised immediately in the statement of comprehensive income.

At each balance sheet date before vesting, the cumulative expense is calculated and the movement in the cumulative expense since the previous balance sheet date is recognised in the statement of comprehensive income, with a corresponding entry made to retained earnings.

In valuing equity-settled transactions, no account is taken of any vesting conditions until the end of the performance condition period.

In accordance with the transitional arrangements of IFRS 2 'Share-based Payment', the expense recognised in the statement of comprehensive income relates to grants made in the financial year and all grants made after 7 November 2002 that had not fully vested on the date of transition to IFRS (1 May 2004).

Taxation

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

The tax currently payable is based on the taxable loss for the year. Taxable loss differs from net loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years 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 loss, and is accounted for using the balance sheet liability method.

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.

Principal Accounting Policies (continued)

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 statement of comprehensive income, 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.

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 whether the carrying values of goodwill and other financial and non-financial assets have incurred any impairment loss, which requires estimates to be made of future profitability and cash flows, and estimation of an appropriate discount rate.

Principal Accounting Policies (continued)

Recent accounting developments

There are no IFRS or IFRIC interpretations adopted for the first time in the current period which had a material impact on the Company.

Certain new standards, amendments and interpretations to existing standards that have been published and which are mandatory for the Group's future accounting periods, but which have not been early adopted include:

- Amendments to IAS 12, 'Income Taxes' on Recognition of deferred tax assets for unrealised losses;
- IFRS 9 – 'Financial Instruments';
- IFRS 15 – 'Revenue from Contracts with Customers';
- IFRS 16 – 'Leases';
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle; and
- IFRIC 22 – 'Foreign Currency Transactions and Advance Consideration'.

The amendment to IFRS 15 is effective for periods beginning on or after 1 January 2018 and IFRS 16 is effective for periods beginning on or after 1 January 2019 subject to EU endorsement. These standards are likely to have a significant impact on the amounts recognised in the Group's consolidated financial statements. The full impact is currently under review, including understanding the practical application of the principles of these standards. The Group intends to quantify the potential impacts once it is practicable to provide reliable estimates.

The Group has considered the remainder of the above standards and amendments and concluded that they are either not relevant to the Group at the present time or that, other than disclosure, they would not have a significant impact on the Group's consolidated financial statements as presented.

Alternative performance measures (APMs)

In the reporting of financial information, the Directors have adopted various APMs of historical or future financial performance, position or cash flows other than those defined or specified under IFRS.

These measures are not defined by IFRS and therefore may not be directly comparable with other companies' APMs, including those in the Group's industry.

APMs should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

APMs that the Group has used this year include the Key Performance Indicators highlighted in the Strategic Report on page 2, in addition to Operating profit before exceptional items, covenant compliance, and EBITDA.

Operating profit before exceptional items

This is the headline measure of the Group's performance, and is based on operating profit before the impact of exceptional items. Exceptional items relate to certain costs or incomes that derive from events or transactions that fall within the normal activities of the Group but which, individually or, if of a similar type, in aggregate, are excluded by virtue of their size and nature in order to reflect management's view of the performance of the Group.

Covenant compliance

As a condition of the Group's loans, covenant compliance is monitored throughout the period to ensure there are no breaches of any of the terms of borrowing.

EBITDA

The Board consider Earnings before interest, taxation, depreciation and amortisation (EBITDA) to evaluate the Group's profitability excluding finance costs, income tax expenses, and the cost of any depreciation and amortisation charged in the period.

Notes to the Consolidated Financial Statements
for the year ended 28 February 2017

1. Revenue and other operating income

An analysis of the Group's revenue and other operating income is as follows:

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Delivery of accident management and related services	**79.3**	85.2
Credit repair	**14.7**	13.7
Revenue before exceptional charge	**94.0**	98.9
Settlement Adjustment	**0.4**	0.1
Revenue	**94.4**	99.0
Other operating income	**1.9**	3.5
	96.3	102.5

The Settlement Adjustment relates principally to adjustments to revenue arising on the delivery of accident management and related services and settlement of claims.

Other operating income consists of interest income determined in accordance with IAS 39 in relation to claims in progress and trade receivables, which is accrued on a time basis by reference to outstanding trade receivables and at the effective interest rate applicable.

2. Exceptional and other items

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Exceptional items		
Exceptional administrative expenses:		
Goodwill impairment	**-**	1.1
Restructuring costs	**2.7**	-
Professional fees	**2.9**	1.6
Total exceptional items	**5.6**	2.7
Other items		
Amortisation of acquired intangible assets	**-**	0.4
Total exceptional and other items	**5.6**	3.1

Goodwill impairment

No impairment has been made to the carrying value of goodwill related to DCML Limited (2016: £1.1 million), leaving a net book value of £1.8 million (2016: £1.8 million) (see note 10).

Restructuring costs

During the year ended 28 February 2017, a number of costs were expensed which were incurred in the course of the financial restructure of the Group.

Professional fees

These relate to professional advice received in relation to legal proceedings for two court actions. One is a criminal prosecution of seven former employees of Autofocus Limited for Contempt of Court. The other is an unlawful means conspiracy case against those parties responsible for causing damage to the Group through the alleged deployment of dishonest Autofocus rate evidence.

Amortisation of acquired intangible assets

The amortisation and impairment of acquired intangible assets as set out in note 10 are non-trading and non-cash charges.

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

3. Cost of sales

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Indirect attributable costs		
Credit Repair Costs	**14.5**	14.8
Commissions	**11.9**	12.4
Impairment of trade receivables	**30.3**	46.3
Fleet related costs		
Contract hire charges	**9.4**	12.2
Fleet expenses	**4.7**	5.7
Fleet depreciation	**1.0**	1.0
Direct employee costs		
Wages and salaries	**2.7**	2.6
Travel costs	**0.2**	0.2
Total Cost of sales	**74.7**	95.2

4. Operating loss

Operating loss is stated after charging:

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Employee costs (note 5)	**14.7**	14.7
Settlement Adjustment	**-**	2.4
Exceptional items (note 2)	**5.6**	2.7
Depreciation of vehicles, property, plant and equipment (note 9)		
- Owned assets	**0.5**	0.5
- Leased assets	**1.1**	1.0
Amortisation of intangible assets (note 10)		
- Acquired intangible assets	**-**	0.3
- Software	**-**	0.1
Operating lease rentals payable		
- Vehicles, plant and machinery	**7.4**	8.0
- Property	**1.8**	1.6

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

4. Operating loss (continued)

Services provided by the Group's auditors

A summary of the audit and non-audit fees in respect of services provided by PricewaterhouseCoopers LLP is set out below:

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
Audit fees for the Company and consolidated financial statements	**66**	105
Fees payable for other services:		
Audit of the Company's subsidiaries pursuant to legislation	**93**	97
Other services relating to taxation	**5**	11
Services relating to restructuring	**309**	8
	473	221

5. Employees

Employee costs (including Directors) for the Group were as follows:

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Wages and salaries	**12.7**	12.8
Social security costs	**1.3**	1.2
Other pension costs	**0.7**	0.7
	14.7	14.7

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

	Year ended 28 February 2017 No.	Year ended 29 February 2016 No.
Sales and operations	**344**	347
Finance and administration	**63**	68
	407	415

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

6. Directors' remuneration

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
Aggregate emoluments and other benefits	**1,053.8**	539.8
Bonus	**40.0**	2.3
Contributions to money purchase pension schemes	**63.7**	56.0
Compensation for loss of office	**318.2**	-
	1,475.7	598.1

The Group made contributions to the money purchase pension plans of three Directors (2016: two).

