

Company Registration No. 5107527 (England and Wales)

STATUTORY COPY

ACCIDENT ADVICE HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 21 APRIL 2004 TO 31 MAY 2005



ACCIDENT ADVICE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	B A Beck (appointed 21 April 2004) D Werth (appointed 21 April 2004) L Beck (appointed 21 April 2004) D Scott Rees (appointed 21 April 2004)
Secretary	B A Beck
Company number	5107527
Registered office	4 th Floor St Alphage House 2 Fore Street London EC2Y 5DH
Business address	Accident Advice House Merrion Avenue Stanmore Middlesex HA7 4RP
Bankers	HSBC Bank plc 90 Baker Street London W1V 6AX
Auditors	UHY Hacker Young St Alphage House 2 Fore Street London EC2Y 5DH

ACCIDENT ADVICE HOLDINGS LIMITED

CONTENTS

	Page
Directors' report	1-2
Independent auditors' report	3-4
Consolidated profit and loss account	5
Consolidated balance sheet	6
Company balance sheet	7
Consolidated cash flow statement	8
Notes to the financial statements	9-21

ACCIDENT ADVICE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MAY 2005

The directors present their report and the financial statements for the period ended 31 May 2005.

Principal activities and review of the business

Accident Advice Holdings Limited is the holding company of a group of companies whose principal activities are the assistance of individuals with personal injury claims. The company was incorporated on 21 April 2004 and commenced trading on 19 May 2004.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend the payment of a dividend.

Directors and their interests

The following directors have held office since incorporation:

B A Beck (appointed 21 April 2004)
D Werth (appointed 21 April 2004)
L Beck (appointed 21 April 2004)
D Scott Rees (appointed 21 April 2004)
P Rosen (appointed 21 April 2004 and resigned 29 April 2005)
City Executors & Trustee Co. Limited (appointed and resigned 21 April 2004)

The interests of the directors in the shares of the company, including their family and beneficial interests, are as follows:

	Ordinary Shares of £1 each	
	31 May 2005	21 April 2004
B A Beck	8,000	-
D Werth	7,500	-
L Beck	7,500	1

L Beck had a beneficial interest in a trust which owns 20,000 shares.

No director has a direct interest in the share capital of any other group companies.

Auditors

UHY Hacker Young were appointed as auditors of the company during the year and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be reappointed as auditors of the company will be put to the Annual General Meeting.

ACCIDENT ADVICE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MAY 2005

Charitable donations

During the period the group made charitable donations of £679.

Directors' responsibilities

Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and the group and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts on a going concern basis.

By order of the Board

B Beck
Director

17 February 2006

ACCIDENT ADVICE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ACCIDENT ADVICE HOLDINGS LIMITED

We have audited the financial statements of Accident Advice Holdings Limited on pages 5 to 21. These have been prepared in accordance with the basis and the accounting policies set out on pages 9 to 10 for the period ended 31 May 2005.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

ACCIDENT ADVICE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

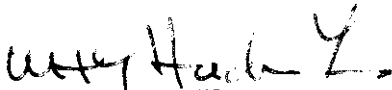
TO THE SHAREHOLDERS OF ACCIDENT ADVICE HOLDINGS LIMITED

Going concern

In providing our opinion we have considered the disclosures made in Note 1.1 concerning the group's ability to continue trading as a going concern. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 May 2005 and of the group's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


UHY Hacker Young

Chartered Accountants
Registered Auditors

17 February 2006

ACCIDENT ADVICE HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MAY 2005

	Notes	2005 £
Turnover	2	6,549,302
Cost of sales		(3,162,184)
Gross profit		3,387,118
Administration expenses		(5,897,387)
Operating loss	3	(2,510,269)
Amounts written off investments		(62,500)
Interest receivable	4	4,269
Interest payable and similar charges	5	(36,303)
Loss on ordinary activities before taxation		(2,604,803)
Tax on loss on ordinary activities	6	-
Loss on ordinary activities after taxation		(2,604,803)
Retained loss for the year	17	(2,604,803)

The group's operations remain unchanged; no operations were disposed of or acquired.

There are no recognised gains or losses other than those passing through the profit and loss account.

