

Accident Exchange Limited

Annual Report and Financial Statements for the year ended 29 February 2020

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Accident Exchange Limited

Annual Report and Financial Statements Contents Page

Group Strategic Report	3
Directors' Report	7
Independent Auditors' Report	10
Consolidated Profit and Loss Account	13
Consolidated Balance Sheet	14
Consolidated Statement of Cash Flows	15
Consolidated Statement of Changes in Equity	16
Notes to the consolidated financial statements	17
Accident Exchange Limited - Parent Company Report and Financial Statements for the year ended 29 February 2020	37

Accident Exchange Limited

Group Strategic Report

Principal activities

The Group currently comprises two operating divisions:

AX Automotive ("AXA") is focussed on delivering support to motorists in the event that they have suffered a non-fault road traffic accident. Accident management services provided include the recovery of damaged vehicles, the provision of replacement vehicles on credit hire terms and arranging and monitoring the repair of vehicles all with an emphasis on providing market leading customer service.

AX Innovation ("AXI") delivers a suite of technology based products combining intelligent bespoke software with in-car devices and a highly experienced management team to help manage, connect and protect customers vehicles. AXI also provides market leading courtesy car and demonstrator vehicle management systems and insurance solutions to motor dealerships.

Business performance

The Board is pleased to announce that both the AXA and AXI divisions delivered strong growth during the current year which saw Group turnover grow by 37% to £98,945,000 from £72,161,000 and Group operating profit increase by 4% to £6,648,000 from £6,395,000.

Group profit after taxation of £3,772,000 (2018: £3,695,000) has been taken to reserves.

The Board manages the business using three key measures: turnover, gross profit and EBITDA before non-recurring items. EBITDA is defined as earnings before interest, taxation, depreciation and amortisation. The Group's key performance indicators for the year were:

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Turnover	98,945	72,161
Gross profit	28,546	23,348
EBITDA before non-recurring items	9,776	6,395

Reconciliation of Operating profit to EBITDA before non-recurring items

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Operating profit	6,648	6,395
Depreciation	1,276	1,237
Non-recurring items	1,852	(2,331)
EBITDA before non-recurring items	9,776	5,301

Non-recurring charges for the year relate to the estimated dilapidation costs to be incurred when the Group leaves its current headquarters in April 2021 on the expiry its lease which is not being extended and one-off legal costs incurred settling a claim with one of the Group's suppliers.

Accident Exchange Limited

Group Strategic Report

Non-recurring income received in the year ended 28 February 2019 arose from settlement of a claim against certain law firms and their employees and/or partners.

Additional information is contained in note 6 to the consolidated financial statements.

Review of business developments

During the year the Group continued to focus on providing high quality services through AXA and AXI to customers across the automotive sector from manufacturers, dealerships and fleet operators to insurers and insurance brokers, and other participants in the automotive services sector all with an emphasis on industry leading customer service and the development of new services for the automotive sector of the future.

Following a competitive tender process, the Group won a major new contract with the AA to provide mobility solutions to personal members of its breakdown service and AA motor insurance customers who report an accident directly to the AA. Additionally, the Group invested in its sales and marketing functions during the year and the results of this investment have started to be realised as the Group attracts new customers.

Covid-19

Covid-19 has had a significant impact on Group revenues and profitability and how the Group manages the welfare of its people, customers and suppliers.

The first national lockdown announced on 23 March 2020 resulted in an immediate reduction in road traffic volumes of cars and light commercial vehicles of approximately 70%. This reduction resulted in a similar fall in new hire starts. The Group quickly responded to the fall in hires and the corresponding decrease in revenue and cash generation by accessing certain government backed schemes to protect overall cashflow. When the lockdown ended in July road traffic activity levels rebounded quickly but remained lower than those pre Covid-19.

The second and third national lockdowns that came into force on 5 November 2020 and 4 January 2021 respectively had a similar impact to the first however road traffic volumes did not decline as significantly. After the second lockdown ended in early December 2020 AXA referral and hire volumes returned to a level close to 80% of prior year levels. The Group has continued to utilise appropriate government backed schemes to protect its overall cashflow and will be assessing the suitability of any further government support as it is announced.

The welfare of the Group's people, customers and suppliers has been and continues to be paramount throughout this pandemic. In March 2020 the Group proactively purchased sufficient IT equipment to enable the Group to instruct all staff based in an office location that from 17 March 2020 they should work from home and only to attend the office in exceptional circumstances. At the same time frontline staff, principally drivers who deliver replacement cars to customers and staff that have contact with suppliers were issued with comprehensive guidance regarding Covid-19 safety measures and appropriate cleaning materials and personal protective equipment. More recently frontline staff are tested for Covid-19 on a weekly basis. As at the date of this report the Group has not asked staff to return to an office environment.

The business has provided a series of wellness and wellbeing initiatives to its employees including personal counselling for staff and their families, flexing work hours for those with home schooling, childcare or other caring responsibilities. Where possible staff have been supported in sourcing suitable equipment to create a work-space at home.

Accident Exchange Limited

Group Strategic Report

Since the commencement of lockdown measures introduced to control the pandemic the Group has strived to ensure that all customers and especially key workers that had a need for a replacement vehicle were provided with a suitable mobility solution.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are:

Legal risk

The provision of credit hire and associated services continues to be the subject of various legal challenges. The Group believes that its credit hire and repair arrangements fully comply with the law as it currently stands. However, there is a risk that future legal challenges to the legal status of the provision of credit hire and repair services and/or the hire rates charged to customers may adversely impact the performance of the Group.

Competition risk

The Group operates in a competitive industry, to which the barriers to entry are relatively low. 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.

Insurance industry protocols

Certain members of the Association of British Insurers and a number of credit hire organisations have entered into a protocol, the General Terms of Agreement ("GTA"), that sets out 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 and settlement of credit hire claims. The Group is a subscriber to the GTA. The Group has also negotiated bespoke protocols directly with a number of insurers. These arrangements provide more certainty over the conduct of the provision of credit hire services and their settlement. There is no guarantee that the current arrangements between the Group and insurers will persist and the participants may seek alternative arrangements. This could have a materially detrimental effect on the profitability and cash flow of the Group.

