

Company Registration No. 5107527 (England and Wales)

ACCIDENT ADVICE HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2007

UHY Hacker Young
Chartered Accountants

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ACCIDENT ADVICE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	B Beck D Werth L Beck D Scott Rees
Secretary	B A Beck
Company number	5107527
Registered office	Quadrant House – 6 th Floor 17 Thomas More Street Thomas More Square London E1W 1YW
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 LLP Quadrant House 17 Thomas More Street Thomas More Square London E1W 1YW

ACCIDENT ADVICE HOLDINGS LIMITED

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ACCIDENT ADVICE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2007

The directors present their report and the financial statements for the year ended 31 May 2007

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

Review of the business

The personal injury claims sector remained a challenging market place during the year and the group's main focus during 2006/07 has been to grow the business.

The group's development during the year

During 2006/07 there has been no change to the group's target market which has continued to be members of the public who have suffered a no-fault personal injury.

The group has never generated customers through door-to-door canvassing or cold calling and it also has no commission based sales force approaching potential claimants. In fact all customer contacts are handled by the group's client management call centre.

During the year the group expanded the number of specialist solicitors with which it works and in 2006/07 the group obtained over £4 million in compensation for its customers

The group's performance

During the year, as a result of the Directors' efforts to grow the business, turnover increased by 18% (2006 9%) to £ 8,486,181 (2006 £7,186,820). The percentage increase in turnover is a key performance indicator for the group as it measures the growth of our business.

Net profit before tax also grew to £1,106,383 (2006 £935,384)

The group's position

The group cash position at the year end was healthy with cash at bank and in hand amounting to £521,181 (2006 . £446,044)

The Directors believe that the group's position in the marketplace remains strong and we look forward to further growth in 2007/08

No events have occurred since the balance sheet date which significantly affect the group

ACCIDENT ADVICE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2007

Principal risks and uncertainties facing the group

The principal risks and uncertainties facing the group are -

Operational risk this is the risk of loss resulting from a breakdown in internal control systems which are designed to prevent and detect fraud and error

Financial reporting risk : this is the risk that due to a breakdown in internal control or fraud, the financial statements are materially misstated.

Bad debt risk · this is the risk of defaults on debts from customers

Business continuity risk this is the risk that a disaster or other unexpected event occurs leading to an inability to conduct our business

Compliance and regulatory risk : this is the risk that changes in the regulatory framework within which we operate could reduce our ability to operate profitably in the future

The group seeks to manage these risks by having in place sound systems of internal control and risk management. The effectiveness of these systems are reviewed on a regular basis.

Such systems are designed to manage rather than eliminate risk and any system can provide only reasonable and not absolute assurance against material misstatement or loss.

As regards the risk of defaults on debts from customers, the group's exposure to bad debts has been low historically due to the tight credit control procedures which are maintained

The risk of disruption to the business as a result of a disaster or unexpected event is mitigated as the group does have internal disaster recovery solutions in place. Moreover tapes containing up to date operational, financial and other business critical data are backed up on a daily basis and then stored in an off-site location

On 6 April 2007 The Compensation Act 2006 came into force for the first time whereby only authorised persons/companies are able to carry out claims management services. Accident Advice Helpline Direct Limited which is the main trading company in the Accident Advice Holdings group, received its Certificate of Authorisation in February 2007 and was one of the first companies to be fully authorised and approved by the Ministry of Justice (MOJ).

The joint Managing Director of the Accident Advice Holdings group, Mr Darren Werth, was one of the three members from the claims management industry who worked with the MOJ on drafting the rules for regulation. The group's Directors welcome the new Act which should benefit both the industry and consumers alike.

As an ethical and professional company in the claims management sector, Accident Advice Holdings group would welcome regulation that would remove some of the more unscrupulous practices from our industry.

ACCIDENT ADVICE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2007

Results and dividends

The results for the year are set out on page 7.

An interim ordinary dividend was paid amounting to £100,000. The directors do not recommend payment of a final dividend

Directors and their interests

The following directors have held office since 1 June 2006.