Highest paid

The amounts shown above include remuneration in respect of the highest paid Director as follows:

	Year ended 28 February 2017 £'000	Year ended 29 February 2016 £'000
Emoluments and other benefits	**436.6**	334.0
Bonus	**-**	2.3
Contributions to money purchase pension schemes	**35.8**	43.8
Compensation for loss of office	**160.4**	-
	632.8	380.1

No share options were exercised by the highest paid Director during the financial year.

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

7. Finance costs

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Finance costs		
Bank borrowings	**(5.8)**	(3.5)
Obligations under finance leases	**(0.5)**	(0.5)
Total finance costs	**(6.3)**	(4.0)
Net finance costs	**(6.3)**	(4.0)

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

8. Income tax expense

(a) Analysis of charge for the financial year

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Deferred tax (note 18)		
- Charge for the year	**-**	3.8
Tax on loss on ordinary activities	**-**	3.8

There is no tax charge in the year (2016: £3.8 million).

(b) Reconciliation of the total tax charge for the financial year

The average standard rate of corporation tax applicable to the Group during the financial period was 20.0% (2016: 20.0%).

The tax assessed for the year differs from that resulting from applying the average standard rate of corporation tax as explained below:

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Loss before tax	**(11.8)**	(22.1)
Loss before tax multiplied by the average standard rate of Corporation Tax in the UK of 20.0% (2016: 20.0%)	**(2.4)**	(4.4)
Effect of:		
Expenses not deductible for tax purposes	**0.8**	0.3
Depreciation in excess of capital allowances	**0.3**	-
Derecognition of tax losses in respect of prior periods	**(1.3)**	3.3
Deferred tax asset on current period losses not recognised	**1.4**	4.4
Adjustment in respect of change in tax rate	**1.2**	0.2
Tax on loss on ordinary activities	**-**	3.8

(c) Factors that may affect future tax charges

At the balance sheet date the Group had unutilised tax losses of £123.2 million (2016: £116.5 million) available for offset against future trading profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams.

Changes in tax legislation

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions were substantively enacted by the balance sheet date and therefore included in these consolidated financial statements. Temporary differences have been remeasured using the enacted tax rates that are expected to apply when the liability is settled or the asset realised.

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

9. Property, plant and equipment

	Leasehold property and improvements £'m	Computer equipment £'m	Fixtures and fittings £'m	Motor vehicles £'m	Total £'m
Cost					
At 1 March 2016	2.3	4.4	2.7	4.9	14.3
Additions	–	0.3	0.1	2.3	2.7
Disposals	–	–	–	(2.7)	(2.7)
At 28 February 2017	**2.3**	**4.7**	**2.8**	**4.5**	**14.3**
Accumulated depreciation					
At 1 March 2016	2.0	4.2	2.6	1.1	9.9
Charge for the financial year	0.2	0.2	0.1	1.1	1.6
Disposals	–	–	–	(1.2)	(1.2)
At 28 February 2017	**2.2**	**4.4**	**2.7**	**1.0**	**10.3**
Net book amount					
At 28 February 2017	**0.1**	**0.3**	**0.1**	**3.5**	**4.0**
At 29 February 2016	0.3	0.2	0.1	3.8	4.4

Assets held under finance lease arrangements have the following net book value;

	Motor vehicles £'m
Net book amount at 28 February 2017	**3.5**
Net book amount at 29 February 2016	3.8

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

10. Intangible assets

	Goodwill £'m	Intangible assets £'m	Software £'m	Total £'m
Cost				
At 1 March 2016	21.5	4.2	0.7	26.4
At 28 February 2017	**21.5**	**4.2**	**0.7**	**26.4**
Accumulated amortisation				
At 1 March 2016	19.7	4.2	0.7	24.6
At 28 February 2017	**19.7**	**4.2**	**0.7**	**24.6**
Net book amount at 29 February 2017	**1.8**	**-**	**-**	**1.8**
Net book amount at 29 February 2016	1.8	–	–	1.8

Goodwill

Goodwill is not amortised, but is reviewed annually for indications of impairment or more frequently if there are indications that it may be impaired. The carrying amount of goodwill has been tested for impairment at 28 February 2017. The carrying value of goodwill in Accident Exchange Limited was written down to £nil in 2013. No impairment has been made to the carrying value of goodwill related to DCML Limited (2016: £1.1 million), leaving a net book value of £1.8 million at 28 February 2017 (2016: £1.8 million).

Testing of impairment has been carried out by allocating goodwill to the relevant cash generating units ("CGUs") and assessing the recoverable amount for each CGU based on value in use calculations. These calculations use cash flow projections based on forecast operating results covering a three-year period.

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

A pre-tax discount rate of 10% has been used to discount the forecast cash flows of DCML Limited. This is derived from the Group's weighted average cost of capital, adjusted for risks specific to DCML. The cash flow forecasts have been extrapolated beyond their three-year period using 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.

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

10. Intangible assets (continued)

The carrying amount of goodwill analysed by CGU is as follows:

	Date of acquisition	**2017 £'m**	2016 £'m
Accident Exchange Limited	16 April 2004	**-**	-
DCML Limited	5 May 2006	**1.8**	1.8
		1.8	1.8

Software

Internally generated software development costs that meet the recognition criteria of IAS 38 – 'Intangible Assets' are capitalised at cost and amortised on a straight-line basis over their estimated useful economic life of five years.

Intangible assets

Assets in this class are amortised over their estimated useful lives on a straight-line basis. This class comprises the following items:

- customer and supplier contracts and relationships arising upon acquisition of DCML Limited; and
- internally generated development costs within In-Car Cleverness Limited.

Customer contracts and relationships and supplier contracts and relationships arising upon the acquisition of DCML Limited have been estimated by the Directors to have useful lives of ten years and six years respectively.

11. Trade and other receivables

	2017 £'m	2016 £'m
Trade receivables	**28.7**	33.1
Settlement Adjustment	**-**	(1.5)
Trade receivables - net	**28.7**	31.6
Other receivables	**0.6**	0.5
Prepayments and accrued income	**0.9**	1.0
	30.2	33.1

Trade receivables represent amounts receivable for the provision of services to customers. The expected adjustments arising on the settlement of receivables represents a critical judgement made by the Directors. The Directors have estimated the value of trade receivables to reflect the expected settlement amounts receivable on the basis of the prior experience of collection levels and anticipated collection profiles.

Credit risk

Credit risk arises on trade receivables due to their magnitude and the nature of the claims settlement process. The Group recovers its charges for vehicle hire and the costs of repair of customers' vehicles from the insurer of the fault party to the associated accident or, in a minority of claims, from the at-fault party direct where they are a self-insuring organisation. However, claims against motor insurance companies or self-insuring organisations can be subject to dispute which may result in financial loss to the Group.

The Group manages this risk by ensuring that vehicles are only placed on hire and repairs to customers' vehicles carried out after a validation process that ensures to the Group's satisfaction that liability for the accident rests with another party. In the normal course of its business, the Group uses two principal methods to conclude claims: by negotiation with the insurer of the at-fault party and by litigation. A proportion of these claims settle before or on the threat of litigation, but where they do not, formal proceedings are issued.

