



COMPANY REGISTRATION NUMBER 05052874

**NCI VEHICLE RESCUE PLC**  
**ANNUAL REPORT**  
**31 MARCH 2014**

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COMPANIES HOUSE

**PKF Littlejohn LLP**

Statutory Auditor  
1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

**NCI VEHICLE RESCUE PLC**  
**ANNUAL REPORT**  
**YEAR ENDED 31 MARCH 2014**

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**NCI VEHICLE RESCUE PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 MARCH 2014**

<b>The Board of Directors</b>	Craig Duwell	(Operations Director)
	Neil Richards-Smith	(Managing Director)
	C Richard Jackson MBE DL	(Non-Executive Chairman)
	Craig Astbury	(IT Director)
	Richard Sharman	(Sales Director)
	Paul Barrett	(Finance Director)
<b>Company Secretary</b>	Paul Barrett	
<b>Principal Place of Business</b>	4 <sup>th</sup> Floor, Clarendon House Victoria Avenue Harrogate HG1 1JD	
<b>Registered office</b>	4 <sup>th</sup> Floor, Clarendon House Victoria Avenue Harrogate HG1 1JD	
<b>Independent Auditor</b>	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD	
<b>Corporate Advisors</b>	Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX	
<b>Solicitors</b>	Clarions Solicitors Limited Elizabeth House 13-19 Queen Street Leeds LS1 2TW	
<b>Bankers</b>	Lloyds TSB Bank PLC 8-11 Cambridge Street Harrogate HG1 1PQ	

# **NCI VEHICLE RESCUE PLC**

## **CHAIRMAN'S STATEMENT**

**YEAR ENDED 31 MARCH 2014**

### **Financial Highlights**

- Group Sales £22.17m (2013: £16.93m) - up 31.0%
- Turnover (commission and fees) £8,276,811 (2013: £6,603,528) - up 25.3%
- Gross Profit £5,057,714 (2013: £3,966,813) - up 27.5%
- Profit before tax £1,247,323 (2013: £974,486) - up 28%
- Basic earnings per share 9.23 pence per share (2013: 6.42 pence per share) – up 43.8%

### **Operational Highlights**

- Successful operational management of record sales and profit before tax
- Good Breakdown profitability, further improvement in claims loss ratio
- Continued focus on niche areas within Motor Insurance
- Organic growth in Pet division supplemented with purchase of the AXA and Swiftcover book of business (since the year end)
- Good margin performance in Claims Administration work
- Directors remain confident for the 2015 outlook for the Group

Once again the management team and their colleagues have produced an excellent set of results despite the challenging market conditions. The team has been able to break all records with some very impressive growth figures. The target of adding sales growth of over £5million was ambitious from both from a marketing point of view and an administrative perspective, so we are pleased by the performance. The growth is even more impressive when you consider the motor insurance market has seen a reduction in rates of around 15%.

### **Divisional Performance**

#### **Breakdown**

We have seen a healthy, sustainable increase in our breakdown business through organic growth. Due to the well-publicised volatility in the motor insurance market, NCI will be redoubling efforts to grow our breakdown portfolio over the next financial year. Overall divisional profitability is good, although weather is always a factor and the mild winter has been reflected in the further improved claims loss ratio. Despite our profits being above average, we have decided to adopt a prudent approach and keep our breakdown provision strong. Advancements in our ability to model forward and predict likely results have opened up new schemes and revenue opportunities that were launched in March. These schemes will add useful additional income in the 2014/2015 accounting period.

#### **Motor Insurance**

It has been an extremely challenging period in the motor sector with average premiums in the industry down 15%. Claims savings predicted by insurers following new legislation have, in large, failed to materialise. Lower rates and static claims volumes have meant many of our insurance partners have suffered losses, and this subsequently puts pressure on client selection and permitted volumes

NCI is still building client volumes in niche areas with some success, but our growth, in part, is subject to the appetite from our insurance partners. We have an additional scheme in the pipeline (due to be launched in January 2015) which will add to the two schemes already running. Our ambition of launching a motor scheme every six months has proven difficult due to market conditions worsening since our results last year. We have reassessed this and it is more likely that we will be launching a new motor scheme every twelve months.

# **NCI VEHICLE RESCUE PLC**

## **CHAIRMAN'S STATEMENT**

**YEAR ENDED 31 MARCH 2014**

### **Pet Insurance**

We continue to see healthy growth in this sector, and have added additional income streams during the financial period with the introduction of new schemes and development of existing routes to market. Once again we have seen positive underwriting results, and our insurer partners are keen to work together to grow the account in a sustainable manner.

To augment the organic growth, the Management was pleased to secure the purchase of the AXA and Swiftcover book of business in 2014. This brought some initial acquisition expenses in this period, but the associated revenues will begin to flow from September 2014. The main cost of the purchase will be realised in the first six months of 2014/2015.

New additional opportunities are in the pipeline for 2015 and substantial growth is anticipated for the pet sector, which in part will take pressure of the need to grow the motor account. Our short to medium term plan to grow this sector is being delivered by the Executive team in line with our expectations and will continue throughout 2014/2015.

### **Claims Administration**

We have continued to market our services as Claims Administrators with some success, and we are encouraged by both the response and the achievable margins. The long-term plan to build the amount of business is still appropriate and we anticipate continuing with this strategy in future periods.

Looking forward, we are currently discussing a number of opportunities with potential clients, and will continue focusing on reaching the ambitious targets we have set ourselves. Contracts generally take a long time to negotiate, and there is often an initial test period before contracts are awarded. Once contracts are agreed they tend to be for three to five years, which gives security to both parties.

### **Outlook**

Directors have identified the current volatility in the motor insurance market as a potential risk to future growth and have proactively instigated measures to reduce this risk. In short, we will progressively seek to re-balance the business to reduce the reliance on motor insurance and insulate against the potential difficulties. To achieve this re-balance we will increase the breakdown and pet lines, and, as planned, add household insurance in November.

Our financial position is strong and the Board believes further acquisitions will not only augment organic growth, but be a great benefit in adding operational resource and attractive affinity schemes. We hope to make a further acquisition within this financial year (2014/2015); however the business fit has got to be strategically appropriate as we do not want to move away from our core skills.