ACCIDENT ADVICE HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MAY 2005

	Notes	£	2005 £
Fixed assets			
Tangible assets	9		92,162
Current assets			
Debtors	11	592,251	
Cash at bank and in hand		93,607	
		<hr/>	
		685,858	
Creditors: amounts falling due within one year	12	(1,459,157)	
		<hr/>	
Net current liabilities			(773,299)
			<hr/>
Total assets less current liabilities			(681,137)
Creditors: amounts falling due after more than one year	13		(1,604,114)
Provision for liabilities and charges	14		(257,052)
			<hr/>
			<u>(2,542,303)</u>
Capital and reserves			
Called up share capital	15		62,500
Profit and loss account	16		(2,604,803)
			<hr/>
Shareholders' funds – equity interests	17		<u>(2,542,303)</u>

These financial statements were approved by the Board on 17 February 2006.


D. Worth
Director


D. Scott Rees
Director

ACCIDENT ADVICE HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 31 MAY 2005

	Notes	£	2005 £
Fixed assets			
Investments	10		8
Current assets			
Debtors	11	622,224	
Creditors: amounts falling due within one year	12	(449,168)	
Net current assets			173,056
Total assets less current liabilities			173,064
Capital and reserves			
Called up share capital	15		62,500
Profit and loss account	16		110,564
Shareholders' funds – equity interests	17		173,064

These financial statements were approved by the Board on 17 February 2006.



D Werth
Director



D Scott Rees
Director

ACCIDENT ADVICE HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MAY 2005

	Notes	£	2005 £
Net cash inflow from operating activities	18		(1,084,891)
Returns on investments and servicing of finance			
Interest received		4,269	
Interest paid		(36,303)	
Net cash outflow from returns on investments and servicing of finance			(32,034)
Capital expenditure			
Payments to acquire tangible fixed assets		(135,295)	
Net cash outflow for capital expenditure			(135,295)
Acquisitions			
Purchase of subsidiary not consolidated	10	(62,500)	
Goodwill acquired		(299,998)	
Net cash outflow from acquisitions			(362,498)
Net cash outflow before financing			(1,614,718)
Financing			
Issue of ordinary share capital	15	62,500	
New secured loan		1,594,239	
New bank loan		51,545	
Net cash inflow from financing			1,708,284
Increase in cash in the year	20		93,566

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2005

1 Accounting policies

1.1 Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis. However, as at 31 May 2005, the group had net liabilities of £2,542,303. On 31 March 2005, various subsidiaries have ceased to write new business and are therefore no longer a going concern. No further adjustments are necessary to the accounts in respect of these subsidiaries as all liabilities have been accrued.

The group continues to be a going concern as the directors are confident that the business going forward will be profitable. The group was however reliant on the continuing support of its directors who have provided the necessary working capital in order that the group can continue trading. The group has been profitable since the year end and any further support above that which has already been given is not thought to be necessary.

1.2 Turnover

Turnover represents the amounts receivable for goods and services net of VAT and trade discounts.

1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings drawn up to 31 May 2005 by the acquisition method of accounting. Intra-group transactions and results are eliminated on consolidation. Various subsidiaries have not been consolidated and the reasons for this are given in Note 10.

1.4 Tangible fixed assets

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33% straight line
Fixtures and fittings	33% straight line

1.5 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for impairment in value.

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 Goodwill

Acquired goodwill is written off over its estimated useful economic life of one year.

2 Turnover

The total turnover of the group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating loss 2005 £

Operating loss is stated after charging;

Amortisation of goodwill	299,998
--------------------------	---------

Depreciation of tangible fixed assets	43,133
---------------------------------------	--------

Rentals under operating leases – land and buildings	279,366
---	---------

Auditors' remuneration

Audit fees	30,000
------------	--------

Other services	10,000
----------------	--------

4. Other interest receivable and similar income 2005 £

Bank interest	4,269
---------------	-------

5. Interest payable and similar charges 2005 £

Bank loans and overdrafts	9,201
---------------------------	-------

Other loan interest	27,102
---------------------	--------

36,303

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

	2005 £
6. Taxation	
Domestic current year tax	-
UK corporation tax	-
<i>Current tax charge</i>	-
Factors affecting the tax charge for the year	
Loss on ordinary activities before taxation	(2,604,803)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30%	<u>(781,441)</u>
Effects of:	
Depreciation	27,940
Other tax adjustments	93,750
Tax losses unutilised	659,751
	<u>781,441</u>
Current tax charge	<u>-</u>

The group has estimated tax losses of £2,196,700 available for carry forward against future trading profits.

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

7 Profit and loss account of parent company

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit on ordinary activities after taxation for the financial year amounted to £110,564.