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

11. Trade and other receivables (continued)

As trade receivables carry no contractual 'due date' the term 'past due' used in IFRS 7 is not considered relevant in the Group's circumstances and does not reflect the manner in which the Board considers credit risk. The Board reviews trade receivables according to the status of the claim through the in-house and solicitor processes and, in particular for claims sent to solicitors, whether they are 'pre-issue' or whether proceedings have formally been issued. The Group now targets the transfer of trade receivables from the in-house to the solicitor process by 120 days or sooner. An analysis of trade receivables based on these classifications is given below:

		2017		2016
	£'m	**%**	£'m	%
Between 1 and 120 days old				
In-house	**9.1**	**78.5%**	10.6	88.0%
At solicitors				
Pre-issue	**1.8**	**15.5%**	0.8	7.0%
Proceedings issued	**0.7**	**6.0%**	0.6	5.0%
	11.6	**100.0%**	12.0	100.0%
More than 120 days old				
In-house	**4.8**	**27.3%**	7.8	35.0%
At solicitors				
Pre-issue	**7.8**	**44.3%**	6.4	29.0%
Proceedings issued	**5.0**	**28.4%**	8.0	36.0%
	17.6	**100.0%**	22.2	100.0%
Total before impairment				
In-house	**13.9**	**47.6%**	18.4	54.0%
At solicitors				
Pre-issue	**9.6**	**32.9%**	7.2	21.0%
Proceedings issued	**5.7**	**19.5%**	8.6	25.0%
	29.2	**100.0%**	34.2	100.0%
IAS 39 effective interest deduction**	**(0.5)**	**-**	(1.1)	-
Settlement Adjustment	**-**	**-**	(1.5)	-
	28.7	**-**	31.6	-

** The IAS 39 effective interest deduction reflects the finance income inherent in the nominal value of trade receivables.

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

11. Trade and other receivables (continued)

Credit risk is spread primarily across the major UK-based motor insurers in proportion to their respective share of the market. No credit insurance is taken out given the regulated nature of these entities. The Group does not have a significant concentration of credit risk, with exposure spread across a large number of counterparties as shown in the table below:

	2017		2016	
	£'m	**%**	£'m	%
Counterparty				
Insurer 1	**1.9**	**6.5%**	2.2	6.4%
Insurer 2	**1.5**	**5.1%**	2.2	6.4%
Insurer 3	**1.5**	**5.1%**	1.9	5.6%
Insurer 4	**1.5**	**5.1%**	1.8	5.3%
Insurer 5	**1.3**	**4.5%**	1.7	5.0%
Insurer 6	**1.2**	**4.1%**	1.7	5.0%
Insurer 7	**1.1**	**3.8%**	1.5	4.4%
Insurer 8	**1.0**	**3.4%**	1.2	3.5%
Other insurers and self-insured	**17.4**	**59.7%**	19.2	56.1%
	28.4	**97.3%**	33.4	97.7%
Other - non insurer	**0.8**	**2.7%**	0.8	2.3%
	29.2	**100.0%**	34.2	100.0%
IAS 39 effective interest deduction**	**(0.5)**	**-**	(1.1)	-
Settlement Adjustment	**-**	**-**	(1.5)	-
	28.7	**-**	31.6	-

** The IAS 39 effective interest deduction reflects the finance income inherent in the nominal value of trade receivables.

The carrying amount of trade and other receivables are denominated solely in Sterling.

12. Cash and cash equivalents

Cash and cash equivalents consists wholly of cash at bank of £2.9 million (2016: £3.2 million).

The Group has drawn £50.5 million (2016: £46.7 million) of its £50.5 million (2016: £46.7 million) available banking facilities as at 28 February 2017. Total working capital headroom as at 28 February 2017 was £2.9 million (2016: £3.2 million).

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

13. Financial liabilities – borrowings

Details of borrowings are as follows:

	2017 £'m	2016 £'m
Current		
Bank loans	**70.4**	62.9
Finance lease obligations	**2.1**	3.0
	72.5	65.9
Non-current		
Finance lease obligations	**1.7**	1.2
	1.7	1.2
Total borrowings	**74.2**	67.1

Bank loans

At the balance sheet date the Group had a short term credit facility with Arena Limited SPV, LLC ("Arena") in respect of banking facilities of up to £6.8 million. This short term facility carries interest charged at 2.5% monthly.

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 £63.6 million maturing on 31 December 2017 ("Facility"). The Facility carries interest charged at LIBOR plus a minimum of 5.0% and is secured by a fixed and floating charge over certain of the Group's and its subsidiary undertakings' assets.

These loans are stated net of aggregate unamortised issue costs of £nil (2016: £nil). Issue costs of £0.3 million were expensed during the year through finance costs (2016: £0.1 million). The average effective interest rate for the period on these banking facilities and loans was 8.5% (2016: 5.9%).

As set out in Note 27 Events after the balance sheet date, on 14 September 2017 the Group's liability in respect of the Arena facility was extinguished and the Group's liability in respect of the EBFI facility was reduced by £41.1 million, and the terms and maturity date of the residual facility were amended.

Finance lease facilities

Finance lease facilities totalled £3.8 million at 28 February 2017 (2016: £4.2 million) and were fully utilised as at that date and the prior period end.

Finance lease liabilities are payable as follows:

	2017			2016		
	Minimum lease payments £'m	Future finance charges £'m	Present value £'m	Minimum lease payments £'m	Future finance charges £'m	Present value £'m
In less than one year	**2.5**	**0.4**	**2.1**	3.4	0.4	3.0
Between one and five years	**1.9**	**0.2**	**1.7**	1.3	0.1	1.2
	4.4	**0.6**	**3.8**	4.7	0.5	4.2

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. The average effective rate for the financial year was 14.7% (2016: 12.4%). All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

14. Trade and other payables

	2017 £'m	2016 £'m
Trade payables	**12.1**	12.3
Social security and other taxes	**1.3**	1.4
Accrued bank interest	**1.7**	1.3
Accrued expenses	**3.5**	2.7
	18.6	17.7

15. Financial risk management

The Group's operations expose it to a number of financial risks that include liquidity risk, market risk (interest rate risk and price risk) and credit risk.

Given the size of the Group the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Directors are implemented by the finance department.

The Group seeks to recover its rental charges from the insurer of the at-fault party to the road traffic accident. The timing of the receipt of funds is uncertain and can be protracted (see note 11). This is the primary financial risk covered by the Group's financial risk management process and underpins the Directors' financing strategies. The Group actively forecasts, manages and reports cash pledging by its debtors, cash receipts and payments and working capital requirements on a daily, weekly and monthly basis to ensure that it has sufficient funds for its operations.

Interest rate risk

The Group's interest rate risk arises from its borrowings, which are detailed in note 13. The Group's bank loans are issued at variable rates, which expose the Group to cash flow interest rate risk.

All finance lease arrangements are contracted on fixed rate terms at the inception of each individual lease agreement. However, the Group is exposed to cash flow interest rate risk in respect of finance leases as these borrowings are arranged on a vehicle by vehicle basis and the interest rate will therefore vary as vehicles are acquired and disposed.

Interest bearing assets consist of cash balances which earned interest at variable rates.

The Group has in place a policy of minimising finance charges on loan balances via the monitoring and offsetting of cash balances across the Group and by forecasting and financing its working capital requirements. Various hedging strategies were considered during the period, however the Board has decided not to hedge this risk at this time, rather monitor it on an ongoing basis. Hedging instruments may be implemented in the future.