The Directors have confidence that the business will continue to do well over the future periods with good levels of growth in key areas. Although challenges will always arise, we have a great team of people able to deal with them and execute on our ambitious plans to achieve our ultimate goals.

# **NCI VEHICLE RESCUE PLC**

## **STRATEGIC REPORT**

### **YEAR ENDED 31 MARCH 2014**

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

#### **Business Review and Future Developments**

The principal activity of the group in the year under review was the provision of vehicle breakdown and insurance services, of which the performance for the year has been considered in more detail in the Chairman's report on pages 2 to 3.

#### **Group Result**

Profit on ordinary activities before taxation increased by £272,837 (28.0%) to £1,247,323, with Gross Sales increasing by 31.0% from £16.93m to £22.17m with statutory turnover (commission and fees) increasing by 25.3% from £6,603,528 to £8,276,811.

Commentary on the performance of the individual segments is included in the Chairman's Statement on page 2 to 3 and segmental analysis in note 2 to the accounts.

#### **Future outlook**

Information on future developments is contained in the Chairman's report on pages 2 to 3, which is incorporated in this report by reference.

#### **Principal risks and uncertainties**

The Group operates a risk management system that evaluates and priorities risks and uncertainties. This is principally a function of the Board of Directors lead by the Executive team with oversight by the Audit Committee.

Financial risk management policies adopted by the group are disclosed in note 18 along with the principal risks and uncertainties, which have been identified by management as facing the group. Additional risks and uncertainties, which are not currently known or are deemed immaterial, may also have a material impact on the group. The following have been identified as the more significant risks to the group:

- We are subject to a broad spectrum of regulatory requirements in each of the markets in which we operate and failure to comply with these regulatory requirements could result in us having to suspend either temporarily or permanently certain activities.
- A significant reduction in our main routes to market could have a significant impact on customer and policy numbers.
- If we were unable to access sufficient insurance capacity for our products, this could have a significant impact on future commission income
- Our reputation is heavily dependent on the quality of our customer service. Any failure to meet our service standards or negative media coverage of poor service could have a detrimental impact on customer and policy numbers.

**NCI VEHICLE RESCUE PLC**  
**STRATEGIC REPORT**  
**YEAR ENDED 31 MARCH 2014**

- Our ability to meet growth expectations and compete effectively is, in part, dependent on the skills, experience and performance of our personnel. The ability to attract, motivate or retain key talent could impact on our overall business performance.
- The group depends on the continued contribution of key management, and the loss of a significant member of the management team could adversely effect the business.

**Key performance indicators**

The directors monitor the Group's progress against its strategic objectives and the financial performance of the Group's operations on a regular basis. Details of the most significant key performance indicators (KPIs) used by the Group are as follows:

*Gross sales (growth)*

NCI views changes in the market as an opportunity to grow, and to use its profits and its ability to develop and produce innovative products, services and solutions that satisfy emerging customer needs. Growth comes from taking considered risks, based on the state of the industry and the market that we operate in.

For the year ended 31<sup>st</sup> March 2014, Gross sales increased by 31.0% from £16.93m to £22.17m, which provides a foundation for future growth.

*Profitability*

In order to be successful, NCI needs to achieve sufficient profit to finance growth, create value for the Group's shareholders and provide resource to achieve any of the Group's other objectives. For the year ended 31<sup>st</sup> March 2014, gross profit increased by 27.5% from £3,966,813 to £5,057,714 and profit before tax was up 28.0% at £1,247,323.

*Cash at bank and in hand*

Increasing available cash is key to achieving our long term goals, whether making corporate acquisitions or books of business, and cash balances increased by 40.4% in the last financial year.

Signed on behalf of the directors



PM Barrett

Company Secretary

Approved by the directors on 13 October 2014

# NCI VEHICLE RESCUE PLC

## THE DIRECTORS' REPORT

### YEAR ENDED 31 MARCH 2014

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 31 March 2014.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company was that of a holding company.

The principal activities of the group are the provision of vehicle breakdown and insurance services.

A review of the group's activities and performance for the year and its prospects for 2014 to 2015 is contained in the chairman's statement in pages 2 and 3.

#### FUTURE DEVELOPMENTS

A review of the business and future prospects is set out in the chairman's statement on pages 2 and 3.

#### RESULTS AND DIVIDENDS

The Group's profit for the year, after taxation, amounted to £947,307. Particulars of dividends paid are detailed in note 10 to financial statements.

On 25 September 2014 the Directors paid a dividend of £0.013p per share totalling £132,559.74

#### FINANCIAL INSTRUMENTS

Details of the group's financial risk management objectives and policies are included in note 18 to the financial statements.

#### THE DIRECTORS AND THEIR INTERESTS

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

	Ordinary Shares of £0.01 each	
	At 31 March 2014	At 1 April 2013
Neil Richards-Smith	2,480,770	2,480,770
Craig Duwell	2,127,055	2,495,055
C Richard Jackson	616,217	335,217
Richard Sharman	536,375	530,475
Paul Barrett	115,100	55,100
Craig Astbury	94,975	94,642

#### SUBSTANTIAL SHAREHOLDINGS

As at the date of signing the accounts, the directors were aware of the following shareholdings in excess of 3% in the company's issued share capital.

	Number of ordinary shares	Percent of issued ordinary share capital
Neil Richards-Smith	2,406,542	23.60%
Craig Duwell	2,061,441	20.22%
Cardale Nominees Limited	1,201,212	11.78%
Pershing Nominees Limited	953,834	9.35%
C R Jackson	706,217	6.93%
Richard Sharman	525,875	5.16%
Giltspur Nominees Limited	498,000	4.88%
T Larman	433,333	4.25%



# **NCI VEHICLE RESCUE PLC**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 31 MARCH 2014**

### **DIRECTORS**

The Board comprises:

#### ***Craig Duwell, Operations Director***

Craig began his career in 1989 at Swinton Insurance in a junior position progressing to a sales advisor trained on all aspects of insurance products sold by the company. Craig joined the Batley branch in 1991 as Assistant Manager. In 1992 he became a relief manager servicing several branches within the Yorkshire area. In 1993 Craig joined Swire Renshaw as a sales advisor within the Hondacare motor insurance division selling motor insurance to Honda owners. He became team leader in 1994 and Section Head of the Hondacare Insurance Advisers in 1995 responsible for 19 advisors. In 1996 he was selected to head Swire Renshaw's direct arm as the company branched out into a new market. He was later promoted to the business development department to work alongside Mr Richards-Smith in developing the First Secure brand. Craig left Swire Renshaw in March 2000 to set up NCI Consultants with Neil Richards-Smith.