8. Goodwill

Group	2005 £
Cost	
Additions	299,998
Amortisation	
Charge for the period	299,998
Net book value	
31 May 2005	-

9. Tangible fixed assets

	Computer equipment	Fixtures and fittings	Total
Group	£	£	£
Cost			
Additions	63,158	72,137	135,295
At 31 May 2005	63,158	72,137	135,295
Depreciation			
Charge for the period	21,255	21,878	43,133
At 31 May 2005	21,255	21,878	43,133
Net book value			
At 31 May 2005	41,903	50,259	92,162

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

10 Fixed asset investments

Company	Shares in subsidiaries £
Cost	
Additions	62,508
	<hr/>
At 31 May 2005	62,508
	<hr/>
Impairment charge for the period	62,500
	<hr/>
At 31 May 2005	62,500
	<hr/>
Net book value	8
At 31 May 2005	<hr/>

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

The following subsidiaries are wholly owned, are registered in England and the class of shares held in each case are ordinary shares:

Company	Principal activities
Access to Compensation Limited	Advertising and marketing services
Accident Advice & Compensation Group Limited	Assisting individuals with personal injury claims
Accident Advice Group Limited	Dormant
Accident Advice Helpline Direct Limited	Assisting individuals with personal injury claims
Accident Advice Helpline Limited	Intermediate holding company
Claims 13 Plc	In Administration
Claim4 Limited	Dormant
Employment Advice Bureau Limited	Dormant
Legal Facilities Management & Services Limited	Assisting individuals with personal injury claims
Accident Advice (FI) Limited*	Insurance underwriters intermediary
Accident Advice (URO) Limited*	Insurance underwriters intermediary
Accident Advice Insurance Services Limited*	Insurance underwriters intermediary
Accident Advice Legal Services Limited*	Solicitors enquiry agent
Accident Advice Monitoring Services Limited*	Providing management and monitoring services to insurers
Countryside Investigation Services Limited*	Dormant
Accident Advice Insurance Management Group Limited**	Intermediate holding company
Accident Advice (FAI) Limited*	Dormant
Accident Advice (IA) Limited***	Insurance underwriters intermediary
Claims 15 Limited+	In Administration
Accident Advice Bureau Limited++	Dormant
Accident Investigations Limited++	Dormant
Claim10 Limited++	Dormant
Claim 17 Limited++	In Liquidation
Claims Management and Monitoring Services Limited++	In Liquidation
Claims Management Finance Limited++	Dormant
Claims Support Services Limited++	Dormant
Countryside Investigations Limited++	Dormant
Second Aid Limited++	Dormant
The Accident Group Limited++	Dormant

* Shares held by Accident & Advice Compensation Group Limited

** Shares held by Accident Advice Helpline Limited

*** Shares held by Accident Advice Insurance Management Group Limited

+ Shares held by Claim13 Plc

++ Shares held by Claim15 Limited

The sub-group comprising Claim 13 Plc and its subsidiaries are not included in the consolidated accounts as they are currently either in administration or liquidation or are immaterial. All inter-company balances with these companies have been written off. The amounts written off investments of £62,500 relate solely to these subsidiaries.

The last published accounts for Claim 13 Plc (formerly known as Accident Advice Group Plc) for the year ended 31 May 2003 showed a retained profit for the year of £468,079 and capital and reserves of £519,266.

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

11	Debtors	Group 2005 £	Company 2005 £
	Trade debtors	256,935	-
	Amounts owed by subsidiary undertakings	-	620,419
	Other debtors	138,577	-
	Prepayments and accrued income	196,739	1,805
		<u>592,251</u>	<u>622,224</u>
12	Creditors: amounts falling due within one year	Group 2005 £	Company 2005 £
	Bank loans and overdrafts	41,711	41
	Trade creditors	391,473	-
	Amounts owed to group companies	-	449,127
	Taxes and social security	771,414	-
	Other creditors	890	-
	Accruals and deferred income	253,669	-
		<u>1,459,157</u>	<u>449,168</u>
13	Creditors: amounts falling due after more than one year	Group 2005 £	Company 2005 £
	Bank loans (repayable within 1 year)	9,875	-
	Other loans (repayable within 5 years)	1,594,239	-
		<u>1,604,114</u>	<u>-</u>

The other loan is from Marson Financial Services Limited (see note 25). The interest rate is currently 12% but a proportion has been waived. The loan is due to be repaid within three years. The loan is secured by a fixed and floating charge over the group and all property and assets present and future.

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

14	Provision for liabilities and charges	Group 2005 £	Company 2005 £
	Provision for future cancellations	257,052	-
	As at 31 May 2005	257,052	-

The provision for future cancellations is the directors' estimate of those sales which will subsequently be cancelled.