Operational risk

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, are designed to ensure that the operational risks associated with its activities are appropriately controlled. Any weakness in the systems, processes or business continuity arrangements could have a negative impact on its results or operations during the affected period.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effect of changes in market prices, the availability of funding to finance vehicle purchases and working capital and the settlement of claims. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group.

Accident Exchange Limited

Group Strategic Report (continued)

Section 172 statement

The Board of Directors, as a group and individually, of the Accident Exchange Limited group believe that they have acted in a way they consider, in good faith, to be most likely to promote the success of the Group for the benefit of its members as a whole in the decisions taken during the year ended 29 February 2020.

The Board meets on a regular basis, usually a minimum of eight times in each financial year, in order to set the strategic direction and objectives of the Group and to monitor progress against those plans.

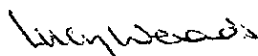
On an annual basis the Board sets out financial targets for the Group. Operational management develop a detailed set of plans designed to maximise the probability that the financial targets identified by the Board are met. The detailed plans include setting objectives regarding winning new referral sources and customers and the retention of existing referral partners and customers, ensuring that at all times the Group has sufficient working capital, and the Group continues to invest in new products and IT platforms. Progress is regularly monitored by the Board.

The Board has a strong belief in the values of the business and cares for the people the Group employs. These values are embedded into the Group's culture and the way staff work. The values are part of all employee assessment processes and training and development plans. The Board is committed to the welfare of the Group's employees and this has been especially so during Covid-19 pandemic through the measures taken to keep staff safe, provide flexible working options and the provision of mental health support. As evidence of this work the Board is proud that the Group won Gold Award for Employee Experience in the Crisis at the UK Customer Experience Awards 2020.

The Board supports the Group's commitment to remain at the forefront of the industry and to provide best in class customer service. In order to influence the direction of the industry the Group participates in a number of industry wide organisations including The Credit Hire Organisation and the British Vehicle Rental and Leasing Association. The Group's commitment to customer service was recognised at the UK Customer Experience Awards 2020 where the Group achieved a silver award for Customer Experience during the Crisis.

The Group is at the forefront of the provision of electric vehicles to motorists that have been involved in a non-fault accident and is continually investing in the expansion of its electric vehicle fleet.

This report was approved by the board and signed on its behalf by:



Lucy Woods
Director
22 February 2021

Accident Exchange Limited

Directors' Report

The Directors present their report and the audited consolidated and parent financial statements of Accident Exchange Limited Group ("the Group") for the year ended 29 February 2020.

Principal activities and future developments

The principal activities and future developments of the Group are described in the Group strategic report on page 3.

Statement of engagement with suppliers, customers and others in a business relationship with the Group

Information in respect of engagement with suppliers, customers and others is included in the Group strategic report.

Results and dividends

The results for the financial year are set out in the Profit and Loss Account on page 13. Operating profit for the financial year was £6,648,000 (2019: £6,395,000) and the Profit for the financial year was £3,772,000 (2018: £3,695,000).

No dividends were paid or proposed by Accident Exchange Limited during the year ended 29 February 2020 (2019: £nil).

Directors and their interests

The following Directors served during the year and up to the date of signing the financial statements.

Holly Neiweem
Thomas Doster IV
Nicola Roy
Lucy Woods

None of the Directors had any disclosable interest in the Company during the year (2019: none).

Directors' and officers' insurance

Directors and officers of the Group are provided with insurance cover against liabilities that may be incurred by them whilst acting as directors or officers. The insurance policy is a qualifying third-party indemnity provision.

Political donations

The Company did not make any political donations during the year (2019: £nil).

Accident Exchange Limited

Directors' Report (continued)

Employees

It is the Group's policy to consider all applicants for employment and promotion 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 adjustments, if required are arranged.

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.

The Board has approved continued investment in training, developing and communicating with the Group's employees. Programmes for employee involvement in innovation and process improvement and a "let's talk" communication initiative have recently been launched.

Going concern

The directors have assessed the future funding requirements of the Group and Company and have compared them to the sources and levels of working capital resources available including cash balances, the receivables financing agreement and the fleet financing lines provided by various parties.

The assessment which was prepared in January 2021 was based on a financial forecast for the 18 month period February 2021 to August 2022. The key assumptions in the financial forecast were:

- current road traffic volumes as impacted by the most recent national lockdown announced on 4 January 2021;
- a gradual increase in road traffic volumes commencing in the second half of April 2021 by which time the government's vaccination program should be well advanced;
- cash collection profiles from third party insurers;
- effect of the utilisation of government backed Covid-19 relief schemes currently in place.

Additionally, the directors considered various plausible downsides together with mitigating actions that could be taken by the Group to limit any adverse consequences.

The receivables financing agreement provides a maximum facility of £13m. The financial forecast referred to above indicates that the Group has a minimum headroom of £2.5m during the financial forecast period. The receivables financing agreement contains a number of financial and reporting covenants and where there is a risk that a covenant may be breached *in the financial forecast period the Group has obtained an appropriate waiver from Leumi ABL Limited*.

Having undertaken this work, the directors are of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

Accident Exchange Limited

Directors' Report (continued)

Appointment of auditors

PricewaterhouseCoopers LLP were reappointed as Company auditors during the year. Their period of office expires upon the signing of these financial statements by the Directors. At the same time the Board will propose their reappointment as auditors.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006

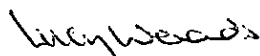
Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

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

On behalf of the Board 22 February 2021.



Lucy Woods
Director

**Accident Exchange Limited
Independent Auditors' Report
to the members of Accident Exchange Limited**

***Independent auditors' report to the members of
Accident Exchange Limited***

Report on the audit of the group financial statements

Opinion

In our opinion, Accident Exchange Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 29 February 2020 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated balance sheet as at 29 February 2020; the consolidated profit and loss account, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Accident Exchange Limited Independent Auditors' Report to the members of Accident Exchange Limited (continued)

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 29 February 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

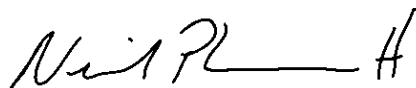
- we have not received all the information and explanations we require for our audit; or
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

**Accident Exchange Limited
Independent Auditors' Report
to the members of Accident Exchange Limited (continued)**

Other matter

We have reported separately on the parent company financial statements of Accident Exchange Limited for the year ended 29 February 2020.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

26 February 2021

Accident Exchange Limited

Consolidated Profit and Loss Account for the year ended 29 February 2020

		Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
	Note		
Turnover	2	98,945	72,161
Cost of sales		(70,399)	(48,813)
Gross profit		28,546	23,348
Administrative expenses		(20,046)	(19,284)
Exceptional administrative (expenses)/ gains	6	(1,852)	2,331
Operating profit	7	6,648	6,395
Interest receivable and similar income		8	7
Interest payable and similar expenses	8	(1,790)	(3,887)
Profit before taxation		4,866	2,515
Tax on profit	9	(1,094)	1,180
Profit for the financial year		3,772	3,695

All results relate to continuing operations.