Notes to the Consolidated Financial Statements (continued)
for the year ended 28 February 2017

15. Financial risk management (continued)

Credit risk

The Group is exposed to credit risk in relation to trade receivables (note 11) and cash on deposit (note 12). Where cash is placed on deposit, the Group uses only UK banks approved in advance by the Board and with deposit limits for each institution. All cash and cash equivalents are held with a single bank.

The maximum exposure to credit risk at the reporting date is the carrying amount of cash and receivables.

Price risk

The majority of the Group's cost base reflects the acquisition and financing costs of its vehicles, commissions payable to its referrers, fuel and repair costs, premises and salary costs. No costs are incurred that the Directors consider would be appropriate for the Group to hedge with financial instruments, subject to the comments made above on interest rate management. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

16. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to achieve this objective, the Group may adjust the amount of dividends paid to shareholders, issue new shares, issue new debt or sell assets to reduce debt.

The Group monitors capital risk by reference to the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as shareholders' equity plus net debt.

The gearing ratio was as follows:

	2017 £'m	2016 £'m
Total borrowings (note 13)	**74.2**	67.1
Less: cash and cash equivalents (note 12)	**(2.9)**	(3.2)
Net debt	**71.3**	63.9
Total shareholders' equity	**(51.3)**	(39.5)
Total capital	**20.0**	24.4
Gearing ratio	**356.5%**	261.9%

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

17. Financial instruments

Fair value of financial instruments

Details of the book values and fair values of financial instruments measured at cost or amortised cost are as follows:

	2017		2016	
	Carrying value £'m	**Fair value £'m**	Carrying value £'m	Fair value £'m
Financial assets				
Cash and cash equivalents	**2.9**	**2.9**	3.2	3.2
Claims in progress	**2.5**	**2.5**	2.9	2.9
Trade receivables	**28.7**	**28.7**	31.6	31.6
Other receivables	**0.6**	**0.6**	0.5	0.5
	34.7	**34.7**	38.2	38.2
Financial liabilities				
Accrued expenses	**3.5**	**3.5**	2.7	2.7
Trade payables	**12.1**	**12.1**	12.3	12.3
Bank loans	**70.4**	**70.4**	62.9	62.9
Finance lease obligations	**3.8**	**3.8**	4.2	4.5
	89.8	**89.8**	82.1	82.1

Maturity of financial liabilities

The following tables analyse the Group's remaining contractual maturity for its non-derivative financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, including estimated interest costs yet to be incurred.

2017	**In less than one year £'m**	**In one to two years £'m**	**In two to five years £'m**	**Total £'m**
Accrued expenses	**3.5**	-	-	**3.5**
Trade payables	**12.1**	-	-	**12.1**
Bank loans	**70.4**	-	-	**70.4**
Finance lease obligations	**2.5**	**1.9**	-	**4.4**
	88.5	**1.9**	-	**90.4**

2016	In less than one year £'m	In one to two years £'m	In two to five years £'m	Total £'m
Accrued expenses	2.7	-	-	2.7
Trade payables	12.3	-	-	12.3
Bank loans	62.9	-	-	62.9
Finance lease obligations	3.4	1.3	-	4.7
	81.3	1.3	-	82.6

Notes to the Consolidated Financial Statements (continued)
for the year ended 28 February 2017

18. Deferred tax asset

No deferred tax asset is recognised as at 28 February 2017 (2016: £nil), as it is considered not probable that taxable profits will be available against which deductible temporary differences can be utilised.

The Group has an unrecognised deferred tax asset of £20.9 million at 28 February 2017 (2016: £23.7 million) arising from trading losses, further details of which are shown in note 8.

19. Share capital

	2017 £'m	2016 £'m
Allotted, issued and fully paid		
269,384,959 (2016: 269,384,959) ordinary shares of 5 pence	**13.5**	13.5

Allotments during the financial period

There was no allotment of shares during the year.

Purchase of own shares

There was no purchase of own shares during the year.

Share options over ordinary shares

At 28 February 2017 options to subscribe for 44,159 ordinary shares (2016: 66,781 ordinary shares) at a price of 133.8 pence per share were outstanding under the Group's three equity-settled share option schemes. During the year 9,807 of the options lapsed due to expiry and 12,815 lapsed due to leavers. All options outstanding under these schemes lapsed on 13 August 2017. No further options have been granted since 28 February 2017.

20. Other reserves

Movements in reserves are shown in the Consolidated Statement of Changes in Equity on page 13.

Other reserves comprise the difference of £10.9 million between the market value and the nominal value of shares issued as consideration for the acquisition of Accident Exchange Limited in April 2004, where the Group has taken advantage of the merger relief provisions of section 131 of the Companies Act 1985, and an amount of £0.6 million transferred from share capital upon acquisition of deferred shares, which were subsequently cancelled.

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

21. Share-based payments

The Group operates three share option schemes for the incentivisation of the Executive Directors, management team and employees of the Group. Share options are granted under the recommendation of the Remuneration Committee. No new share options were granted during the financial period.

The Accident Exchange Group Plc Unapproved Share Option Plan (2004) was established during the financial year ended 30 April 2004. The Accident Exchange Group Plc Directors and Senior Executives Long Term Incentive Plan and the Accident Exchange Group Plc Approved Company Share Option Plan (2005) were both established during the financial year ended 30 April 2005.

The number of shares over which options were exercisable as at 28 February 2017 was 44,159. The number of shares over which options were outstanding at 29 February 2016 was 66,781. During the year 9,807 of the options lapsed due to expiry and 12,815 lapsed due to leavers. All options outstanding under these schemes lapsed on 13 August 2017. No further options have been granted since 28 February 2017.

22. Cash generated from/(used in) operations

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Loss for the year	**(11.8)**	(25.9)
Depreciation and other non-cash items:		
Depreciation	**1.6**	1.5
Amortisation of intangible assets	**-**	0.4
Impairment of intangible assets	**-**	1.1
Changes in working capital:		
Increase in inventories	**(0.2)**	-
Decrease in trade and other receivables	**2.5**	12.8
Decrease in claims in progress	**0.4**	4.9
Increase/(decrease) in payables	**0.9**	(2.5)
VAT recovered on fleet additions	**0.4**	0.4
Finance costs	**6.3**	4.0
Tax	**-**	3.8
Cash generated from operations	**0.1**	0.5

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

23. Analysis of movements in net borrowings

(a) Reconciliation of movement in cash and cash equivalents to net borrowings

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
(Decrease)/increase in cash and cash equivalents during the year	**(0.3)**	1.3
Capital element of finance lease payments	**3.2**	1.6
Proceeds from borrowings	**(3.0)**	(3.0)
Repayment of borrowings	**-**	-
Increase in net borrowings resulting from cash flows	**(0.1)**	(0.1)
Inception of finance leases	**(2.8)**	(2.3)
Loan interest capitalised	**(4.2)**	(3.1)
Amortisation of debt issue costs	**(0.3)**	(0.1)
Increase in net borrowings during the year	**(7.4)**	(5.6)
Opening net borrowings	**(63.9)**	(58.3)
Net borrowings at year end	**(71.3)**	(63.9)

(b) Analysis of movement in net borrowings

	As at 1 March 2016 £'m	**Cash flows £'m**	**Non-cash items £'m**	**As at 28 February 2017 £'m**
Cash and cash equivalents	3.2	**(0.3)**	**-**	**2.9**
Bank loans	(50.2)	**(3.0)**	**(0.3)**	**(53.4)**
Finance leases	(4.2)	**3.2**	**(2.8)**	**(3.8)**
Loan interest capitalised	(12.7)	**-**	**(4.2)**	**(17.0)**
Net borrowings	(63.9)	**(0.1)**	**(7.3)**	**(71.3)**

24. Capital commitments

At 28 February 2017 the Group is not committed to any future investments or capital expenditure plans other than the acquisition of vehicles under finance lease arrangements in the normal course of business.

