

Miller International Loss Adjusters Limited
Directors' Report & Financial Statements
31 December 2007
Registered Number 4473541



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Miller International Loss Adjusters Limited

Directors' report and financial statements

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Miller International Loss Adjusters Limited

Directors' report

The directors present their report and the unaudited financial statements of the Company for the year ended 31 December 2007

Principal activity

The principal activity of the Company is the business of Insurance Loss Adjusters. The business was carried on in London and overseas through a branch in Dubai and subsidiaries in Hong Kong and Singapore. The Company also has a 50% shareholding in a Japanese company, Kyoritsu Miller International Adjusting Co Limited, which started trading in 2006.

As explained in Note 21, trading has ceased in Dubai in April 2008 and in London and Hong Kong in May 2008. The Singapore subsidiary was sold in August 2008 and therefore, all group operations have ceased trading except for Kyoritsu Miller International Adjusting Co Limited.

Review of the business

The loss on ordinary activities before taxation amounted to £280,643 (2006 - £184,719). The accounts have not been prepared on a going concern basis due to the disposal of businesses as explained in note 21.

Dividend

The directors do not recommend the payment of a dividend on the equity shares.

Directors

The directors set out in the table below have held office to the date of this report unless stated otherwise.

Malcolm Hughes	(Chairman)
Ian Porton	(Deputy Chairman)
Michael Littleboy	(Managing Director)
Russell Henderson	(resigned 20 February 2008)
Mark Savage	(resigned 7 February 2008)
Angus Bradley	(resigned 28 March 2008)

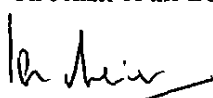
Miller International Loss Adjusters Ltd Founder shares of 0.01p held at 31 December 2007

	No
Malcolm Hughes	222,500
Ian Porton	120,250
Russell Henderson	47,450
Adrian Humphreys	47,450
Michael Littleboy	47,450

The directors do not hold any other classes of shares.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board


I. Meier
Secretary
24 October 2008

Registered office, 16 St Clare Street, London EC3N 1LQ

Miller International Loss Adjusters Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Miller International Loss Adjusters Limited

Company Profit and Loss Account
For the year ended 31 December 2007

	Note	2007 £	2006 £
Turnover	2	1,190,985	1,544,431
Cost of sales		<u>111,733</u>	<u>214,763</u>
Gross Profit		1,079,252	1,329,668
Administrative expenses		<u>(1,318,611)</u>	<u>(1,674,288)</u>
Operating loss	3	(239,359)	(344,620)
Goodwill amortised	9	-	199,112
Provision on investment in subsidiary	11	-	(7,000)
Loss on ordinary activities before interest and taxation		<u>(239,359)</u>	<u>(152,508)</u>
Net interest payable	6	(41,284)	(32,211)
Loss on ordinary activities before taxation		<u>(280,643)</u>	<u>(184,719)</u>
Taxation	7	-	-
Loss on ordinary activities after taxation		<u>(280,643)</u>	<u>(184,719)</u>
Retained loss for the financial period	16	<u>(280,643)</u>	<u>(184,719)</u>
 Statement of total recognised gains and losses For the year ended 31 December 2007			
Loss for the year		(280,643)	(184,719)
Foreign exchange translation differences taken to reserves	17	1,386	9,415
Total losses and gains for the period		<u>(279,257)</u>	<u>(175,304)</u>

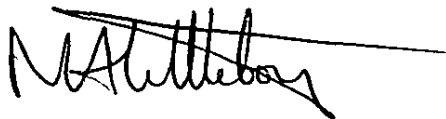
Miller International Loss Adjusters Limited
Company Balance Sheet
At 31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible fixed assets	8	1,191	2,294
Investments	10	113,959	113,959
		<u>115,150</u>	<u>116,253</u>
Intangible fixed assets - goodwill	9	-	-
		<u>115,150</u>	<u>116,253</u>
Current assets			
Work in progress		210,338	318,568
Debtors	12	790,776	926,141
Cash and short term deposits	14	23,989	10,080
		<u>1,025,103</u>	<u>1,254,789</u>
Creditors: amounts falling due within one year			
Borrowings	14	(540,676)	(505,747)
Creditors	13	(421,189)	(354,400)
		<u>(961,865)</u>	<u>(860,147)</u>
Net current assets		<u>63,238</u>	<u>394,642</u>
Total assets less current liabilities		<u>178,388</u>	<u>510,895</u>
Net assets		<u>178,388</u>	<u>510,895</u>
Capital and reserves			
Called up share capital	15	100	100
Capital redemption reserve fund	16	330,000	330,000
Profit and loss account	16	(55,577)	223,680
Shares held by employee benefit trust	16	(96,135)	(42,885)
Shareholders' funds: Equity	17	<u>178,388</u>	<u>510,895</u>

For the years ended 31 December 2007 and 31 December 2006, the company was entitled to exemption from audit under s249A(1) of the Companies Act 1985. The members have not required the company to obtain an audit of its accounts for the year under s249B(2). The directors acknowledge their responsibility for ensuring that the company keeps proper accounting records in accordance with s221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.