#### ***Neil Richards-Smith, Managing Director***

Neil began work in 1986 as an office junior at Swinton Insurance and quickly progressed through the positions of Office Clerk, Assistant Manager of the Leeds city centre branch to become the Manager of the Thornaby branch of Swinton. With nine staff, Neil ensured the smooth running and profitability of the branch, staff training, promotion, recruitment and disciplinary procedures. In 1993 Neil joined Swire Renshaw as an area sales representative promoting motor manufacturer insurance schemes throughout the dealer networks for Honda cars, Honda bikes and Daihatsu cars. Neil was also responsible for presentations to the manufacturers and dealer conferences. In 1996 Neil became a Commercial Account Executive responsible for producing new commercial clients for Swire Renshaw and servicing existing policyholders with medium sized insurance policies. Neil was promoted to First Secure Development Manager in 1998 responsible for running the department and controlling the staff schedule of dealer visits, dealing with manufacturers and principals of the existing insurance schemes as well as the capture of new schemes to grow the portfolio of affinity and manufacturer schemes. Neil left Swire Renshaw in March 2000 to set up NCI Consultants with Craig Duwell.

#### ***Craig Astbury, IT Director***

Craig joined NCI Vehicle Rescue PLC in October 2008 as head of group IT. Prior to joining the company, Craig spent 4 years at Wonder Media Ltd as IT director where he worked as a consultant for a number of Insurance Brokers.

#### ***C Richard Jackson MBE, Non-Executive Chairman***

Richard is a Yorkshire-based businessman and entrepreneur. His business life has been spent in clothing manufacturing and retailing, motor retail of both volume and specialist vehicles and more recently in the healthcare sector.

#### ***Richard Sharman, Sales Director***

Richard joined the Board in September 2011 as Sales Director and is responsible for sales across all divisions and products. Richard has over twenty years' experience in the industry and brings significant knowledge to the group as head of the sales division.

#### ***Paul Barrett BA FCA, Finance Director***

Paul joined the Board in September 2011 as Finance Director. He previously worked at KPMG, where he specialised in insurance and SMEs. After leaving KPMG, Paul worked for Bradford Pennine Insurance (a subsidiary of Sun Alliance) as Finance Manager. After working for the UK subsidiaries of large European corporates, he was appointed Finance Director of a local insurance broker from 2008 to 2013.

# **NCI VEHICLE RESCUE PLC**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 31 MARCH 2014**

### **FINANCIAL RISK MANAGEMENT**

The group has a simple capital structure and its principal financial asset is cash. The group has no material exposure to market risk or currency risk, and the directors manage its exposure to liquidity risk by maintaining adequate cash reserves.

### **POLICY ON THE PAYMENT OF CREDITORS**

The group's policy is to pay all creditors in accordance with contractual and legal obligations. Advantage is taken of available discounts for prompt payment whenever possible.

The rate, expressed in days, between the amounts invoiced to the group by its suppliers in the year and the amount owing to trade and other creditors at the year end was 30 days (2013: 28 days).

### **CORPORATE GOVERNANCE**

The company's shares are traded on the ICAP Securities & Derivatives Exchange (ISDX). ISDX is a market operated by The ICAP Securities & Derivatives Exchange Limited incorporating a primary market for shares of small and medium-sized companies. The ICAP Securities & Derivatives Exchange Limited is a recognized Investment Exchange under the Financial Services and Markets Act 2000, a recognised Stock Exchange under S1005(1)(b) Income Tax Act 2007 and a member of the ICAP Group.

### **INTERNAL CONTROL**

The directors acknowledge their responsibilities for the group's system of internal control. The board considers major business and financial risks. All strategic decisions are made by the board. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the directors believe that the systems for internal control established within the group are appropriate to the business.

### **AUDIT COMMITTEE**

The company has an Audit Committee which meets at least twice each year, comprising the directors and non-executive director of the company. The Audit Committee is responsible for ensuring that the group's financial performance is properly monitored, controlled and reported. It also meets the auditors and reviews reports from the auditors relating to financial statements and internal control systems. The Audit Committee meets once a year with the auditors, without executive board members being present.

### **REMUNERATION COMMITTEE**

The company has established a Remuneration Committee which is responsible for reviewing the performance of the executive directors, setting their remuneration, considering the grant of the options under any share option scheme and in particular the price per share and the application of performance standards which may apply to any such grant.

### **GOING CONCERN**

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and Chairman's Statement. The financial position of the group, its cashflows and liquidity position are disclosed within these financial statements. Note 18 to the financial statements include the group's objectives for managing its financial risk.

The group has considerable resource and the directors believe that the group is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# NCI VEHICLE RESCUE PLC

## THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2014

### PROVISION OF INFORMATION TO AUDITOR

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### DONATIONS

During the year the group made the following contributions:

	2014	2013
	£	£
Charitable donations	<u>10,383</u>	<u>9,187</u>

### AUDITOR

The auditor, PKF Littlejohn LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Registered office:  
4<sup>th</sup> Floor, Clarendon House  
Victoria Avenue  
Harrogate  
HG1 1JD

Signed by order of the Directors



NEIL RICHARDS-SMITH  
Director

Approved by the Directors on 13 October 2014

**NCI VEHICLE RESCUE PLC**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**YEAR ENDED 31 MARCH 2014**

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

Company law requires directors to prepare financial statements for each year. Under that law, directors have elected to prepare group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the state of affairs of the group and company and the profit and loss of the group for that year. In preparing those 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time financial position of the company and that 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