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

There were no capital commitments at the year end (2016: £0.3 million).

Notes to the Consolidated Financial Statements (continued)

for the year ended 28 February 2017

25. Operating leases

The Group operates from various premises, including its Alpha 1 headquarters, occupied under non-cancellable operating leases. The Group also leases vehicles to service a proportion of its fleet requirements.

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

	2017		2016	
	Land and buildings £'m	**Vehicles, plant and equipment £'m**	**Land and buildings £'m**	**Vehicles, plant and equipment £'m**
In one year or less	**2.0**	**4.4**	1.8	1.6
Between one and five years	**6.6**	**2.0**	7.1	6.1
More than five years	**1.0**	**-**	1.1	-
	9.6	**6.4**	10.0	7.7

26. Related party transactions

Transactions between the Company and its subsidiaries are eliminated upon consolidation and not disclosed in these financial statements.

During the year the Group entered into transactions (2016: none) with a number of related entities to receive consultancy services from certain members of the Board of Directors. These transactions are disclosed below:

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Purchases from related parties	**0.5**	-

The key management team consists of the Executive and Non-Executive Directors. Details of their remuneration are set out in note 6 to these financial statements. There were no transactions with any of the key management team during the financial year (2016: one).

Notes to the Consolidated Financial Statements (continued)
for the year ended 28 February 2017

27. Events after the balance sheet date

On 25 May 2017, the Company entered into a series of transactions to restructure the Group. These completed on 14 September 2017. The principal effects of these agreements were as follows:

The Company released its subsidiary company Oops! (RRI) Limited ("Oops") from Oops' obligation to pay the Company £3,119,193;

The Company released its subsidiary company APU Limited ("APU") from APU's obligation to pay the Company £1,358,141;

The Company released its subsidiary company In-Car Cleverness Limited ("ICC") from ICC's obligation to pay the Company £1,609,670;

The Company sold all its subsidiary undertakings except Accident Exchange Limited ("AEL") to AEL for a combined consideration of £7 which was settled by way of intercompany account;

The Company sold AEL to Eight Bar Financial International S.A.R.L ("EBFI") for a consideration of £30 million which was settled by a reduction in the amount due to EBFI from the Company by £30 million;

£6,797,533 due to Arena Limited SPV, LLC ("Arena") from the Company was novated to AEL and £11,140,748 due to EBFI from the Company was novated to AEL. In each case the consideration being the creation of an obligation for the Company to pay AEL an equal amount;

The obligation of the Company to pay AEL £17,938,281 arising from the novations described above was set off against an equal amount due to the Company from AEL;

Immediately after completion of the restructure the Company had no amounts receivable or payable to its former subsidiaries;

EBFI amended the terms of its facility agreement with the Company such that the Company's obligation to repay amounts due to EBFI under the facility is limited to the Company's share of the proceeds received from the Unlawful Means Conspiracy litigation and the maturity date was extended to 31 December 2020; and

AEL has agreed that for a period of two years from the date of completion it will meet the running costs of the Company. Such costs to include the costs of bookkeeping, registrar services, company secretarial services, audit services and any other services reasonably requested by the Company.

The Company novated all contracts relevant to the performance of the delivery of accident management and other solutions to the automotive and insurance related sector to AEL on or prior to 14 September 2017.

Parent Company Financial Statements

Contents

Independent Auditors' Report to the members of Automotive and Insurance Solutions Group Plc - Parent Company

Report on the parent company financial statements

Our opinion

In our opinion, Automotive and Insurance Solutions Group Plc's parent company financial statements (the "financial statements"):

- give a true and fair view of the state of the parent company's affairs as at 28 February 2017;
- 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 disclosure made in note C2 to the financial statements concerning the group's ability to continue as a going concern. The Company has entered into an agreement with Accident Exchange Limited ("AEL"), who have agreed to meet the Company's obligations as they fall due for a period of two years from 14 September 2017. The ability of AEL to satisfy its own debt covenants, repay the Arena loan before 13 September 2018, and obtain such support from Eight Bar Financial International S.A.R.L. ("EBFI"), AEL's parent company, required to meet its obligations as they fall due, and those of its subsidiary undertakings which includes providing support to the Company, represents a material uncertainty that may cast significant doubt on the ability of AEL and its subsidiary undertakings to continue as a going concern. The receipt by the Company of sufficient resources to meet its obligations from AEL, or from EBFI, also a shareholder of the Company, is therefore uncertain. If sufficient further funding is not provided to the Company by AEL or EBFI, the Company would be unable to meet its obligations. These conditions, along with the other matters explained in note C13 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Parent Company Balance Sheet as at 28 February 2017;
- the Parent Company Statement of Changes in Equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received 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
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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) ("ISAs (UK & 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 parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other

Independent Auditors' Report to the members of Automotive and Insurance Solutions Group Plc – Parent Company (continued)

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.

Responsibilities for the financial statements and the audit (continued)

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 parent 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Other matter

We have reported separately on the group financial statements of Automotive and Insurance Solutions Group Plc for the year ended 28 February 2017. That report includes an emphasis of matter.

Mark L. Smith

Mark Smith
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors
Birmingham
13 October 2017

Parent Company Balance Sheet
as at 28 February 2017

	Note	2017 £'m	2016 £'m
Assets			
Fixed assets			
Tangible assets		**-**	0.2
Investments	C3	**6.4**	6.4
		6.4	6.6
Current assets			
Debtors - amounts falling due within one year	C4	**20.6**	9.8
Debtors - amounts falling due after more than one year	C4	**-**	11.2
Cash at bank and in hand		**0.1**	-
		20.7	21.0
Total assets		**27.1**	27.6
Equity and liabilities			
Capital and reserves			
Called up share capital	C8	**13.5**	13.5
Share premium account		**29.6**	29.6
Capital redemption reserve		**0.6**	0.6
Profit and loss account		**(90.2)**	(81.1)
Total shareholders' deficit		**(46.5)**	(37.4)
Creditors: amounts falling due within one year			
Loans and overdrafts	C5	**70.4**	62.9
Trade and other payables	C6	**3.2**	2.1
		73.6	65.0
Total liabilities		**73.6**	65.0
Total equity and liabilities		**27.1**	27.6

The notes on pages 43 to 50 form part of these financial statements.

These financial statements were approved by the Board on 13 October 2017 and were signed on its behalf by:

Lucy Woods
Director

Parent Company Statement of Changes in Equity

for the year ended 28 February 2017

	Called up share capital £'m	Share premium account £'m	Capital redemption reserve £'m	Profit and loss account £'m	Total Shareholders' Deficit £'m
Balance as at 1 March 2016	13.5	29.6	0.6	(81.1)	(37.4)
Loss for the financial year	-	-	-	(9.1)	(9.1)
Total comprehensive expense for the year	-	-	-	(9.1)	(9.1)
Balance as at 28 February 2017	**13.5**	**29.6**	**0.6**	**(90.2)**	**(46.5)**

	Called up share capital £'m	Share premium account £'m	Capital redemption reserve £'m	Profit and loss account £'m	Total Shareholders' Deficit £'m
Balance as at 1 March 2015	13.5	29.6	0.6	(52.3)	(8.6)
Loss for the financial year	-	-	-	(28.8)	(28.8)
Total comprehensive expense for the year	-	-	-	(28.8)	(28.8)
Balance as at 29 February 2016	13.5	29.6	0.6	(81.1)	(37.4)

The notes on pages 43 to 50 form part of these financial statements.