Approved by the Board of Directors and signed on its behalf on 24 October 2008

Mike Littleboy
Director



Miller International Loss Adjusters Limited

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements include the London operations and Dubai branch of Miller International Loss Adjusters Ltd and have been prepared in accordance with applicable accounting standards and in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and within the FRSE (effective January 2007). However, the accounts have not been prepared on a going concern basis due to the disposal of businesses as explained in note 21

The assets, including investments in and amounts due from subsidiaries have been valued at their actual or estimated realisable values

Goodwill and intangible assets

In accordance with FRS 10, the negative goodwill arising on the acquisition of a business and of interests in subsidiary undertakings (representing the excess of the fair value of the net assets acquired over the fair value of the purchase consideration and related acquisition costs) is capitalised as a negative intangible asset

Negative goodwill represented by the fair value of non-monetary assets acquired (fixed assets, investments and work in progress) is recognised in the profit and loss account in the periods in which the non-monetary assets are recovered, whether through depreciation or by disposal. Negative goodwill represented by the fair value of monetary assets acquired is recognised in the profit and loss account over four and a half years which is considered to be the period over which the monetary assets are expected to be recovered. 2006 is the last year of this four and half year period

Turnover

Turnover represents amounts invoiced by the Company in respect of services rendered and disbursements recoverable, together with the change in work in progress during the period, attributable to insurance loss adjusting services

Work in progress

Work in progress was valued in the accounts on the basis of 95% of the costed time spent on un-invoiced work and 95% of the cost of disbursements incurred or the value transferred in April and May 2008 (see Note 21)

Depreciation

Depreciation is provided at the following annual rates to write off the assets over their anticipated useful lives

Short leasehold premises	- 20% on the original cost
Office furniture and equipment	- 20% on the original cost
Computers	- 30% on the original cost

The fixed assets relating to the London operation were disposed of for £1 on 1 May 2008 (see note 21) and have therefore been written off

Miller International Loss Adjusters Limited

Notes

(forming part of the financial statements)

Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. All other leases are accounted for as "operating leases" and the rentals are charged to the profit and loss account as incurred.

Deferred taxation

Deferred taxation is provided for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods that differ from those in which they are included in the financial statements.

Pension costs

All pensions schemes are money purchase schemes and contributions are charged to the profit and loss account in the period in which they are due.

Foreign currencies

The Company's transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction and monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange at the balance sheet date. All differences are taken to the profit and loss account.

The accounts of the overseas branch are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken to reserves. All other translation differences are taken to the profit and loss account.

2 Turnover

The principal activity of the Company is loss adjusting and the value of fees earned from claims in the UK and internationally are as follows:

	2007	2006
	£	£
United Kingdom	669,087	694,621
International	521,898	849,810
	<u>1,190,985</u>	<u>1,544,431</u>

Miller International Loss Adjusters Limited

Notes

(forming part of the financial statements)

	2007	2006
	£	£
3 Operating loss		
The operating loss is stated after charging/(crediting)		
Depreciation and other amounts written off tangible fixed assets		
Owned	32,708	56,589
Foreign exchange losses	9,801	24,844
Operating lease charges	72,370	65,566
4 Remuneration of Directors		
Directors' emoluments	360,606	560,671
Directors' pension contributions	40,399	45,533
	<u>401,005</u>	<u>606,204</u>
The aggregate emoluments of the highest paid director in the company were £108,186 (2006 - £138,458)		
Pension contributions paid in respect of the highest paid director in the company were £13,125 (2006 - £17,365)		
Retirement benefits are accruing to the following number of directors under	No	No
Money purchase schemes	<u>3</u>	<u>3</u>
5 Staff number and costs		
The average number of persons employed during the year were	No	No
Directors	3	5
Professional	4	7
Secretarial and administration	5	6
	<u>12</u>	<u>18</u>
The aggregate payroll costs of these persons were	£	£
Wages and salaries	774,769	955,261
Social security costs	84,249	102,539
Other pension costs	71,776	82,577
	<u>930,794</u>	<u>1,140,377</u>