The notes on pages 17 to 36 form part of these financial statements.

There are no recognised gains or losses other than those shown in the Profit and Loss Account. Accordingly, and therefore, no separate statement of comprehensive income is presented.

Accident Exchange Limited

Consolidated Balance Sheet as at 29 February 2020

	Note(s)	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	10	559	-
Tangible assets	11	3,045	3,757
		3,604	3,757
Current assets			
Inventories		253	259
Debtors	12	37,043	27,137
Cash at bank and in hand	13	1,646	2,061
		38,942	29,457
Creditors: amounts falling due within one year			
Loans and overdrafts	14	(2,721)	(383)
Trade and other payables	15	(20,915)	(18,522)
Net current assets		15,306	10,552
Total assets less current liabilities		18,910	14,309
Creditors: amounts falling due after more than one year	14,16	(13,958)	(13,129)
Net assets		4,952	1,180
Capital and reserves			
Called up share capital	18	1	1
Share premium account		1,165	1,165
Other reserves		101,771	101,771
Merger reserve		(2,230)	(2,230)
Profit and loss account		(95,755)	(99,527)
Total equity		4,952	1,180

The notes on pages 17 to 36 form part of these financial statements.

The financial statements on pages 13 to 36 were approved by the Board of Directors and authorised for issue 22 February 2021 and were signed on its behalf by:

Lucy Woods

Lucy Woods
Director

Accident Exchange Limited
Registered Number: 04141140
Registered Office: Alpha 1 Canton Lane, Hams Hall, Birmingham, West Midlands B46 1GA

Accident Exchange Limited

Consolidated Statement of Cash Flows for the year ended 29 February 2020

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Profit for the financial year	3,772	3,695
Tax on profit	1,094	(1,180)
Net interest expenses	1,782	3,880
Operating profit	6,648	6,395
Depreciation of tangible fixed assets	1,276	1,237
Impairment of intangible assets	62	-
Profit on disposal of fixed assets	(120)	(49)
Working capital movements:		
Decrease in inventory	6	54
(Increase)/ Decrease in debtors	(10,909)	2,410
Increase in creditors	2,951	1,863
Net cash from operating activities	(86)	11,910
Unrealised foreign exchange losses	-	(6)
Corporation tax paid	(26)	(27)
Net cash generated from operating activities	(112)	11,877
Cash flow from investing activities		
Purchase of tangible fixed assets	(793)	(2,167)
Purchase of intangible assets	(621)	-
Proceeds from disposal of fixed assets	1,335	556
Net cash used in investing activities	(79)	(1,611)
Cash flow from financing activities		
Proceeds from issue of shares	-	15
Increases in/ (Settlement of) borrowings	2,765	(6,798)
Hire purchase capital repayment	(1,920)	(2,218)
Hire purchase interest repayment	(480)	(525)
Net bank interest paid	(589)	(881)
Net cash generated from/ (used in) financing activities	(224)	(10,407)
Net decrease in cash and cash equivalents	(415)	(141)
Cash and cash equivalents at the beginning of the year	2,061	2,202
Cash and cash equivalents at the end of the year	1,646	2,061

The notes on pages 17 to 36 form part of these financial statements.

Accident Exchange Limited

Consolidated Statement of Changes in Equity for the year ended 29 February 2020

	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Merger reserve £'000	Retained earnings/ (Accumulated losses) £'000	Total Shareholders' (deficit)/ funds £'000
Balance as at 1 March 2018	1	1,150	101,771	(2,230)	(103,222)	(2,530)
Profit for the year	-	-	-	-	3,695	3,695
Capital changes - new shares issued	-	15	-	-	-	15
Total comprehensive income for the year	-	15	-	-	3,695	3,710
Balance as at 28 February 2019	1	1,165	101,771	(2,230)	(99,527)	1,180
Balance as at 1 March 2019	1	1,165	101,771	(2,230)	(99,527)	1,180
Profit for the year	-	-	-	-	3,772	3,772
Total comprehensive income for the year	-	-	-	-	3,772	3,772
Balance as at 29 February 2020	1	1,165	101,771	(2,230)	(95,755)	4,952

The notes on pages 17 to 36 form part of these financial statements.

Accident Exchange Limited

Notes to the consolidated financial statements

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), and those parts of the Companies Act 2006 applicable to companies reporting under United Kingdom Generally Accepted Accounting Practice.

The financial statements are presented in sterling the functional currency of the Group. Monetary amounts in these consolidated financial statements are rounded to the nearest £'000 unless otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company *and entities controlled by the Company made up to 29 February 2020.*

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.

Going concern

The directors have assessed the future funding requirements of the Group and Company and have compared them to the sources and levels of working capital resources available including cash balances, the receivables financing agreement and the fleet financing lines provided by various parties.

The assessment which was prepared in January 2021 was based on a financial forecast for the 18 month period February 2021 to August 2022. The key assumptions in the financial forecast were:

- current road traffic volumes as impacted by the most recent national lockdown announced on 4 January 2021;
- a gradual increase in road traffic volumes commencing in the second half of April 2021 by which time the government's vaccination program should be well advanced;
- cash collection profiles from third party insurers;
- effect of the utilisation of government backed Covid-19 relief schemes currently in place.

Additionally, the directors considered various plausible downsides together with mitigating actions that could be taken by the Group to limit any adverse consequences.

The receivables financing agreement provides a maximum facility of £13m. The financial forecast referred to above indicates that the Group has a minimum headroom of £2.5m during the financial forecast period. The receivables financing agreement contains a number of financial and reporting covenants and where there is a risk that a covenant may be breached in the financial forecast period the Group has obtained an appropriate waiver from Leumi ABL Limited.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

Going concern (continued)

Having undertaken this work, the directors are of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

Business combinations

Business combinations, other than group reconstructions, 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

Revenue related to car hire, repair, claims management and other services is measured at the fair value of the consideration receivable (after expected discounts), net of VAT and other sales taxes. Revenue is recognised when services are provided, including an appropriate proportion of services in progress at the reporting date.