Notes to the Financial Statements – Parent Company

C1. Authorisation of financial statements and statement of compliance with FRS 101

The Parent Company financial statements for the year ended 28 February 2017 were approved by the Board of Directors on 13 October 2017 and the balance sheet was signed on the Board's behalf by Lucy Woods.

These financial statements were prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101") and in accordance with applicable accounting standards.

The Company's financial statements are presented in Pounds Sterling, its functional currency, generally rounded to the nearest million.

The principal accounting policies adopted by the Company are set out in Note 2. The financial statements have been prepared on the historical cost basis, except for the costs of share-based payments which have been measured at fair value.

C2. Accounting policies

Basis of preparation of financial statements

The Parent Company financial statements have been prepared in accordance with FRS 101 and the Companies 2006 ("the Act"). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that would otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- 101p8(d) & IFRS 7, 'Financial Instruments: Disclosures';
- 101p8(e) & Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- 101p8(f) & Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  i. paragraph 79(a)(iv) of IAS 1;
  ii. paragraph 73(e) of IAS 16 'Property, plant and equipment';
  iii. paragraph 118(e) of IAS 38 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);
- 101p8(g) & The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cashflow statements);
  - 38B-D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134-136 (capital management disclosures).
- 101p8(h) & IAS 7, 'Statement of cash flows'.
- 101p8(i) & Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- 101p8(j) & Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation); and
- 101p89(k) & The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The Directors have considered the impact of the transactions described in the Events after the balance sheet date (full details of which are set out in note C13 to the financial statements), together with other available information. The Company sold all of its subsidiary undertakings together with the business activity of providing accident management and other solutions to the automotive and insurance related sectors to Eight Bar Financial International S.A.R.L. ("EBFI").

Based on the Company's contractual relationships with Accident Exchange Limited ("AEL") and EBFI, together with having held discussions with the directors of AEL and EBFI, the Directors have a reasonable expectation that AEL and/or EBFI will provide sufficient future funding such that the Company will be able to meet its obligations as they fall due.

Notes to the Financial Statements – Parent Company (continued)

C2. Accounting policies (continued)

Basis of preparation of financial statements (continued)

The receipt by the Company of sufficient funding from AEL and/or EBFI is not guaranteed. The ability of AEL to satisfy its own debt covenants, repaying the Arena loan before 13 September 2018, and obtaining such support from EBFI required to meet its obligations, and those of its subsidiary undertakings, as they fall due and hence continue to as a going concern, represents a material uncertainty that may cast significant doubt on the ability of AEL and its subsidiary undertakings to continue as a going concern. These circumstances, and the receipt by the Company of sufficient funding from AEL or EBFI, represents a material uncertainty that may cast significant doubt over the ability of the Company to continue as a going concern. If sufficient further funding is not provided to the Company by either AEL or EBFI, the Company would be unable to continue as a going concern, and adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities as they arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

The Directors have, at the time of approving the financial statements and based on the matters noted above, a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have prepared the financial statements on a going concern basis of accounting.

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented an income statement or a statement of comprehensive income for the Company alone.

A summary of the Company's significant accounting policies is set out below.

Investments

Investments held in subsidiaries in the Company balance sheet are included at cost less provision for impairment.

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and impairment losses.

Intangible assets are amortised on a straight-line basis over their estimated useful economic life and are amortised from the date they are available for use. The rate applicable to acquired software is 20% per annum.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by annual instalments over their expected useful economic lives. The rates generally applicable are:

Leasehold improvements – the shorter of the period of the lease or ten years.

Fixtures and fittings – 25.0%.

Impairment of fixed assets

Intangible fixed assets, tangible fixed assets and fixed asset investments 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.

Employee benefits

Pensions

The Company operates a defined contribution pension scheme for certain employees. The pension costs charged to the profit and loss account represent the amount of the contributions payable to the scheme in respect of the accounting period.

Notes to the Financial Statements – Parent Company (continued)
for the year ended 28 February 2017

C2. Accounting policies (continued)

Share-based payments

The Accident Exchange Group Plc Unapproved Share Option Plan (2004), the Accident Exchange Group Plc Directors and Senior Executives Long Term Incentive Plan and the Accident Exchange Group Plc Approved Company Share Option Plan (2005) allow certain Group employees to acquire shares of the Company (equity-settled share options). All options outstanding under these schemes lapsed on 13 August 2017.

Share options are measured at fair value at the date of grant, which is expensed on a straight-line basis over the vesting period, being the period in which the services are received, based on the Company's estimate of shares that will eventually vest. Where an option is unable to be exercised because vesting conditions are not met (for example, if a non-market based performance target is not met, or the employee leaves the employment) the cost of the options is reversed. However, if the employer cancels the options, the full value of the options is recognised immediately in the profit and loss account. At each balance sheet date before vesting, the cumulative expense is calculated and the movement in the cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in retained earnings.

Fair value is measured using the Black Scholes model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company'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 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 substantively enacted by the balance sheet date. Where assets and liabilities for deferred taxation arise they are not discounted.

Financial assets

Debtors and cash at bank and in hand are the categories of financial asset held by the Company.

Debtors are recognised and carried at the lower of their original value and recoverable amount. If there is evidence that an impairment loss on debtors has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognised in the profit and loss account.

Financial liabilities

All financial liabilities are initially recognised at fair value. Measurement after initial recognition is at amortised cost, with the changes in the carrying amount being taken through the profit and loss account.

Interest bearing borrowings

Interest bearing bank loans and overdrafts are initially recorded at the value of the amount received, net of attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowing on an effective interest basis.

Finance revenue and costs

Interest payable on borrowings and interest income is recognised in the profit and loss account using the effective interest rate method.

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.

Notes to the Financial Statements – Parent Company (continued)

for the year ended 28 February 2017

C2. Accounting policies (continued)

Equity instruments

Equity instruments issued by the Company 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 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 Company's financial statements include:

- estimation of the residual values of tangible fixed assets; and
- assessment of whether the carrying values of financial and non-financial assets have incurred any impairment loss, which requires estimates to be made of future profitability and cash flows, and estimation of an appropriate discount rate.

C3. Investments

	Investments £'m
Cost	
At 1 March 2016 and 28 February 2017	**114.0**
Accumulated impairment	
At 1 March 2016 and 28 February 2017	**107.6**
Net book amount	
At 1 March 2016 and 28 February 2017	**6.4**

The Company's principal subsidiary undertakings to which the investments relate, are wholly owned, registered and incorporated in England and are as shown in the table below. A full list of all subsidiaries is shown in note C12.

Notes to the Financial Statements – Parent Company (continued)
for the year ended 28 February 2017

C3. Investments (continued)

Subsidiary	Nature of business
Accident Exchange Limited	Provision of accident management and other solutions to the automotive and insurance related sectors in the UK
DCML Limited	Provision of business software solutions to the automotive industry

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 its investment in Accident Exchange Limited (2016: £20.4 million); no impairment has been made to the carrying value of its investment in DCML Limited either (2016: £nil).