# **NCI VEHICLE RESCUE PLC**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NCI VEHICLE RESCUE PLC**

**YEAR ENDED 31 MARCH 2014**

We have audited the group and parent company financial statements ("the financial statements") of NCI Vehicle Rescue Plc for the year ended 31 March 2014 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on pages 8 & 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and Parent company's affairs as at 31 March 2014 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- The group financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

# NCI VEHICLE RESCUE PLC

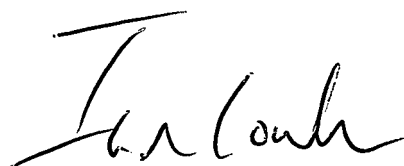
## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NCI VEHICLE RESCUE PLC

YEAR ENDED 31 MARCH 2014

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



IAN COWAN  
(Senior Statutory Auditor)  
For and on behalf of  
PKF LITTLEJOHN LLP  
Statutory Auditor

16 October 2014

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

# NCI VEHICLE RESCUE PLC

## GROUP PROFIT AND LOSS

31 MARCH 2014

	Note	2014 £	2013 £
<b>GROUP TURNOVER</b>	<b>2</b>	<b>8,276,811</b>	6,603,528
Cost of sales		(3,219,097)	(2,636,715)
<b>GROSS PROFIT</b>		<b>5,057,714</b>	3,966,813
Administrative expenses		(3,824,083)	(2,751,800)
<b>OPERATING PROFIT</b>	<b>3</b>	<b>1,233,631</b>	1,215,013
Interest receivable		13,692	9,498
Amounts written off investments	6	–	(250,000)
Interest payable and similar charges	7	–	(25)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,247,323</b>	974,486
Tax on profit on ordinary activities	8	(300,016)	(311,322)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>947,307</b>	663,164
<b>EARNINGS PER SHARE</b>			
Basic earnings per share	23	9.23p	6.42p
Diluted earnings per share	23	8.91p	6.21p

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

The Company has no recognised gains or losses in the year other than the profit for the year.

The notes on pages 17 to 32 from part of these financial statements.

# NCI VEHICLE RESCUE PLC

## GROUP BALANCE SHEET

31 MARCH 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Intangible assets	11	125,157	133,510
Tangible assets	12	249,318	164,709
		<u>374,475</u>	<u>298,219</u>
<b>CURRENT ASSETS</b>			
Debtors	14	1,938,436	1,444,277
Cash at bank and in hand		2,711,359	1,930,676
		<u>4,649,795</u>	<u>3,374,953</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	<u>(3,030,903)</u>	<u>(2,293,654)</u>
<b>NET CURRENT ASSETS</b>		<u>1,618,892</u>	<u>1,081,299</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,993,367</u>	<u>1,379,518</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	16	<u>(33,244)</u>	<u>(19,980)</u>
		<u>1,960,123</u>	<u>1,359,538</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	22	101,800	103,550
Share premium account	24	649,107	649,107
Share options reserve	24	63,722	41,894
Capital redemption reserve	24	1,750	—
Profit and loss account	24	1,143,744	564,987
<b>SHAREHOLDERS' FUNDS</b>	25	<u>1,960,123</u>	<u>1,359,538</u>

These financial statements were approved by the directors and authorised for issue by the board on 13 October 2014 and are signed on their behalf by:

  
CRAIG DUWELL

  
NEIL RICHARDS-SMITH

Company Registration Number: 05052874

The notes on pages 17 to 31 form part of these financial statements.



# NCI VEHICLE RESCUE PLC

## BALANCE SHEET

31 MARCH 2014

	Note	2014 £	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	12	215,857	118,259
Investments	13	213,003	213,003
		<u>428,860</u>	<u>331,262</u>
<b>CURRENT ASSETS</b>			
Debtors	14	489,922	750,436
Cash at bank and in hand		457,330	67,196
		<u>947,252</u>	<u>817,632</u>
<b>CREDITORS: Amounts falling due within one year</b>	15	(262,426)	(193,181)
<b>NET CURRENT ASSETS</b>		<u>684,826</u>	<u>624,451</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,113,686</u>	<u>955,713</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred taxation	16	(26,571)	(9,325)
		<u>1,087,115</u>	<u>946,388</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	22	101,800	103,550
Share premium account	24	649,107	649,107
Share options reserve	24	63,722	41,894
Capital redemption reserve	24	1,750	–
Profit and loss account	24	270,736	151,837
<b>SHAREHOLDERS' FUNDS</b>	25	<u>1,087,115</u>	<u>946,388</u>

These financial statements were approved by the directors and authorised for issue by the board on 13 October 2014 and are signed on their behalf by:



**CRAIG DUWELL**



**NEIL RICHARDS-SMITH**

Company Registration Number: 05052874

The notes on pages 17 to 31 form part of these financial statements.

**NCI VEHICLE RESCUE PLC**  
**GROUP CASH FLOW STATEMENT**  
**YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	26	1,774,162	1,130,010
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	26	13,692	9,473
TAXATION	26	(467,438)	(45,122)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	26	(171,183)	(97,509)
EQUITY DIVIDENDS PAID		(184,800)	(51,550)
CASH INFLOW BEFORE FINANCING		<u>964,433</u>	<u>945,302</u>
FINANCING	26	(183,750)	13,275
INCREASE IN CASH	26	<u><u>780,683</u></u>	<u><u>958,577</u></u>

The notes on pages 17 to 31 form part of these financial statements.

**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared on a going concern basis under the historical cost convention, except where noted below, and in accordance with applicable accounting standards.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over its expected useful life from the year of acquisition. The results of companies acquired or disposed of are included in the consolidated profit and loss account after or up to the date that control passes respectively. Profits or losses on intra group transactions are eliminated on consolidation. The associated undertaking Follifoot Lane Limited has been excluded from the group's consolidated financial statements as the directors deem it to be immaterial to the group.

**Turnover**

Turnover is derived from ordinary activities, stated net of VAT and comprises sale of vehicle breakdown assistance contracts, commissions and fees due on insurance policies sold during the year and claims administration services.

Income from vehicle breakdown is generally taken at the earlier of the date of breakdown cover being provided to customer or at point of sale.