Credit hire revenue is recognised from the date a vehicle is placed on hire. Vehicles are only placed on hire and remain 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 tariffs for particular categories of vehicles and are accrued on a daily basis, by claim, after adjustment on a portfolio basis 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, the terms of bilateral protocol agreements in place and an estimate of expected adjustment arising on the settlement of other claims.

Credit repair revenue represents income from the recovery of the costs of repair of customers' vehicles carried out by third party bodyshops. Credit repair revenue is recognised when the work has been completed, invoiced and confirmed as recoverable. Credit repair income is recorded net of an estimation of the expected adjustment arising on the settlement of claims. The Group records credit repair revenue gross as management consider that the Group acts as Principal in respect of credit repair services as all credit risk is borne by the Group.

Accident Exchange Limited is a corporate member of True Solicitors LLP ("True") and is entitled to receive a proportion of the fee costs awarded to True on settlement of litigated claims. Revenue is recognised in line with actual and expected recovery rates across the portfolio of claims being litigated by True.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

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.

Intangible assets

Intangible assets are stated at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated so as to write down the purchase cost less the estimated residual value on a straight-line basis over the estimated useful life of that intangible asset. The estimated useful lives are as follows:

- Software 3 - 5 years

Tangible fixed assets

Property, plant and equipment is stated at cost less accumulated depreciation less any provision for impairment.

Depreciation rates are calculated so as to write down the purchase cost less estimated residual value of an asset on a systematic basis over the expected useful economic life of that asset. The estimated useful lives are as follows:

- Leasehold property and improvements 10 years
- Computer equipment 3 years
- Fixtures and fittings 4 years
- Motor vehicles 2 – 3 years

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

Gains or losses on disposal of tangible fixed assets is determined by comparing the net sales proceeds with the carrying value of the asset and is recognised in the profit and loss account.

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 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.

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.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

Claims in progress

Amounts recoverable on claims in progress are stated at the expected recoverable value.

Trade and other debtors

Trade debtors are recorded at amortised cost using the effective interest rate method. This represents the expected net claim value after estimated allowances for settlement adjustments.

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.

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.

Other debtors 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 profit and loss account.*

All other leases are classified as operating leases. Lease payments made under operating leases are charged to the profit and loss account 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 profit and loss account represents the amount of the contributions payable to the plans in respect of the accounting period.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

Taxation

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

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

Deferred tax liabilities are generally recognised for all taxable temporary differences and 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.

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 profit and loss account, 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.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

1. Principal accounting policies (continued)

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 the recoverability of deferred tax assets.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

2. Turnover

The Group's turnover is analysed as follows:

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Delivery of accident management and related services	67,256	49,578
Credit repair	27,662	18,558
Other	4,027	4,025
Turnover	98,945	72,161

The Group operates within one business segment being that of the delivery of accident management, credit repair and other solutions to the automotive and insurance related sectors in the UK. The Group's turnover and operating loss relate entirely to its principal activity and arise in the United Kingdom.

3. Employees

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

	Year ended 29 February 2020	Year ended 28 February 2019
Sales and Operations	378	325
Finance and Administration	65	60
	443	385

4. Wages and salaries

Staff costs (including Directors) for the Group during the year were as follows:

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Wages and salaries	12,935	10,695
Social security costs	1,150	1,087
Other pension costs	650	595
	14,735	12,377

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

5. Directors' remuneration

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Emoluments and other benefits	876	726
Contributions to money purchase pension schemes	22	21
	898	747

Retirement benefits are accruing to the following number of directors under:

	Year ended 28 February 2020 No. Directors	Year ended 28 February 2019 No. Directors
Defined contribution schemes	1	1

Highest paid

The aggregate remuneration of the highest paid director was £513,802 (2019: £438,841) and company pension scheme contributions of £nil (2019: £nil) were made to a defined contribution scheme.

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

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

6. Exceptional administrative (expenses)/ gains

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Exceptional legal expenses	(625)	-
Net litigation case proceeds	-	2,331
Dilapidations	(1,227)	-
	(1,852)	2,331

Exceptional legal expenses

This is the cost incurred settling a legal claim made by a consultant to the Group in respect of the calculation of contingent fees. This claim was settled via an arbitration process in October 2019.

Net litigation case proceeds

As previously reported the Group had been pursuing a claim for unlawful means conspiracy against two former directors of Autofocus Limited ("Autofocus"), three firms of solicitors and individual employees or partners of those firms ("Defendants"), who it was alleged used dishonest hire rate evidence provided by Autofocus in litigation against customers of the Group. On 21 September 2018 the Group reached an out of court settlement with the Defendants. The net gain in the year ended 28 February 2019 arising from the settlement amounted to £2,331,000.

Dilapidations

The lease on the Group's headquarters is due to expire in April 2021 and the Directors have determined that the property will be vacated. Under the terms of the lease the Group is required to return the property to its original condition and the cost represents the Directors' best estimate of those costs.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

7. Operating profit

Operating profit is stated after charging:

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Auditors remuneration in respect of:		
Audit services	87	104
Other services relating to taxation	62	39
Impairment expense in respect of:		
Debtors	356	213
Depreciation of owned tangible assets (note 10)		
Tangible assets - owned	370	285
Tangible assets - held under hire purchase contracts	906	952
Amortisation of owned intangible assets (note 11)	62	-
Operating lease rentals:		
Land and buildings	2,069	1,935
Plant and machinery	58	27
Vehicles	8,493	6,735

Total administrative expenses for the year ended 29 February 2020 were £21,898,000 (year ended 28 February 2019: £16,952,000).

8. Interest payable and similar expenses

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Bank interest	1,310	3,362
Finance charges in respect of hire purchase contracts	480	525
	1,790	3,887

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

9. Tax on profit

(a) Analysis of tax charge/ (credit) for the financial year

The tax charge/ (credit) is based on the profit for the financial year and consists of:

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Total current tax	91	40
Total deferred tax	1,003	(1,220)
Total tax charge/ (credit)	1,094	(1,180)

(b) Reconciliation of tax charge/ (credit) for the financial year

The average standard rate of corporation tax applicable to the Company during the year to 29 February 2020 was 19% (2019: 19%).