Miller International Loss Adjusters Limited

Notes

(forming part of the financial statements)

	2007 £	2006 £
6 Net interest payable		
Interest payable and similar charges		
On bank loans, overdrafts and other loans within 5 years	41,440	32,501
Interest receivable and similar income		
On bank deposits	(156)	(290)
	<u>41,284</u>	<u>32,211</u>

7 Taxation on loss on ordinary activities

There is no taxation payable on the losses on ordinary activities and tax losses have been carried forward to the next financial year

8 Tangible fixed assets

	Short Leasehold Premises £	Office Furniture & Equipment £	Computers £	Total £
Cost				
At 31 December 2006	20,627	27,427	83,578	131,632
Additions	21,005	731	9,916	31,652
Disposals	(20,627)	-	-	(20,627)
Exchange Difference	-	(143)	(137)	(280)
At 31 December 2007	<u>21,005</u>	<u>28,015</u>	<u>93,357</u>	<u>142,377</u>
Depreciation				
At 31 December 2006	(20,627)	(26,050)	(82,661)	(129,338)
Disposals	20,627	-	-	20,627
Provided for period	(21,005)	(1,612)	(10,091)	(32,708)
Exchange difference	-	115	118	233
At 31 December 2007	<u>(21,005)</u>	<u>(27,547)</u>	<u>(92,634)</u>	<u>(141,186)</u>
Net book amount				
At 31 December 2007	-	468	723	1,191
At 31 December 2006	<u>-</u>	<u>1,377</u>	<u>917</u>	<u>2,294</u>

Miller International Loss Adjusters Limited

Notes

(forming part of the financial statements)

9 Intangible fixed assets – negative goodwill

	£
Negative goodwill	
At 31 December 2006 and 31 December 2007	1,327,503
	<hr/>
Released to profit and loss account	
At 31 December 2006 and 31 December 2007	(1,327,503)
	<hr/>
Net book amount	
At 31 December 2006 and 31 December 2007	-
	<hr/> <hr/>

In 2006, £199,112 was released to the profit and loss account and the goodwill was fully amortised

10 Investments

	£
Fixed assets	
Investment in subsidiary undertakings	
Cost	
At 31 December 2006 and 31 December 2007	154,642
	<hr/>
Provision	
At 31 December 2006 and 31 December 2007	(40,683)
	<hr/>
Net book amount	
At 31 December 2006 and 31 December 2007	113,959
	<hr/> <hr/>

Miller International Loss Adjusters Limited

Notes

(forming part of the financial statements)

11 Subsidiaries % of ordinary shares held

Fixed assets

Miller International Loss Adjusters (Hong Kong) Limited	Incorporated in Hong Kong	100%
Miller International Loss Adjusters (S) Pte Limited	Incorporated in Singapore	100%
Kyoritsu Miller International Adjusting Co Limited	Incorporated in Japan	50%

The above subsidiaries are involved in the business of loss adjusting. The investment in Kyoritsu Miller International Adjusting Co Limited was made on 17 March 2005 at a cost of £25,520, less a provision for diminution in value in 2006 of £7,000.

12 Debtors

	2007	2006
	£	£
Amounts falling due within one year		
Trade debtors	440,461	674,467
Other debtors	22,499	64,985
Prepayments and accrued income	49,768	43,128
Amounts owed by group undertakings	278,048	143,561
	<u>790,776</u>	<u>926,141</u>

13 Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	158,073	172,948
Other creditors	216,553	122,697
Accruals	46,563	58,755
	<u>421,189</u>	<u>354,400</u>

Miller International Loss Adjusters Limited

Notes

(forming part of the financial statements)

14 Net borrowings

	2007 £	2006 £
Amounts falling due within one year		
Bank loans and overdrafts (secured)	(540,676)	(505,747)
Cash and short term deposits	23,989	10,080
Net cash and short term (borrowings)/ deposits	<u>(516,687)</u>	<u>(495,667)</u>

The bank loans and overdrafts are secured by way of a fixed and floating charge over the assets of the Company