Brokerage in respect of insurance business is recognised when the company's contractual right to such income is established and to the extent that the Company's relevant obligations under the contracts concerned have been performed. Credit is generally taken at the earlier of either the date of the policy incepting or when the policy placement has been completed and confirmed to the client.

Coverholder's commission arising from the exercise of an underwriting agency by the company is recognised when the right to such commission is established through a contract.

Profit commission arising from the placement of insurance contracts or the exercise of an underwriting agency by the Company is recognised when the right to such profit commission is established through a contract, but only to the extent that a reliable estimate of the amount due can be made. Such estimates are made on a prudent basis that reflects the level of uncertainty involved.

Income from claims administration services are recognised when the right to such income is established through a contract and in line with the provision of services to which they relate.

**Cost of sales**

Cost of sales in relation to vehicle breakdown comprises the total of amounts paid or payable in respect of breakdown assistance obligations and commissions due on the obligations, including an estimate of future amounts payable under assistance contracts in force at the year end.

Cost of sales in relation to insurance business comprises commissions and fees payable to third party intermediaries relating to the provision of such business and costs to cover post placement obligations under these contracts.

**Dividends payable**

Dividends on ordinary shares are recognised in the group's financial statements in the period in which the dividends are approved by the shareholders of the Company (generally in the case of the final dividend) or paid (in the case of interim dividends).

**Pension costs**

The Company operates a defined contribution scheme. The pension charge represents the amounts payable by the Company to the fund in respect of the year.

**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**1. ACCOUNTING POLICIES** *(continued)*

**Goodwill and amortisation**

Goodwill is the difference between amounts paid in the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

In accordance with Financial Reporting Standard number 10 (Goodwill and intangible assets) the carrying value of goodwill is reviewed where there are indications of impairment, on the basis stipulated in Financial Reporting Standard 11 (Impairment of fixed Assets and Goodwill), and adjusted to its recoverable amount.

Goodwill is being amortised over its useful life of 20 years on a straight line basis.

**Tangible fixed assets**

Tangible fixed assets are held at historical cost net of depreciation and provisions for impairment.

**Depreciation**

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Improvements to leasehold property	- Over the period of the lease
Motor vehicles	- 25% reducing balance
Equipment	- 25% reducing balance
Software and website development	- 5 years

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Taxation**

Current tax including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using rates and laws that have been enacted or substantively enacted at the balance sheet date.

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

Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

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

**Share based payments**

In accordance with FRS 20 "Share-based payment", the Group reflects the economic cost of awarding shares and share options to employees by recording an expense in the profit and loss account equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models. The expense is recognised in the profit and loss account over the vesting period of the award.

# NCI VEHICLE RESCUE PLC

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 MARCH 2014

#### 1. ACCOUNTING POLICIES *(continued)*

##### Financial instruments

##### Investments

All investments are initially recorded at cost, being the fair value of the consideration given including acquisition costs associated with the investment. All purchases and sales of investments are recognised using trade date accounting.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the profit and loss account. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is disposed of or until its value is impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

Investments classified as held-to-maturity are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss account when the investments are derecognised, or impaired, as well as through the amortisation process.

Investments are fair valued using quoted market prices, independent appraisals, discounted cash flow analysis or other appropriate valuation models at the balance sheet date.

Investments in subsidiary undertakings are carried at cost in the parent Company's balance sheet at cost less any provision for impairment.

##### Trade and other debtors

Trade and other debtors are recognised and carried forward at amounts receivable less provisions for any doubtful debts. Bad debts are written off when identified as such.

##### Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

#### 2. TURNOVER

The turnover and profit before tax are attributable to the principal activities of the Group. An analysis of turnover is given below:

	2014 £	2013 £
United Kingdom	<u>8,276,811</u>	<u>6,603,528</u>

#### SEGMENTAL ANALYSIS

Class of Business :	Vehicle Rescue		Insurance		Group	
	2014	2013	2014	2013	2014	2013
	£	£	£	£	£	£
Turnover	3,462,361	2,909,299	4,814,450	3,694,229	8,276,811	6,603,528
Profit on ordinary activities before taxation	198,186	146,519	1,049,137	827,967	1,247,323	974,486
Segment net assets	1,235,041	843,193	725,082	516,345	1,960,123	1,359,538

**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**3. OPERATING PROFIT**

Operating profit is stated after charging:

	2014	2013
	£	£
Amortisation	8,353	8,353
Depreciation of owned fixed assets	86,574	57,061
Loss on disposal of fixed assets	–	1,981
Auditor's remuneration		
- as auditor	45,335	48,385
Operating lease rentals payable – land and buildings	78,138	63,601
Operating lease rentals payable – motor vehicles	<u>25,547</u>	<u>2,856</u>

**4. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the group during the financial year was:

	2014	2013
	No	No
Administrative staff	93	65
Management	6	6
	<u>99</u>	<u>71</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	2,200,786	1,534,922
Social security costs	196,841	139,595
Pension costs	33,316	2,871
	<u>2,430,943</u>	<u>1,677,388</u>

**5. DIRECTORS' EMOLUMENTS**

The Directors' aggregate emoluments in respect of qualifying services were:

	2014	2013
	£	£
Emoluments receivable	531,346	410,522
Pension costs	24,051	2,250
	<u>555,397</u>	<u>412,772</u>

As disclosed in Note 20 Transactions with the Directors, £25,500 (2013: £52,894) was paid to directors through service companies rendered to the group.

The number of Directors accruing benefits under a defined contribution scheme are 5 (2013- 3)

**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**5. DIRECTORS' EMOLUMENTS** *(continued)*

**Remuneration of highest paid director:**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Total remuneration (including benefits in kind & share based payments)	<b>127,281</b>	119,077
Pension contribution	<b>6,250</b>	833
	<b><u>133,531</u></b>	<b><u>119,910</u></b>

During the year 8,358 share options were granted to the directors and chairman at an exercise price of £1.105 per share.