The tax assessed for the financial year differs (2019: differs) from that resulting from applying the average standard rates of corporation tax of 19% (2019: 19%) as explained below:

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
Profit before tax	4,866	2,516
Profit multiplied by the standard effective rate of corporation tax in the UK of 19% (for the year ended 28 February 2019: 19%)	924	478
Effects of:		
Expenses not deductible for tax purposes	413	328
Capital allowances in excess of depreciation	(238)	(214)
Losses utilised	(1,008)	(537)
Deferred tax charge/ (credit) for the year	1,003	(1,220)
R&D tax credit received	-	(15)
Tax charge/ (credit) for the year	1,094	(1,180)

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

9. Tax on profit (continued)

(c) Factors affecting current and future tax charges

Unutilised losses

At the balance sheet date the Group had unutilised tax losses of £98.9 million (2019: £109.2 million) available for offset against future trading profits. A deferred tax asset of £0.2 million (2019: £1.2 million) has been recognised in respect of these tax losses associated with the expected future profit streams of the Company.

Changes in tax legislation

From 1 April 2017 the UK main rate of corporation tax has been 19%. At Budget 2020, the government announced that the Corporation Tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%.

10. Intangible assets

	Software £'000
Cost	
1 March 2019	-
Additions	621
29 February 2020	621
Accumulated amortisation	
1 March 2019	-
Provided in the year	62
29 February 2020	62
Net book amount	
29 February 2020	559
Net book amount	
28 February 2019	-

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

11. Tangible assets

	Leasehold property and improvements £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
1 March 2019	59	5,092	2,147	4,661	11,959
Additions	6	566	221	986	1,779
Disposals	(1)	(37)	(1)	(2,582)	(2,621)
29 February 2020	64	5,621	2,367	3,065	11,117
Accumulated depreciation					
1 March 2019	34	4,790	1,983	1,395	8,202
Charge for the year	10	309	51	906	1,276
Disposals	(1)	(33)	(1)	(1,371)	(1,406)
29 February 2020	43	5,066	2,033	930	8,072
Net book amount					
29 February 2020	21	555	334	2,135	3,045
Net book amount at 28 February 2019	25	302	164	3,266	3,757

The figures stated above include assets held under hire purchase contracts as follows:

	Computer equipment £'000	Motor vehicles £'000
Net book amount		
29 February 2020	21	2,135
Net book amount 28 February 2019	15	3,266

12. Debtors

	2020 £'000	2019 £'000
Claims in progress	6,924	3,905
Trade debtors	26,833	20,302
Other debtors	460	32
Deferred tax asset	217	1,220
Prepayments and accrued income	2,609	1,678
	37,043	27,137

Trade debtors are stated after a provision of £1,292,000 (2019: £2,582,000).

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

13. Cash at bank and in hand

Cash and cash equivalents comprises cash at bank of £1,646,000 (2019: £2,061,000).

14. Loans and overdrafts

Details of borrowings are as follows:

	29 February 2020 £'000	28 February 2019 £'000
Current		
Bank loans	2,721	383
Finance lease obligations	1,606	1,854
Non-current		
Bank loans	13,419	11,904
Finance lease obligations	539	1,225
Total borrowings	18,285	15,366

Bank loans

On 8 October 2018 the Group entered into a receivables financing agreement with Leumi ABL Limited ("Leumi") for an initial period of five years. On 1 December 2020 Leumi increased the maximum drawdown of the facility to £13,000,000 from the initial maximum of £9,000,000. Funds are advanced based on the approved receivables of the Group and carry an interest rate of 2.65% above 3 month LIBOR. The amount drawn at the balance sheet date was £2,721,000 (2019: £383,000).

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 £10.0 million maturing on 31 December 2023 ("Facility"). The Facility carried interest charged at 15% per annum up to 23 July 2019 and 5% per annum thereafter. Interest is capitalised biannually. At the balance sheet date capitalised interest amounted to £3.4 million. The Facility is secured by a fixed and floating charge over certain of the Group's assets. At the year end the amount drawn including capitalised interest was £13,419,000 (2019: £11,904,000).

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

14. Loans and overdrafts (continued)

Finance lease facilities

Finance lease facilities totalled £6.0 million at 29 February 2020 (2019: £4.9 million) and were 57% utilised as at that date (2019: 96% utilised).

Finance lease liabilities are payable as follows:

	2020			2019		
	Minimum lease payments	Interest	Present value	Minimum lease payments	Interest	Present value
	£'000	£'000	£'000	£'000	£'000	£'000
In less than one year	1,895	289	1,606	2,202	348	1,854
Between one and five years	554	15	539	1,385	160	1,225
	2,449	304	2,145	3,587	508	3,079

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. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

15. Trade and other payables

	2020	2019
	£'000	£'000
Trade creditors	13,193	10,594
Amounts due under hire purchase contracts (note 14)	1,606	1,854
Corporation tax	121	56
Other creditors including taxation and social security	1,151	1,308
Accruals and deferred income	4,844	4,710
	20,915	18,522

16. Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Amounts due under hire purchase contracts (note 14)	539	1,225
Bank loans and overdrafts	13,419	11,904
	13,958	13,129

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

17. Deferred tax

	2020	2019
	£'000	£'000
At start of the year	(1,220)	(42)
Credit/ (Charge) for the financial year	1,003	(1,220)
Released in the year	-	42
At end of year	(217)	(1,220)

A deferred tax asset of £217,000 has been recognised as at 29 February 2020 (2019: £1,220,000) arising wholly on the recognition of the value of unrelieved trading losses brought forward. The asset is only recognised to the extent that it is probable that trading losses brought forward will be utilised against future taxable profits.

The Group has an unrecognised deferred tax asset of £18.6 million at 29 February 2020 (2019: £19.5 million).

The net deferred tax asset expected to reverse in the year ending 28 February 2021 is £0.2 million. This relates to loss relief expected to be utilised against profits earned in the next financial period.