B A Beck
D Werth
L Beck
D Scott Rees

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 2007	31 May 2006
B A Beck	11,750	8,000
D Werth	15,000	7,500
L Beck	7,500	7,500

L Beck had a beneficial interest in a trust which owns 8,750 shares.

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

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young LLP be appointed as auditors of the company will be put to the Annual General Meeting

Charitable donations

During the period the group made charitable donations of £6,180 (2006 £3,020)

Directors' responsibilities

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

Company law requires the directors to prepare the financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

ACCIDENT ADVICE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2007

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

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board

B Beck
Director

25 March 2008



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 for the year ended 31 May 2007 set out on pages 7 to 23. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 in the Statement of Directors' Responsibilities on page 3 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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'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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.


UHY Hacker Young LLP

Chartered Accountants
Registered Auditors

25 March 2008

ACCIDENT ADVICE HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2007

		2007 £	2006 £
	Notes		
Turnover	2	8,486,181	7,186,820
Cost of sales		(3,144,623)	(2,452,080)
Gross profit		5,341,558	4,734,740
Administration expenses		(4,091,370)	(3,615,507)
Other operating income		19,468	-
Operating profit/(loss)	3	1,269,656	1,119,233
Interest receivable	4	26,200	8,144
Interest payable and similar charges	5	(189,473)	(191,993)
Profit/(loss) on ordinary activities before taxation		1,106,383	935,384
Tax on profit/(loss) on ordinary activities	6	(80,236)	(104,779)
Profit for the year	17	1,026,147	830,605

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 2007

	Notes	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	10		25,793		46,985
Current assets					
Debtors	12	608,427		928,091	
Cash at bank and in hand		521,181		446,044	
			1,129,608	1,374,135	
Creditors: amounts falling due within one year	13	(1,725,951)		(1,631,200)	
Net current liabilities			(596,343)		(257,065)
Total assets less current liabilities			(570,550)		(210,080)
Creditors amounts falling due after more than one year	14		(200,000)		(1,486,617)
Provision for liabilities and charges	15		(15,000)		(15,000)
			<u>(785,550)</u>		<u>(1,711,697)</u>
Capital and reserves					
Called up share capital	16		62,500		62,500
Profit and loss account	17		(848,050)		(1,774,197)
Shareholders' funds – equity interests	18		<u>(785,550)</u>		<u>(1,711,697)</u>

These financial statements were approved by the Board and authorised for issue on 25 March 2008.

B Beck
Director

D Scott Rees
Director

ACCIDENT ADVICE HOLDINGS LIMITED

COMPANY BALANCE SHEET AS AT 31 MAY 2007

	Notes	£	2007 £	£	2006 £
Fixed assets					
Investments	11		8		9
Current assets					
Debtors	12	357,300		10,117	
Cash at bank and in hand		235,313		345,750	
		<u>592,613</u>		<u>355,867</u>	
Creditors: amounts falling due within one year	13	(168,875)		(40,256)	
		<u></u>		<u></u>	
Net current assets			423,738		315,611
			<u></u>		<u></u>
Total assets less current liabilities			423,746		315,620
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	14		62,500		62,500
Profit and loss account	15		361,246		253,120
			<u></u>		<u></u>
Shareholders' funds – equity interests	16		423,746		315,620
			<u></u>		<u></u>

These financial statements were approved by the Board and authorised for issue on 25 March 2008

B Beck
Director

D Scott Rees
Director

ACCIDENT ADVICE HOLDINGS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2007

	Notes	£	2007 £	£	2006 £
Net cash inflow/(outflow) from operating activities	19		1,093,471		522,823
Returns on investments and servicing of finance					
Interest received		26,200		8,144	
Interest paid		(189,473)		(190,994)	
Net cash outflow from returns on investments and servicing of finance			(163,273)		(182,850)
Taxation					
Corporation tax paid			(142,274)		
Capital expenditure					
Payments to acquire tangible fixed assets		25,911		-	
Net cash outflow for capital expenditure			(25,911)		-
Equity dividends paid			(100,000)		-
Net cash inflow/(outflow) before financing			662,013		339,973
Financing					
Repay secured loan		(415,204)		(107,622)	
Repay bank loan		-		(51,545)	
Net cash inflow/(outflow) from financing			(415,204)		(159,167)
Increase in cash in the year	21		246,809		180,806

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

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 2007, the group had net liabilities of £785,550. No further adjustments are necessary to the accounts 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 a director who has provided the necessary working capital in order that the group can continue trading. The group has continued to be 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 and is recognised on the following basis.