**6. AMOUNTS WRITTEN OFF INVESTMENTS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Amount written off investments	<b><u>-</u></b>	<b><u>250,000</u></b>

The company together with its strategic partners had set up a vehicle (Follifoot Lane Limited) to purchase preference shares in Enterprise Insurance PLC in order to create additional insurance capacity for the Group. It is unlikely that this investment will realise a profit and that preference share investment may not be recoverable. Accordingly the Directors having taken into account the available information decided to fully write-off the investment in the previous year. Any subsequent recovery of the investment will be reflected in future years' financial statements.

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other similar charges payable	<b><u>-</u></b>	<b><u>25</u></b>
	<b><u>-</u></b>	<b><u>25</u></b>

**8. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK Corporation tax based on the results for the year at 23% (2013 - 24%)	<b>286,721</b>	306,732
Under provision in prior year	<b>31</b>	5,901
Total current tax	<b><u>286,752</u></b>	<b><u>312,633</u></b>
Deferred tax:		
Origination and reversal of timing differences (note 16)	<b><u>13,264</u></b>	<b><u>(1,311)</u></b>
Total current tax	<b><u>300,016</u></b>	<b><u>311,322</u></b>

**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**8. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 23% (2013 - 24%).

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<b><u>1,247,323</u></b>	<b><u>974,486</u></b>
Profit on ordinary activities at standard rate of tax	<b>286,884</b>	233,877
Expenses not deductible for tax purposes	<b>20,112</b>	75,096
Capital allowances for period in excess of depreciation	<b>(17,274)</b>	335
Under provision in prior year	<b>31</b>	5,901
Marginal relief	<b>–</b>	(1,223)
Other reconciling items	<b><u>(3,001)</u></b>	<b><u>(1,353)</u></b>
Total current tax (note 8(a))	<b><u>286,752</u></b>	<b><u>312,633</u></b>

**9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006 the profit and loss of the parent company is not presented as part of these financial statements.

The profit dealt with in the financial statements of the parent company was £487,449 (2013 – £113,047).

**10. DIVIDENDS**

**Equity dividends**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Paid		
Equity dividends paid	<b><u>184,800</u></b>	<b><u>51,550</u></b>



**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**11. INTANGIBLE FIXED ASSETS**

Group	Goodwill £
<b>COST</b>	
At 1 April 2013 and 31 March 2014	<u>167,068</u>
<b>AMORTISATION</b>	
At 1 April 2013	33,558
Charge for the year	8,353
<b>At 31 March 2014</b>	<u>41,911</u>
<b>NET BOOK VALUE</b>	
At 31 March 2014	<u>125,157</u>
At 31 March 2013	<u>133,510</u>

Goodwill arises from the acquisition of NCI Consultants Limited and the purchase of the remaining 25% share capital of NCI Insurance Services Limited. The goodwill is being amortised evenly over the directors' estimate of its expected useful life of 20 years.

**12. TANGIBLE FIXED ASSETS**

Group	Improvements to Leasehold Property £	Software and Website Development £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>					
At 1 April 2013	119,203	87,710	7,118	104,625	318,656
Additions	52,143	5,664	–	113,376	171,183
Disposals	–	–	(7,118)	–	(7,118)
<b>At 31 March 2014</b>	<u>171,346</u>	<u>93,374</u>	<u>–</u>	<u>218,001</u>	<u>482,721</u>
<b>DEPRECIATION</b>					
At 1 April 2013	40,296	48,775	7,118	57,758	153,947
Charge for the year	34,269	12,245	–	40,060	86,574
On disposals	–	–	(7,118)	–	(7,118)
<b>At 31 March 2014</b>	<u>74,565</u>	<u>61,020</u>	<u>–</u>	<u>97,818</u>	<u>233,403</u>
<b>NET BOOK VALUE</b>					
At 31 March 2014	<u>96,781</u>	<u>32,354</u>	<u>–</u>	<u>120,183</u>	<u>249,318</u>
At 31 March 2013	<u>78,907</u>	<u>38,935</u>	<u>–</u>	<u>46,867</u>	<u>164,709</u>

**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**12. TANGIBLE FIXED ASSETS (continued)**

Company	Improvements to Software and Leasehold Property £	Website Development £	Equipment £	Total £
<b>COST</b>				
At 1 April 2013	119,203	–	72,616	191,818
Additions	52,143	5,664	113,375	171,183
<b>At 31 March 2014</b>	<b>171,346</b>	<b>5,664</b>	<b>185,991</b>	<b>363,001</b>
<b>DEPRECIATION</b>				
At 1 April 2013	40,296	–	33,264	73,560
Charge for the year	34,269	1,133	38,182	73,584
<b>At 31 March 2014</b>	<b>74,565</b>	<b>1,133</b>	<b>71,446</b>	<b>147,144</b>
<b>NET BOOK VALUE</b>				
At 31 March 2014	96,781	4,531	114,545	215,857
At 31 March 2013	78,907	–	39,352	118,259

**13. INVESTMENTS**

Company	Group companies £	Associated undertakings £	Total £
<b>COST</b>			
At 1 April 2013 and 31 March 2014	213,003	250,000	463,003
<b>AMOUNTS WRITTEN OFF</b>			
At 1 April 2013 and 31 March 2014	–	250,000	250,000
<b>NET BOOK VALUE</b>			
At 31 March 2014	213,003	–	213,003
At 31 March 2013	213,003	–	463,003

Subsidiary / Associated undertakings	Holding	Proportion of voting rights and shares held	Nature of business
All held by the company:			
NCI Consultants Limited	Ordinary shares	100%	Vehicle Rescue
NCI Insurance Services Limited	Ordinary shares	100%	Insurance Broking
Vehicle Rescue Network Limited	Ordinary shares	100%	Vehicle Rescue
Sterling Rock Limited	Ordinary shares	100%	Vehicle Rescue
Follifoot Lane Limited	Ordinary shares	33%	Investment Company

Apart from Follifoot Lane Limited, the above subsidiary undertakings have been consolidated in the group financial statements.