18. Called up share capital

	2020	2019
	£'000	£'000
Allotted and fully paid		
1,001 (2019: 1,000) Ordinary shares of £1	1	1
2,002 (2019: nil) A1 Ordinary shares of £0.06p	-	-
7,998 (2019: nil) A2 Ordinary shares of £0.001p	-	-

Rights, preferences and restrictions by class of share

Ordinary

Each share is entitled, on a poll, to eighteen votes. Each share is entitled pari passu to the amount of any profits available for distribution, other than the dividend payments to which holders of preferred ordinary shares are exclusively entitled. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

A1 Ordinary shares

Each share is entitled to one vote in any circumstances. The shares carry no right to receive any profits available for distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

18. Called up share capital (continued)

A2 Ordinary shares

The shares do not have attached to them any voting rights. The shares carry no right to receive any profits available for distribution. Each share is entitled *pari passu* to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

19. Other reserves

Movements in reserves are shown in the Consolidated Statement of Changes in Equity on page 16.

20. Capital commitments and contingent liabilities

There were no material contingent liabilities at 29 February 2020 (2019: £nil). The Company is party to cross-guarantees in relation to bank and certain other borrowings.

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

Capital commitments for motor vehicles, which are contingent upon an exclusive relationship being upheld by our referring partners and on the maximum expected referral volumes being received from each referrer are analysed as follows:

	2020	2019
	£'000	£'000
In less than one year	83	824
Between one and five years	7	1,937
	90	2,761

There were no confirmed orders for motor vehicles at 29 February 2020 (2019: £nil).

The following subsidiary undertakings are exempt from the requirements of the Companies Act 2006 ("the Act") relating to the audit of individual financial statements by virtue of section 479A of the Act:

AX Innovation Limited
APU Limited
In-Car Cleverness Limited
AX UK Group Limited
AX Finance Limited
AXI Limited

Accident Exchange Limited will guarantee all outstanding liabilities that these subsidiaries are subject to as at the financial year ended 29 February 2020 in accordance with section 479C of the Act, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

21. Operating lease commitments

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

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

	Land & buildings		Other	
	2020	2019	2020	2019
Payment due	£'000	£'000	£'000	£'000
Not later than one year	2,037	1,980	8,717	4,484
Later than one year and not later than five years	2,759	3,429	3,819	939
Later than five years	426	278	-	-
	5,222	5,687	12,536	5,423

22. Pension commitments

The Group makes contributions to certain of its employees' individual personal pension plans on a defined contribution basis, the assets of which are held separately from those of the Group in independently administered funds. The pension cost charge for the financial year of £650,000 (2019: £595,000) represents contributions payable by the Group to the funds. Contributions of £113,000 (2019: £94,000) were included within creditors at 29 February 2020.

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

23. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned subsidiaries.

Under paragraph 1.12 of FRS 102 the Company is exempt from the requirement to disclose key management personnel compensation in total.

During the year the Company entered into transactions (2019: entered) with Eight Bar Financial International S.A.R.L to receive finance in the form of a loan.

The loan received is repayable on 31 December 2023. Interest was charged at 15% annually; on 23 July 2019 this interest rate was reduced to 5% per annum. Interest is capitalised biannually. The total amount payable inclusive of accrued interest at the end of the period was £13,636,919 (2019: £12,497,395).

The transactions are disclosed below:

	Year ended 29 February 2020 £'0	Year ended 28 February 2019 £'0
Loan principal borrowed	-	3,000,000
Loan principal (repaid)	-	(3,000,000)
PIK Interest capitalised	1,514,694	1,711,024
Interest payable accrued	218,050	593,220
Sum of movement in period	1,732,744	2,304,244

24. Controlling party and ultimate parent undertaking

As at the 29 February 2020 the Directors consider that:

- the Company's immediate parent undertaking to be Eight Bar Financial International S.A.R.L, a company incorporated in Luxembourg and that the Company's ultimate parent undertaking is Eight Bar Partners HC, Inc. a corporation incorporated in Delaware, United States of America. Accident Exchange Limited is the largest and smallest group to consolidate these financial statements; and
- the Company's ultimate controlling party is Eight Bar Financial Partners I, LP a limited partnership registered in the Cayman Islands by virtue of its shareholding in Eight Bar Financial International S.A.R.L.

25. Post balance sheet events

Covid-19

Covid-19 has had a significant impact on Group revenues and profitability and how the Group manages the welfare of its people, customers and suppliers.

The first national lockdown announced on 23 March 2020 resulted in an immediate reduction in road traffic volumes of cars and light commercial vehicles of approximately 70%. This reduction resulted in a similar fall in new hire starts. The Group quickly responded to the fall in hires and the corresponding decrease in revenue and cash generation by accessing certain

Accident Exchange Limited

Notes to the consolidated financial statements (continued)

government backed schemes to protect overall cashflow. When the lockdown ended in July road traffic activity levels rebounded quickly but remained lower than those pre Covid-19.

The second and third national lockdowns that came into force on 5 November 2020 and 4 January 2021 respectively had a similar impact to the first however road traffic volumes did not decline as significantly. After the second lockdown ended in early December 2020 AXA referral and hire volumes returned to a level close to 80% of prior year levels. The Group has continued to utilise appropriate government backed schemes to protect its overall cashflow and will be assessing the suitability of any further government support as it is announced.

Accident Exchange Limited – Parent Company

**Annual Report and Financial Statements
for the year ended 29 February 2020**

Registered number: 04141140

Accident Exchange Limited – Parent Company

Annual Report and Financial Statements Contents Page

Company Information	39
Independent Auditors' Report	40
Parent Company Balance Sheet	43
Parent Company Statement of Changes in Equity	44
Parent Company Notes to the Financial Statements.	45

Accident Exchange Limited – Parent Company

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**Accident Exchange Limited – Parent Company
Independent Auditors’ Report
to the members of Accident Exchange Limited – Parent Company**

***Independent auditors’ report to the members of
Accident Exchange Limited***

**Report on the audit of the parent company financial
statements**

Opinion

In our opinion, Accident Exchange Limited’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 29 February 2020;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the “Annual Report”), which comprise: the balance sheet as at 29 February 2020; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the parent company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the parent company’s ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors’ report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements

Accident Exchange Limited – Parent Company
Independent Auditors' Report
to the members of Accident Exchange Limited – Parent Company
(continued)

or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 29 February 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

**Accident Exchange Limited – Parent Company
Independent Auditors' Report
to the members of Accident Exchange Limited – Parent Company
(continued)**

Other required reporting

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of Accident Exchange Limited for the year ended 29 February 2020.