- a) Income contingent on a third party event is recognised on the occurrence of that event
- b) All other income is recognised on an accruals basis when the right to consideration occurs

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 2007 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 11.

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 YEAR ENDED 31 MAY 2007

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 profit/(loss)

	2007 £	2006 £
Operating profit/(loss) is stated after charging:		
Amortisation of goodwill	-	-
Depreciation of tangible fixed assets	47,103	45,177
Rentals under operating leases - land and buildings	146,148	146,662
- plant and machinery	37,566	7,597
Auditors' remuneration		
Audit fees	39,500	40,000
	<u> </u>	<u> </u>

4. Other interest receivable and similar income

	2007 £	2006 £
Bank interest	26,200	8,144
	<u> </u>	<u> </u>

5. Interest payable and similar charges

	2007 £	2006 £
Bank loans and overdrafts	20,677	10,914
Other loan interest	168,796	180,080
Interest due on overdue tax	-	999
	<u> </u>	<u> </u>
	189,473	191,993
	<u> </u>	<u> </u>

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

	2007 £	2006 £
6. Taxation		
UK current year tax	80,605	87,353
UK prior year tax	(369)	17,426
	<u>80,236</u>	<u>104,779</u>
UK corporation tax charge		
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	1,106,383	935,384
Loss on ordinary activities before taxation	<u>331,915</u>	<u>280,615</u>
multiplied by standard rate of UK corporation tax of 30%		
Effects of		
Depreciation	14,131	13,553
Expenses not deductible for tax	34,267	3,512
Capital allowances	(9,554)	(10,148)
Prior year tax charge	(369)	17,426
Other tax adjustments	(12,339)	(3,097)
Tax losses utilised	(277,815)	(197,082)
	<u>(251,679)</u>	<u>(175,836)</u>
Current tax charge	<u>80,236</u>	<u>104,779</u>
The group has estimated tax losses of £263,000 (2006 £1,200,000) available for carry forward against future trading profits.		
	2007 £	2006 £
7. Dividends		
Ordinary interim paid	<u>100,000</u>	<u>-</u>

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2007

8. 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 £208,126 (2006: £142,556).

9. Goodwill

Group	Total £
Cost	
As at 1 June 2006 and 31 May 2007	299,998
Amortisation	
As at 1 June 2006 and 31 May 2007	299,998
Net book value	
As at 31 May 2006 and 31 May 2007	-

10. Tangible fixed assets

	Computer equipment	Fixtures and fittings	Total
Group	£	£	£
Cost			
At 1 June 2006	63,158	72,137	135,295
Additions	25,911	-	25,911
At 31 May 2007	89,069	72,137	161,206
Depreciation			
At 1 June 2006	42,625	45,685	88,310
Charge for the period	23,295	23,808	47,103
At 31 May 2007	65,920	69,493	135,413
Net book value			
At 31 May 2007	23,149	2,644	25,793
At 31 May 2006	20,533	26,452	46,985

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2007

11. Fixed asset investments

Company	Shares in subsidiaries £
Cost	
At 1 June 2006	65,509
Additions	-
Disposal	(1)
	<hr/>
At 31 May 2007	65,508
	<hr/>
Impairment	
At 1 June 2006	62,500
	<hr/>
At 31 May 2007	62,500
	<hr/>
Net book value	
At 31 May 2007	8
	<hr/>
At 31 May 2006	9
	<hr/>