**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**14. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	1,743,126	1,244,256	–	–
Amounts owed by group undertakings	–	–	385,644	656,972
VAT recoverable	–	–	2,325	7,979
Other debtors	3,981	17,087	3,984	523
Directors current accounts	1,938	1,407	581	50
Prepayments and accrued income	189,391	181,527	97,388	84,912
	<u>1,938,436</u>	<u>1,444,277</u>	<u>489,922</u>	<u>750,436</u>

The directors benefited from overdrawn loan accounts during the year. At the year end, Mr N Richards-Smith owed £1,357 (2013 - £1,357) and Mr R Sharman owed £581 (2013 - £50). There was no interest charged on these overdrawn accounts.

**15. CREDITORS: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	1,844,696	952,023	80,953	53,692
Other creditors including taxation and social security:				
Corporation tax	129,071	309,757	–	–
PAYE and social security	142,871	143,054	55,218	64,909
Other creditors	137,299	104,942	10,341	9,709
Accruals and deferred income	776,966	783,878	115,914	64,871
	<u>3,030,903</u>	<u>2,293,654</u>	<u>262,426</u>	<u>193,181</u>

Included within accruals and deferred income is an amount of £518,669 (2013: £472,042) to cover future anticipated breakdown costs in respect of unexpired breakdown policies at the year end.

**16. DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Provision brought forward	19,980	21,291	9,325	4,054
Increase / (decrease) in provision (note 8)	13,264	(1,311)	17,246	5,271
Provision carried forward	<u>33,244</u>	<u>19,980</u>	<u>26,571</u>	<u>9,325</u>

**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**16. DEFERRED TAXATION** *(continued)*

The group's liability for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2014		2013	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	39,255	–	26,252	–
Tax losses available	(6,011)	–	(6,272)	–
	<u>33,244</u>	<u>–</u>	<u>19,980</u>	<u>–</u>

The company's liability for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2014		2013	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	32,582	–	15,597	–
Tax losses available	(6,011)	–	(6,272)	–
	<u>26,571</u>	<u>–</u>	<u>9,325</u>	<u>–</u>

**17. SHARE-BASED PAYMENTS**

On 24 September 2013, 6,268 share options were granted to a director, Mr P Barrett and 2,090 to the Chairman, Mr R Jackson. On the 5 February 2013, 119,950 new share options were granted to the directors, on 11 November 2009, 233,333 share options were granted to the directors and on the 24 March 2010, 50,000 share options were granted to the chairman, Mr R Jackson.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

Grant Date	Expiry Date	No. of Ordinary Shares and Price				Total
		29.5p	30.0p	49.5p	110.5p	
11 Nov 2009	11 Nov 2019	188,333	–	–	–	188,333
24 Mar 2010	24 Mar 2020	–	50,000	–	–	50,000
5 Feb 2013	4 Feb 2023	–	–	119,950	–	119,950
24 Sep 2013	23 Sep 2023	–	–	–	8,358	8,358
		188,333	50,000	119,950	8,358	366,641

No share options were exercised or forfeited in the year

**NCI VEHICLE RESCUE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**17. SHARE-BASED PAYMENTS** *(continued)*

These options have been valued, using the Black Scholes method, using the following assumptions:

Number of instruments granted	188,333	50,000	119,950	8,358
Grant date	11 Nov 2009	23 Mar 2010	5 Feb 2013	24 Sep 2013
Exercise date	11 Nov 2012	23 Mar 2013	5 Feb 2016	24 Sep 2016
Expiry dated	10 Nov 2019	22 Mar 2020	4 Feb 2023	23 Sep 2023
Contract term (years)	10	10	10	10
Exercise price	29.5p	30p	49.5p	110.5p
Share price at granting	30.5p	34.5p	49.5p	110.5p
Annual risk free rate (%)	2%	2%	2%	2%
Annual expected dividend yield (%)	0%	0%	0%	0%
Volatility	50%	50%	50%	50%
Fair value per grant instrument	15.95p	19.37p	30.17p	67.35p

The company recognised a charge to expenses of £21,828 (2013: £7,712) relating to equity-settled share-based payment transactions during the year.

The volatility measured at the standard deviation of continuously compounded share returns is based on expectations about volatility and the correlation of share prices in the ISDX market. See note 24 for the total expense recognised in the profit and loss account for share options granted to directors and employees.

**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The group has a simple capital structure and its principal financial asset is cash.

In addition, various other financial assets and liabilities (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

The group has no material exposure to market risk or currency risk.

The group monitors credit risk closely and considers that its current policy of credit checks meets its objectives of managing exposure to credit risk.

The group has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations.

**19. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as set out below.

Group and Company	Motor Vehicles		Land and buildings	
	2014	2013	2014	2013
	£	£	£	£
Operating leases which expire:				
Within 1 year	4,496	—	—	—
Within 2 to 5 years	22,451	—	103,719	88,254
	<u>26,947</u>	<u>—</u>	<u>103,719</u>	<u>88,254</u>

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**20. TRANSACTIONS WITH THE DIRECTORS**

During the year the directors undertook the following transactions:

	Neil Richards-Smith	Craig Duwell	Richard Sharman	Craig Astbury
	£	£	£	£
Opening balance	1,357	–	50	–
Advances in year	–	–	5,000	–
Private expenses	1,793	3,492	1,152	375
Amounts repaid	(1,793)	(3,492)	(5,621)	(375)
Closing balance	<u>1,357</u>	<u>–</u>	<u>581</u>	<u>–</u>
Highest balance	<u>2,069</u>	<u>2,265</u>	<u>5,497</u>	<u>278</u>

During the year the company paid £1,500 (2013: £32,894) to Barrett Laycock Financial Management Limited a company owned by Paul Barrett and £24,000 (2013: £20,000) to CRJ Properties, a company owned by C R Jackson. No amounts were outstanding at the year end, (2013: £2,920 was owed to Barret Laycock Financial Management Limited, a company owned by Paul Barrett.

**21. RELATED PARTY TRANSACTIONS**

The group was under the control of the directors throughout the current and previous year. Mr N Richards-Smith, Mr C Duwell, Mr C Astbury, Mr R Sharman, Mr P Barrett and Mr R Jackson are the managing, operations, IT, sales, finance directors and chairman and together in aggregate the majority shareholders.

During the year the company paid £17,138 (net of VAT) to Wonder Media Limited, a company in which the wife of Mr C Astbury is a director and major shareholder.