The key assumptions inherent in the forecasts for Accident Exchange Limited include expected levels of revenue, settlement adjustment rates, cash collections, fleet volume and utilisation, availability of fleet and fleet funding, fleet residual values, and headcount related costs. The key assumptions inherent in the forecasts for DCML 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 10.0% has been used to discount forecast cash flows of both Accident Exchange Limited and DCML Limited. 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.

C4. Debtors

	2017 £'m	2016 £'m
Amounts owed by subsidiary undertakings:		
- Due within one year	**19.7**	9.5
- Due after more than one year	**-**	11.2
Deferred tax asset (note C7)	**-**	0.2
VAT receivable	**0.2**	-
Prepayments and accrued income	**0.7**	0.1
	20.6	21.0

Notes to the Financial Statements – Parent Company (continued)

for the year ended 28 February 2017

C5. Borrowings

	2017 £'m	2016 £'m
Bank loans due within one year	**70.4**	62.9
	70.4	62.9

At the balance sheet date the Company had a short term credit facility with Arena Limited SPV, LLC ("Arena") in respect of banking facilities of up to £6.8 million. This short term facility carries interest charged at 2.5% monthly.

At the balance sheet date the Company had a senior secured credit facility with Eight Bar Financial International S.A.R.L. ("EBFI") in respect of banking facilities of up to £63.6 million maturing on 31 December 2017 ("Facility"). The Facility carries interest charged at LIBOR plus a minimum of 5.0% and is secured by a fixed and floating charge over certain of the Group's and its subsidiary undertakings' assets.

These loans are stated net of aggregate unamortised issue costs of £nil (2016: £nil). Issue costs of £0.3 million were expensed during the year through finance costs (2016: £0.1 million). The average effective interest rate for the period on these banking facilities and loans was 8.5% (2016: 5.9%).

As set out in note C13 Events after the balance sheet date, om 14 September 2017 the Company's liability in respect of the Arena facility was extinguished and the Company's liability in respect of the EBFI facility was reduced by £41.1 million, and the terms and maturity date of the residual facility were amended.

C6. Creditors: amounts falling due within one year

	2017 £'m	2016 £'m
Trade creditors	**0.7**	0.2
Other creditors including taxation and social security	**0.1**	0.4
Accruals and deferred income	**0.7**	0.2
Bank Interest	**1.7**	1.3
	3.2	2.1

C7. Deferred tax

The movement in the Company's deferred tax asset is shown below:

	2017 £'m	2016 £'m
At start of year	**0.2**	0.2
Charge for the financial year	**(0.2)**	-
At end of year	**-**	0.2

No deferred tax asset is recognised at 28 February 2017. During the year the Company derecognised its deferred tax asset as it is considered not probable that taxable profits will be available against which deductible temporary differences can be utilised. At the balance sheet date the Company had unutilised tax losses of £10.5 million (2016: £10.2 million) available for offset against future profits. No deferred tax asset has been recognised in respect of these tax losses due to the unpredictability of future profit streams.

Notes to the Financial Statements – Parent Company (continued)

for the year ended 28 February 2017

C8. Capital and reserves

	2017 **£'m**	2016 £'m
Allotted and fully paid		
269,384,959 (2016: 269,384,959) ordinary shares of five pence	**13.5**	13.5

Allotments during the period

There were no allotments of shares during the financial year.

Purchase of own shares

There were no purchases of own shares during the financial year.

Share options over ordinary shares

At 28 February 2017 options to subscribe for 44,159 ordinary shares (2016: 66,781 ordinary shares) at a price of 133.8 pence per share were outstanding under the Group's three equity-settled share option schemes. During the year 9,807 of the options lapsed due to expiry and 12,815 lapsed due to leavers. All options outstanding under these schemes lapsed on 13 August 2017. No further options have been granted since 28 February 2017.

Capital redemption reserve

The capital redemption reserve comprises an amount of £0.6 million transferred from share capital upon acquisition of the deferred shares, which were subsequently cancelled.

C9. Share-based payments

The Group operates three share option schemes for the incentivisation of the Executive Directors, management team and employees of the Group. Share options are granted under the recommendation of the Remuneration Committee. No new share options were granted during the financial period.

The Accident Exchange Group Plc Unapproved Share Option Plan (2004) was established during the financial year ended 30 April 2004. The Accident Exchange Group Plc Directors' and Senior Executives' Long Term Incentive Plan and the Accident Exchange Group Plc Approved Company Share Option Plan (2005) were both established during the financial year ended 30 April 2005.

The number of shares over which options were exercisable as at 28 February 2017 was 44,159. The number of shares over which options were outstanding at 29 February 2016 was 66,781. During the year 9,807 of the options lapsed due to expiry and 12,815 lapsed due to leavers. No options were exercised during the financial year ended 28 February 2017 (2016: nil). The options outstanding at 28 February 2017 were not exercised and lapsed on 13 August 2017.

C10. Profit and loss account

The Company made a loss of £9.1 million for the financial year (2016: £28.8 million loss).

C11. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 101 in respect of 'Related party transactions' (IAS 24) not to disclose transactions with other group companies.

During the year the Company entered into transactions (2016: none) with a number of related entities to receive consultancy services from certain members of the Board of Directors. These transactions are disclosed below:

	Year ended 28 February 2017 £'m	Year ended 29 February 2016 £'m
Purchases from related parties	**0.5**	–

C12. Subsidiaries

Details of the Company's subsidiaries at 28 February 2017 are as follows:

Subsidiary	Principal activity during the year	% Interest
Accident Exchange Limited	Credit Hire & Accident Management	100.0
DCML Limited	Software & Insurance	100.0
APU Limited	Investigation Services	100.0
In-Car Cleverness Limited	Telematics	100.0
Oops! RRI Limited	Insurance Administration	100.0
Accident Exchange 2004 Limited	Dormant	100.0
AX Finance Limited	Dormant	100.0
AIS (Alpha 1) Limited	Dormant	100.0
AXI Limited	Dormant	100.0
Dealer Car Manager Limited	Dormant	100.0

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

The registered office address of DCML *Limited and* Dealer Car Manager *Limited is*: 1 *Waterloo Court, Waterloo Road, Stockport, Cheshire,* SK1 3DU.

The registered office address of the remaining subsidiaries, namely Accident Exchange Limited, APU Limited, In-Car Cleverness Limited, Oops! RRI Limited, Accident Exchange 2004 Limited, AX Finance Limited, AIS (Alpha 1) Limited, and AXI Limited is: Alpha 1, Canton Lane Hams Hall, Birmingham, West Midlands, B46 1GA.