15 Share capital

Group and company	2005 £
Authorised 100,000 Ordinary shares of £1 each	100,000
Group and company	2005 £
Called up, allotted and fully paid 62,500 Ordinary shares of £1 each	62,500

During the period, 62,500 ordinary shares of £1 each were allocated at par value. This included 8,000 ordinary shares to B A Beck (including family interests), 7,500 ordinary shares to P Rosen, 7,500 ordinary shares to D Werth, 7,500 ordinary shares to L Beck and 12,500 ordinary shares to a trust in which L Beck has a beneficial interest, in consideration for their shares in Claim 13 Plc.

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

16 Statement of movements on reserves

	Profit and loss £
Group	
Retained loss for the period	(2,604,803)
	<hr/>
Balance at 31 May 2005	(2,604,803)
	<hr/> <hr/>
Company	
Retained profit for the period	110,564
	<hr/>
Balance at 31 May 2005	110,564
	<hr/> <hr/>

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

17 Reconciliation of movements in shareholders' funds

Group	2005
	£
Loss for the period	(2,604,803)
Share issues	62,500
	<hr/>
Net reduction to shareholders' funds	(2,542,303)
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>(2,542,303)</u>
	<hr/>
	2005
	£
Profit for the period	110,564
Share issues	62,500
	<hr/>
Net addition to shareholders' funds	173,064
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>173,064</u>
	<hr/>

18 Reconciliation of operating profit to net cash outflow from operating activities

	2005
	£
Operating loss	(2,510,269)
Depreciation and amortisation of goodwill	343,131
Increase in debtors	(592,251)
Increase in creditors within one year	1,417,446
Increase in provisions	257,052
	<hr/>
Net cash inflow from operating activities	<u>(1,084,891)</u>
	<hr/>

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2005

19 Reconciliation of net cash flow to movement in net debt

	2005 £
Increase in cash in period	93,566
Cash inflow from increase in debt	(1,645,784)
	<hr/>
Change in net debt resulting from cash flows	(1,552,218)
Opening net debt	-
	<hr/>
Closing net debt	<u>(1,552,218)</u>

20 Analysis of the balances of cash as shown in the balance sheet

	Cash flow £	At 31 May 2005 £
Net cash:		
Cash at bank and in hand	93,607	93,607
Bank overdraft	(41)	(41)
	<hr/>	<hr/>
	93,566	93,566
Debt:		
Debt due within one year	(41,670)	(41,670)
Debt due after one year	(1,604,114)	(1,604,114)
	<hr/>	<hr/>
	(1,645,784)	(1,645,784)
	<hr/>	<hr/>
Net debt	<u>(1,552,218)</u>	<u>(1,552,218)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2005

21 Financial commitments

Capital commitments

There were no capital commitments at the end of the period.

Lease commitments

As at 31 May 2005 the group had annual commitments under non-cancellable operating leases as follows:

Expiry date	Land and Buildings 2005 £
Within one year	215,688

22 Directors' emoluments

2005
£

Emoluments for qualifying services 332,082

Emoluments disclosed above include the following amount
paid to the highest paid director:

96,192

Emoluments disclosed above include the following amount of
compensation paid to a director in respect of loss of office:

24,000

23 Employees

Number of employees

The average monthly number of employees (including directors)
during the period was:

2005
Number

Sales and administration 145

Employment costs

£

Wages and salaries 3,273,740

Social security costs 298,926

3,572,666

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MAY 2005**

24 Contingent liabilities

Two subsidiaries within the group, Accident Advice Insurance Services Limited and Accident Advice Monitoring Services Limited, have a potential liability with regard to VAT owed by Claim 15 Limited, as these companies were in the same VAT group as Claim 15 Limited. The maximum potential liability would be the net assets of these companies which was £13,434 as at 31 May 2005.

25 Related party transactions

The group had the following related party transactions during the year:

The group paid rent of £9,011 to SOS Worldwide Plc. The group owed the sum of £2,253 to this company at 31 May 2005. L Beck is a director and shareholder of this company.

The group paid rent of £127,998 to AAG (HQ) Limited. The group owed the sum of £20,154 to this company at 31 May 2005. B A Beck and L Beck are directors of this company.

The group paid consultancy fees of £121,824 to Marson Management Services Limited. B A Beck is a director and shareholder of this company. As at 31 May 2005 the sum of £11,929 was owed to this company.

During the period a loan of £1,594,239 was received from Marson Financial Services Limited. This sum was outstanding at the period end. During the period interest of £27,102 was paid in respect of this loan. B A Beck is a director and shareholder of this company.

26 Control

The control of the company is by the Beck family.