During the year the company paid £108,111 in dividends to the Directors.

The company has claimed the exemption available under Financial Reporting Standard 8 "Related Party Disclosures", from disclosing transactions with other Group entities where all subsidiaries that are party to the transaction are wholly owned by a member of the Group.

**22. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2014		2013	
	No	£	No	£
Ordinary shares of £0.01 each	<u>10,179,998</u>	<u>101,800</u>	<u>10,354,998</u>	<u>103,550</u>

During the year the company bought back 175,000 shares for a value of £183,750.

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**23. EARNINGS PER SHARE**

The earnings per share is based upon a profit for the financial year of £947,307 (2013: £663,164) and the weighted average number of shares of 10,267,498 (2013: 10,313,748).

The diluted earnings per share is based upon a profit of £947,307 (2013: £663,164) and on 10,634,139 (2013: 10,672,031) ordinary shares calculated as follows:

	2014 No.	2013 No.
Basic weighted average number of ordinary shares	10,267,498	10,313,748
Dilutive potential ordinary shares:		
Employee share options	366,641	358,283
	<u>10,634,139</u>	<u>10,672,031</u>

**24. RESERVES**

Group	Share premium account £	Capital redemption reserve £	Share options reserve £	Profit and loss account £
Balance as at 1 April 2013	649,107	–	41,894	564,987
Profit for the year	–	–	–	947,307
Equity dividends	–	–	–	(184,800)
Purchase of own shares	–	–	–	(182,000)
Transfer to capital redemption reserve	–	1,750	–	(1,750)
Recognition of equity-settled share-based payments in the year	–	–	21,828	–
Balance as at 31 March 2014	<u>649,107</u>	<u>1,750</u>	<u>63,722</u>	<u>1,143,744</u>

Company	Share premium account £	Capital redemption reserve £	Share options reserve £	Profit and loss account £
Balance as at 1 April 2013	649,107	–	41,894	151,837
Profit for the year	–	–	–	487,449
Equity dividends	–	–	–	(184,800)
Purchase of own shares	–	–	–	(182,000)
Transfer to capital redemption reserve	–	1,750	–	(1,750)
Recognition of equity-settled share-based payments in the year	–	–	21,828	–
Balance as at 31 March 2014	<u>649,107</u>	<u>1,750</u>	<u>63,722</u>	<u>270,736</u>

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**25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

<b>Group</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>947,307</b>	663,164
New ordinary share capital subscribed	–	450
Share premium arising in shares issued	–	12,825
Equity dividends (note 10)	<b>(184,800)</b>	(51,550)
Exercise of share options in the year	–	6,465
Purchase of own shares	<b>(183,750)</b>	–
Recognition of equity-settled share-based payments in the year	<b>21,828</b>	1,247
Net addition to shareholders' funds	<b>600,585</b>	632,601
Opening shareholders' funds	<b>1,359,538</b>	726,937
Closing shareholders' funds	<b>1,960,123</b>	1,359,538

<b>Company</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	<b>487,449</b>	113,047
New share capital subscribed	–	450
Share premium arising in shares issued	–	12,825
Equity dividends (note 10)	<b>(184,800)</b>	(51,550)
Purchase of own shares	<b>(183,750)</b>	–
Exercise of share options in the year	–	6,465
Recognition of equity-settled share-based payments in the year	<b>21,828</b>	1,247
Net addition to shareholders' funds	<b>140,727</b>	82,484
Opening shareholders' funds	<b>946,388</b>	863,904
Closing shareholders' funds	<b>1,087,115</b>	946,388

**26. NOTES TO THE CASH FLOW STATEMENT**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit	<b>1,233,631</b>	1,215,013
Amortisation	<b>8,353</b>	8,353
Depreciation	<b>86,574</b>	57,061
Loss on disposal of fixed assets	–	1,981
(Increase) in debtors	<b>(494,159)</b>	(754,953)
Increase in creditors	<b>917,935</b>	594,843
Salary costs (non cash) in respect of share based payments	<b>21,828</b>	7,712
Net cash inflow from operating activities	<b>1,774,162</b>	1,130,010



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**26. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)*

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Interest received	<b>13,692</b>	9,498
Interest paid	–	(25)
	<hr/>	<hr/>
Net cash inflow from returns on investments and servicing of finance	<b><u>13,692</u></b>	<b><u>9,473</u></b>

**TAXATION**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Taxation	<b><u>(467,438)</u></b>	<b><u>(45,122)</u></b>

**CAPITAL EXPENDITURE**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Payments to acquire tangible fixed assets	<b>(171,183)</b>	(100,533)
Receipts from sale of fixed assets	–	3,024
	<hr/>	<hr/>
Net cash outflow from capital expenditure	<b><u>(171,183)</u></b>	<b><u>(97,509)</u></b>

**FINANCING**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Issue of share capital including premium	–	13,275
Purchase of own shares	<b>(183,750)</b>	–
	<hr/>	<hr/>
Net cash outflow from financing	<b><u>(183,750)</u></b>	<b><u>13,275</u></b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Increase in cash in the year	<b><u>780,683</u></b>	<b><u>958,577</u></b>
Change in net funds	<b><u>780,683</u></b>	<b><u>958,577</u></b>
Net funds at 1 April 2013	<b><u>1,930,676</u></b>	<b><u>972,099</u></b>
Net funds at 31 March 2014	<b><u>2,711,359</u></b>	<b><u>1,930,676</u></b>

**NCI VEHICLE RESCUE PLC**  
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**26. NOTES TO THE STATEMENT OF CASH FLOWS** *(continued)*

**ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 Apr 2013 £	Cash flows £	At 31 Mar 2014 £
Net cash:			
Cash in hand and at bank	1,930,676	780,683	2,711,359
Net funds	<u>1,930,676</u>	<u>780,683</u>	<u>2,711,359</u>

**27. CAPITAL COMMITMENTS**

The company has no capital commitments at the year end.

**28. POST BALANCE SHEET EVENTS**

Since the year-end there has been a reduction in the motor insurance capacity available to the Group, but the Directors are seeking replacement capacity and have secured new income streams to replace the potential lost income on any long term reduced motor insurance capacity.