C13. Events after the balance sheet date

On 25 May 2017, the Company entered into a series of transactions to restructure the Group. These completed on 14 September 2017. The principal effects of these agreements were as follows:

The Company released its subsidiary company Oops! (RRI) Limited ("Oops") from Oops' obligation to pay the Company £3,119,193;

The Company released its subsidiary company APU Limited ("APU") from APU's obligation to pay the Company £1,358,141;

The Company released its subsidiary company In-Car Cleverness Limited ("ICC") from ICC's obligation to pay the Company £1,609,670;

The Company sold all its subsidiary undertakings except Accident Exchange Limited ("AEL") to AEL for a combined consideration of £7 which was settled by way of intercompany account;

The Company sold AEL to Eight Bar Financial International S.A.R.L ("EBFI") for a consideration of £30 million which was settled by a reduction in the amount due to EBFI from the Company by £30 million;

£6,797,533 due to Arena Limited SPV, LLC ("Arena") from the Company was novated to AEL and £11,140,748 due to EBFI from the Company was novated to AEL. In each case the consideration being the creation of an obligation for the Company to pay AEL an equal amount;

The obligation of the Company to pay AEL £17,938,281 arising from the novations described above was set off against an equal amount due to the Company from AEL;

Immediately after completion of the restructure the Company had no amounts receivable or payable to its former subsidiaries;

EBFI amended the terms of its facility agreement with the Company such that the Company's obligation to repay amounts due to EBFI under the facility is limited to the Company's share of the proceeds received from the Unlawful Means Conspiracy litigation and the maturity date was extended to 31 December 2020; and

AEL has agreed that for a period of two years from the date of completion it will meet the running costs of the Company. Such costs to include the costs of bookkeeping, registrar services, company secretarial services, audit services and any other services reasonably requested by the Company.

The Company novated all contracts relevant to the performance of the delivery of accident management and other solutions to the automotive and insurance related sector to AEL on or prior to 14 September 2017.

Notice of Annual General Meeting

Automotive and Insurance Solutions Group Plc (company number 04360804)

Notice is given that the Annual General Meeting of Automotive and Insurance Solutions Group Plc (the "Company") will be held at the offices of Shoosmiths LLP, 2 Colmore Square, 38 Colmore Circus Queensway, Birmingham B4 6BJ on Wednesday 8 November 2017 at 9.00 a.m. for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the Company's financial statements and Directors' and auditors' reports for the year ended 28 February 2017.
2. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which financial statements are laid before the company.
3. To authorise the Directors to determine the remuneration of the auditors.

By order of the Board

Irfan Sadiq
Company Secretary
13 October 2017

Registered office
Alpha 1
Canton Lane
Hams Hall
Birmingham
West Midlands
B46 1GA

Registered in England and Wales No. 04360804

Notes

Entitlement to attend and vote

The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at close of business on 6 November 2017 *(or, if the meeting is adjourned, close of business on the date which is two working days before the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in* respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

Proxies

A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company.

A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

A proxy may only be appointed in accordance with the procedures set out in notes 3 to 5 below and the notes to the proxy form.

The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by photocopying the form. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.

To be valid, a proxy form must be received by post or *(during normal business hours only) by hand at the offices of the Company's registrar, Capita Asset Services, PXS, 34 Beckenham Road,* Beckenham, Kent BR3 4TU, no later than 9.00 a.m. on 6 November 2017 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).

As an alternative to completing the hard copy proxy form, a shareholder may appoint a proxy or proxies electronically by registering electronically at www.signalshares.com or in the case of CREST members, utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Asset Services (IDRA10) no later than 9.00 a.m. on 6 November 2017 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

Automotive and Insurance Solutions Group Plc (the "Company") Company Number 04360804

FORM OF PROXY
ANNUAL GENERAL MEETING

I/We*..(FULL NAME(S) IN BLOCK CAPITALS)

of ______________________________ (ADDRESS IN BLOCK CAPITALS)

____

being (a) member(s) of the above named Company, appoint the Chairman of the meeting OR the following person*:

Name of proxy	Number of shares in relation to which the proxy is authorised to act

(* Please refer to Explanatory Note 2)

as my/our proxy to exercise all or any of my/our rights to attend, speak and vote in respect of my/our voting entitlement on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Shoosmiths LLP, 2 Colmore Square, 38 Colmore Circus Queensaway, Birmingham B4 6BJ at 9.00 a.m. on 8 November 2017 and at any adjournment of the meeting.

☐ Please tick here if this proxy appointment is one of multiple appointments being made.
(For the appointment of more than one proxy, please refer to Explanatory Note 3)

I/We would like my/our proxy to vote on the resolutions to be proposed at the meeting as indicated on this form. Unless otherwise instructed, the proxy can vote as he or she chooses or can decide not to vote at all in relation to any business of the meeting.

Ordinary Resolutions	For	Against	Vote Withheld
1. To receive the Accounts for the 12-month period ended 28 February 2017.			
2. To re-appoint PricewaterhouseCoopers LLP as auditors.			
3. To authorise the Directors to determine the remuneration of the auditors.			

Signed: ______________________________

Dated: ______________________________

Notes:

1. You are entitled to appoint one or more proxies of your own choice to exercise all or any of your rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company. If you appoint more than one proxy, each proxy must be appointed to exercise the rights attached to a different share or shares held by you. You can only appoint a proxy in accordance with the procedures set out in these notes and in the notes to the Notice of Meeting.
2. If you wish to appoint the Chairman of the meeting as your proxy, please leave the space provided blank. If you wish to appoint a proxy other than the Chairman of the meeting, please insert their full name in the space provided. If you sign and return the form with no name in the space provided, the Chairman of the meeting will be deemed to be your proxy in respect of your full voting entitlement. If you are appointing a proxy other than the Chairman of the meeting and wish the proxy to be appointed in relation to less than your full voting entitlement, please enter in the box next to the name of the proxy the number of shares in relation to which they are authorised to act as your proxy. If you sign and return the form and leave this box blank, your proxy will be deemed to be authorised to act in respect of your full voting entitlement (or if this form of proxy has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
3. To appoint more than one proxy, you will need to complete a separate form in relation to each appointment. Additional forms may be obtained by photocopying this form. You will need to state clearly on each form the number of shares in relation to which the proxy is appointed. Please therefore indicate in the box next to the name of the proxy the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. A failure to specify the number of shares each proxy appointment relates to or specifying a number in excess of the number of shares held by you may result in the proxy appointment being invalid.
4. Completion and return of this form of proxy will not preclude you from attending and voting in person at the meeting if you wish. If you do attend the meeting in person, your proxy appointments will automatically be terminated. If you wish a proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman of the meeting and give them the relevant instructions directly.
5. If you want your proxy to vote in a certain way on the resolutions specified, please indicate with an 'X' in the appropriate box above how you wish your vote to be cast. If you fail to select any of the given options, your proxy can vote as he or she chooses or can decide not to vote at all. Your proxy can also do this on any other business which may come before the meeting, including amendments to resolutions and any procedural business.
6. The 'vote withheld' option on this form of proxy is provided to enable you to instruct your proxy not to vote on any particular resolution. However, a vote withheld is not a vote in law and will not be counted in the calculation of the votes 'for' and 'against' a resolution.
7. In the case of a corporation, this form of proxy must be executed under its common seal or signed on its behalf by its duly authorised officer, attorney or other person authorised to sign.
8. In the case of joint holders, only one need sign, but the names of all the joint holders must be stated. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the names appear in the register of members in respect of the joint holding.
9. To be valid, this form of proxy (duly signed and together with any power of attorney or other authority under which it is signed) must be received by post or (during normal business hours only) by hand at the offices of the Company's registrar, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 9.00 a.m. on 6 November 2017 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting).
10. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be transmitted so as to be received by Capita Asset Services (ID RA10) no later than 9.00 a.m. on 6 November 2017 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). Please refer to the notes to the Notice of Meeting for further information on proxy appointments through CREST.
11. You may not use any electronic address provided in this form of proxy to communicate with the Company for any purposes other than those expressly stated.