15 Called up share capital

	£
Authorised	
<i>Equity</i>	
1,000,000 Founder shares of 0.01p each	100
50,000 Ordinary shares of 0.01p each	5
5,000 A Ordinary shares of 1p each	50
	<u>155</u>
<i>Non Equity</i>	
350,000 No 1 Preference shares of £1 each	350,000
350,000 No 2 Preference shares of £1 each	350,000
	<u>700,000</u>
Allotted, called up and fully paid	
<i>Equity</i>	
611,000 Founder shares of 0.01p each	61
39,000 Ordinary shares of 0.01p each	4
3,500 A Ordinary shares of 1p each	35
	<u>100</u>

The A Ordinary shares are convertible at any time into deferred shares by payment to the holders of such shares of a conversion premium of £25,000 but until such time are entitled to vote and participate *pari passu* with the Founder shares and Ordinary shares

Miller International Loss Adjusters Limited

Notes

(forming part of the financial statements)

16 Reserves

	Capital Redemption Reserve Fund £	Profit & Loss Account £	Share held by EBT £	Total £
At 31 December 2006	330,000	223,680	(42,885)	510,795
Retained loss for year	-	(280,643)	-	(280,643)
Foreign exchange translation differences	-	1,386	-	1,386
Transfer of shares held by EBT	-	-	(53,250)	(53,250)
At 31 December 2007	<u>330,000</u>	<u>(55,577)</u>	<u>(96,135)</u>	<u>178,288</u>

The loans made to the Miller International Loss Adjusters Employee Benefit Trust 2003 ("EBT") to acquire shares are detailed in Note 20

17 Reconciliation of movements in shareholder's funds

	£
Opening shareholders' funds	510,895
Loss for year	(280,643)
Foreign exchange transaction differences	1,386
Transfer of shares held by EBT	(53,250)
	<u> </u>
Increase in shareholders' funds	(332,507)
	<u> </u>
Closing shareholders' funds	<u>178,388</u>

18 Operating lease commitments

Operating lease commitments payable in the following year are as follows

	Land & Buildings £	Other £	Total £
Commitment expiring within One year	16,056	-	16,056
Within two to five years	-	-	-
	<u>16,056</u>	<u>-</u>	<u>16,056</u>

Miller International Loss Adjusters Limited

Notes

(forming part of the financial statements)

19 Capital commitments and contingent liabilities

In respect of the Company there were no material capital commitments at 31 December 2007 (£nil – 31 December 2006). There is a contingent liability in respect of the excess payable to the insurers in respect of two possible claims including expenses, total £80,000, against a subsidiary covered under the group professional indemnity insurance policy. These claims are being defended by the Insurer's lawyers and the directors believe that it is unlikely that these claims will be proven (£nil – 31 December 2006).

20 Employee benefit trust

The Miller International Adjusters Employee Benefit Trust 2003 ("EBT") was formed on 24 September 2003 between the Company and the Trustees, Laytons Trustee Company Ltd to provide incentives to employees through the holding of shares in the company and thereby enhance profitability of the Company's trade. The Company will transfer monies to the EBT from time to time, which will be invested by the EBT pending acquisition of shares for employees.

The Company lent £25,000 to the EBT to acquire 3,500 A Ordinary Shares of 1p each in 2004 and in 2006, the EBT received a further loan from the Company of £17,885 to acquire 47,450 Founder Shares of 0.01p from an employee. In 2007, the Company lent £53,250 to the EBT to acquire 86,450 Founder Shares of 0.01 from employees. The total reductions in shareholders' funds as a result of the consolidation of the EBT on 31 December 2007 was £96,135 (31 December 2006 - £42,885) (Note 16).

21 Post balance sheet events

On 1 May 2008, the Company transferred the business and employees of its London operation to OSG Outsource Services Group Ltd ("OSG"), an Irish company. OSG purchased the London current work in progress and fixed assets and took over the office and future costs as their London branch. The Company retained its investment in subsidiaries, and current debtors and liabilities.

Also in May 2008, the business and majority of employees of Miller International Loss Adjusters (Hong Kong) Ltd were transferred to Cunningham Lindsey International Ltd ("CL"). CL purchased the current work in progress and certain fixed assets. The Hong Kong subsidiary has retained its current debtors and liabilities which will be collected and paid respectively.

On 26 July 2008, the Company sold the fixed and current assets of its Dubai Branch, valued at 16 April 2008, to a third party. The branch has ceased trading.

On 15 August 2008, the Company sold all its shares in Miller International Loss Adjusters (S) Pte Ltd to a local management buyout.

On 15 May 2008, the Company obtained a loan for six months to refinance its bank overdraft. In this period, the Company intends to repay the loan from the realisation of its assets and after settling its liabilities, both in the UK and overseas.