Neil Philpott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

26 February 2021

Accident Exchange Limited – Parent Company
Balance Sheet
as at 29 February 2020

	Note	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	III	559	-
Tangible assets	IV	2,944	3,636
Investments	V	2,276	2,276
		5,779	5,912
Current assets			
Debtors	VI	36,887	27,488
Cash at bank and in hand	VII	1,032	951
		37,919	28,439
Creditors: amounts falling due within one year	VIII, IX	(22,755)	(18,337)
Net current assets		15,164	10,102
Total assets less current liabilities		20,943	16,014
Creditors: amounts falling due after more than one year	X	(13,958)	(13,128)
Net assets		6,985	2,886
Capital and reserves			
Called up share capital	XII	1	1
Share premium		1,165	1,165
Other reserve		101,751	101,751
Accumulated losses		(95,932)	(100,031)
Total equity		6,985	2,886

The notes on pages 45 to 52 form part of these financial statements.

The financial statements on pages 43 to 52 were approved by the Board of Directors and authorised for issue 22 February 2021 and were signed on its behalf by:

Lucy Woods

Lucy Woods

Director

Accident Exchange Limited

Registered Number: 04141140

Registered Office: Alpha 1 Canton Lane, Hams Hall, Birmingham, West Midlands B46 1G

Accident Exchange Limited – Parent Company
Statement of Changes in Equity
for the year ended 29 February 2020

	Called-up share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings/ (Accumulated losses) £'000	Total equity £'000
Balance as at 1 March 2018	1	1,150	101,751	(103,277)	(375)
Profit for the year	-	-	-	3,246	3,246
Capital changes - new shares issued	-	15	-	-	15
Total comprehensive income for the year	-	15	-	3,246	3,261
Balance as at 28 February 2019	1	1,165	101,751	(100,031)	2,886
Balance as at 1 March 2019	1	1,165	101,751	(100,031)	2,886
Profit for the year	-	-	-	4,099	4,099
Total comprehensive income for the year	-	-	-	4,099	4,099
Balance as at 29 February 2020	1	1,165	101,751	(95,932)	6,985

Accident Exchange Limited – Parent Company

Notes to the Financial Statements

I. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The Company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual profit and loss account and related notes that form part of these financial statements.

The financial statements have been prepared on a historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except that investments held in subsidiaries in the Company balance sheet are included at cost less provision for impairment.

II. Operating profit

The auditors' remuneration for audit services to the Company was £87,000 (2019: £104,000).

III. Intangible assets

	Software £'000
Cost	
1 March 2019	-
Additions	621
29 February 2020	621
Accumulated amortisation	
1 March 2019	-
Provided in the year	62
29 February 2020	62
Net book amount	
29 February 2020	559
28 February 2019	-

Accident Exchange Limited – Parent Company
Notes to the Financial Statements (continued)

IV. Tangible assets

	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost				
1 March 2019	1,897	5,068	4,661	11,626
Additions	220	499	986	1,705
Disposals	-	-	(2,582)	(2,582)
29 February 2020	2,117	5,567	3,065	10,749
Accumulated depreciation				
1 March 2019	1,813	4,782	1,395	7,990
Charged in the year	49	231	906	1,186
Disposals	-	-	(1,371)	(1,371)
29 February 2020	1,862	5,013	930	7,805
Net book amount at				
29 February 2020	255	554	2,135	2,944
28 February 2019	84	286	3,266	3,636

The figures stated above include assets held under hire purchase contracts as follows:

	Computer Equipment £'000	Motor vehicles £'000
Net book amount at		
29 February 2020	21	2,135
Net book amount at		
28 February 2019	15	3,266

V. Investments

	Investments £'000
Cost	
At 1 March 2019 and 29 February 2020	2,276
Accumulated impairment	
At 1 March 2019 and 29 February 2020	-
Net book amount	
At 28 February 2019 and 29 February 2020	2,276

Accident Exchange Limited – Parent Company

Notes to the Financial Statements (continued)

V. Investments (continued)

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

Subsidiary	Nature of business
AX Innovation Limited	Provision of business software solutions to the automotive industry
AX Finance Limited	An authorised firm for general insurance mediation
APU Limited	Provision of motor accident investigation services and the sale of vehicle recovery devices

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 AX Innovation Limited (2019: £nil); AX Finance Limited (2019: £nil); or APU Limited (2019: £nil).

The key assumptions inherent in the forecasts for AX Innovation Limited, AX Finance Limited and APU 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 5.5% has been used to discount forecast cash flows of each of the subsidiaries.

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.

VI. Debtors

	2020	2019
	£'000	£'000
Trade debtors	25,820	19,479
Claims in progress	6,924	3,905
Amounts owed by group undertakings	896	1,280
Other debtors	457	32
Deferred tax asset (note XI)	217	1,220
Prepayments and accrued income	2,573	1,572
	36,887	27,488

Amounts owed by group undertakings included above are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

VII. Cash at bank and in hand

Cash and cash equivalents comprises cash at bank of £1,032,000 (2019: £951,000).

Accident Exchange Limited – Parent Company
Notes to the Financial Statements (continued)

VIII. Loans and overdrafts

	2020	2019
	£'000	£'000
Current		
Bank loans	2,721	383
Finance lease obligations	1,606	1,854
Non-current		
Bank loans	13,419	11,904
Finance lease obligations	539	1,225
Total borrowings	18,285	15,366

On 8 October 2018 the Group entered into to a receivables financing agreement with Leumi ABL Limited ("Leumi") for an initial period of five years. On 1 December 2020 Leumi increased the maximum drawdown of the facility to £13,000,000 from the initial maximum of £9,000,000. Funds are advanced based on the approved receivables of the Group and carry an interest rate of 2.65% above 3 month LIBOR. The amount drawn at the balance sheet date was £2,721,000 (2019: £383,000).

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 £10.0 million maturing on 31 December 2023 ("Facility"). The Facility carried interest charged at 15% per annum up to 23 July 2019 and 5% per annum thereafter. Interest is capitalised biannually. At the balance sheet date capitalised interest amounted to £3.4 million. The Facility is secured by a fixed and floating charge over certain of the Group's assets. At the year end the amount drawn including capitalised interest was £13,419,000 (2019: £11,904,000).

IX. Creditors: amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	12,893	10,157
Amounts owed to group undertakings	40	360
Amounts due under hire purchase contracts	1,606	1,854
Taxation and social security	987	1,149
Loan borrowings	2,721	383
Accruals and deferred income	4,508	4,434
	22,755	18,337

Amounts owed to group undertakings included above are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Accident Exchange Limited – Parent Company
Notes to the Financial Statements (continued)

X. Creditors: amounts falling due after more than one year

	2020	2019
	£'000	£'000
Loan borrowings	13,419	11,904
Amounts due under hire purchase contracts	539	1,225
	13,958	13,129

XI. Deferred tax asset

	Year ended 29 February 2020 £'000	Year ended 28 February 2019 £'000
At start of the year	1,220	-
(Charge)/ Credit for the financial year	(1,003)	1,220
	217	1,220

A deferred tax asset of £217,000 has been recognised as at 29 February 2020 (2019: £1,220,000) arising wholly on the recognition of the value of unrelieved trading losses brought forward. The asset is only recognised to the extent that it is probable that trading losses brought forward will be utilised against future taxable profits.

The Company has an unrecognised deferred tax asset of £18.0 million at 29 February 2020 (2019: £16.1 million).

The net deferred tax asset expected to reverse in the year ending 28 February 2021 is £0.2 million. This relates to loss relief expected to be utilised against profits earned in the next financial period.

Accident Exchange Limited – Parent Company
Notes to the Financial Statements (continued)

XII. Called up share capital

	29 February 2020 £'000	28 February 2019 £'000
Allotted and fully paid		
1,001 (2019: 1,000) Ordinary shares of £1	1	1
2,002 (2019: 2,002) A1 ordinary shares of £0.06p	-	-
7,998 (2019: 7,998) A2 ordinary shares of £0.001p	-	-

Rights, preferences and restrictions by class of share

Ordinary

Each share is entitled, on a poll, to eighteen votes. Each share is entitled pari passu to the amount of any profits available for distribution, other than the dividend payments to which holders of preferred ordinary shares are exclusively entitled. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

A1 Ordinary shares

Each share is entitled to one vote in any circumstances. The shares carry no right to receive any profits available for distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

A2 Ordinary shares

The shares do not have attached to them any voting rights. The shares carry no right to receive any profits available for distribution. Each share is entitled pari passu to participate in a distribution arising from a winding up of the company, after the return to the holders of preferred ordinary shares of the subscription price (inclusive of any premium) paid for such shares. The shares are not redeemable.

XIII. Profit and loss account

The Company made a profit of £4,099,379 for the financial year (2019: profit £3,246,075).

Accident Exchange Limited – Parent Company
Notes to the Financial Statements (continued)

XIV. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned subsidiaries.

Under paragraph 1.12 of FRS 102 the Company is exempt from the requirement to disclose key management personnel compensation in total.

During the year the Company entered into transactions (2019: entered) with Eight Bar Financial International S.A.R.L to receive finance in the form of a loan.

The loan received is repayable on 31 December 2023. Interest was charged at 15% annually; on 23 July 2019 this interest rate was reduced to 5% per annum. Interest is capitalised biannually. The total amount payable inclusive of accrued interest at the end of the period was £13,636,919 (2019: £12,497,395).

The transactions are disclosed below:

	Year ended 29 February 2020 £'0	Year ended 28 February 2019 £'0
Loan principal borrowed	-	3,000,000
Loan principal (repaid)	-	(3,000,000)
PIK Interest capitalised	1,514,694	1,711,024
Interest payable accrued	218,050	593,220
Sum of movement in period	1,732,744	2,304,244

XV. Subsidiaries

Details of the Company's subsidiaries at 29 February 2020 are as follows:

Subsidiary	Principal activity during the year	% Interest
AX Innovation Limited	Software & Insurance	100
APU Limited	Investigation Services	100
In-Car Cleverness Limited	Telematics	100
AX UK Group Limited	Insurance Administration	100
AX Finance Limited	Insurance Administration	100
AXI Limited	Telematics	100
AX Automotive Limited	Dormant	100
DCML Limited	Dormant	100
Dealer Car Manager Limited	Dormant	100

Accident Exchange Limited – Parent Company Notes to the Financial Statements (continued)

XV. Subsidiaries (continued)

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

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

The registered office address of the remaining subsidiaries, namely APU Limited, DCML Limited, In-Car Cleverness Limited, AX UK Group Limited, AX Automotive Limited, AX Finance Limited, AX Innovation Limited, and AXI Limited is: Alpha 1, Canton Lane Hams Hall, Birmingham, West Midlands, B46 1GA.

XVI. Parent undertaking and controlling party

As at the 29 February 2020 the Directors consider that:

- the Company's immediate parent undertaking to be Eight Bar Financial International S.A.R.L, a company incorporated in Luxembourg and that the Company's ultimate parent undertaking is Eight Bar Partners HC, Inc. a corporation incorporated in Delaware, United States of America. Accident Exchange Limited is the largest and smallest group to consolidate these financial statements; and
- the Company's ultimate controlling party is Eight Bar Financial Partners I, LP a limited partnership registered in the Cayman Islands by virtue of its shareholding in Eight Bar Financial International S.A.R.L.

XVII. Post balance sheet events

Covid-19

Covid-19 has had a significant impact on Group revenues and profitability and how the Group manages the welfare of its people, customers and suppliers.

The first national lockdown announced on 23 March 2020 resulted in an immediate reduction in road traffic volumes of cars and light commercial vehicles of approximately 70%. This reduction resulted in a similar fall in new hire starts. The Group quickly responded to the fall in hires and the corresponding decrease in revenue and cash generation by accessing certain government backed schemes to protect overall cashflow. When the lockdown ended in July road traffic activity levels rebounded quickly but remained lower than those pre Covid-19.

The second and third national lockdowns that came into force on 5 November 2020 and 4 January 2021 respectively had a similar impact to the first however road traffic volumes did not decline as significantly. After the second lockdown ended in early December 2020 AXA referral and hire volumes returned to a level close to 80% of prior year levels. The Group has continued to utilise appropriate government backed schemes to protect its overall cashflow and will be assessing the suitability of any further government support as it is announced.