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

11. Fixed asset investments (continued)

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
Claim 100 Limited (formerly Accident Advice & Compensation Group Limited)	Intermediate holding company
Accident Advice Helpline Direct Limited	Assisting individuals with personal injury claims
Accident Advice Helpline Limited	Intermediate holding company
Cab Claims Limited (formerly Employment Advice Bureau Limited)	Dormant
Claim4 Limited	Dormant
Employment Advice Bureau Limited	Dormant
Legal Facilities Management & Services Limited	Assisting individuals with personal injury claims
Liberty Protect Limited	Assisting individuals with personal injury claims
Claim 105 Limited (formerly Accident Advice (FI) Limited)*	Insurance underwriters intermediary
Claim 104 Limited (formerly Accident Advice (URO) Limited)*	Insurance underwriters intermediary
Claim 103 Limited (formerly Accident Advice Insurance Services Limited)*	Dormant
Claim 101 Limited (formerly Accident Advice Legal Services Limited)*	Solicitors enquiry agent
Claim 102 Limited (formerly Accident Advice Monitoring Services Limited)*	Dormant
Accident Advice Insurance Management Group Limited**	Intermediate holding company
Accident Advice (FAI) Limited***	Dormant
Accident Advice (IA) Limited***	Insurance underwriters intermediary
Claim 15 Limited+	Dissolved 6 June 2006
Claim 17 Limited++	Dissolved 30 September 2006
Claims Management and Monitoring Services Limited++	Dissolved 10 April 2007
Claim 13 Limited (formerly Claim 13 Plc)	Dissolved 31 July 2007

* 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 Limited

++ Shares held by Claim15 Limited

The sub-group comprising Claim 13 Limited (formerly 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 Limited (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 YEAR ENDED 31 MAY 2007

12.	Debtors	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
	Trade debtors	330,942	-	416,186	-
	Amounts owed by subsidiary undertakings	-	335,000	-	-
	Other debtors	15,849	-	193,474	-
	Prepayments and accrued income	261,636	22,300	318,431	10,117
		<u>608,427</u>	<u>357,300</u>	<u>928,091</u>	<u>10,117</u>
13.	Creditors: amounts falling due within one year	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
	Bank loans and overdrafts	-	-	171,672	-
	Trade creditors	341,203	-	559,487	7,328
	Amounts owed to group companies	-	168,875	-	32,928
	Taxes and social security	197,236	-	173,823	-
	Other creditors	879,364	-	183,587	-
	Corporation tax payable	42,741	-	104,779	-
	Accruals and deferred income	265,407	-	437,852	-
		<u>1,725,951</u>	<u>168,875</u>	<u>1,631,200</u>	<u>40,256</u>
	Debt due in one year or less	<u>871,413</u>	<u>-</u>	<u>70,418</u>	<u>-</u>
14.	Creditors: amounts falling due after more than one year	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
	Bank loans (repayable within 1 year)	-	-	-	-
	Other loans (repayable within 5 years)	200,000	-	1,486,617	-
		<u>200,000</u>	<u>-</u>	<u>1,486,617</u>	<u>-</u>

The other loan is from Marson Financial Services Limited (see note 25) The interest rate is currently 12% The loan is due to be repaid within one year 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 YEAR ENDED 31 MAY 2007

14.	Creditors: amounts falling due after more than one year (continued)	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
	Analysis of loans				
	Wholly repayable in five years	1,071,413	-	1,557,035	-
	Included in current liabilities	(871,413)	-	(70,418)	-
		<u>200,000</u>	<u>-</u>	<u>1,486,617</u>	<u>-</u>
	Loan Maturity Analysis				
	In more than one year but not more than two years	200,000	-	-	-
	In more than two years but not more than five years	-	-	1,486,617	-
		<u>-</u>	<u>-</u>	<u>1,486,617</u>	<u>-</u>
15.	Provision for liabilities and charges	Group 2007 £	Company 2007 £	Group 2006 £	Company 2006 £
	Provisions				
	As at 1 June 2006	15,000	-	257,052	-
	Charge for the period	-	-	(242,052)	-
		<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
	As at 31 May 2007	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>
	The provision for future cancellations is the directors' estimate of those sales which will subsequently be cancelled				
16.	Share capital				
	Group and company	2007 £	2006 £		
	Authorised				
	100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>		
	Group and company	2007 £	2006 £		
	Called up, allotted and fully paid				
	62,500 Ordinary shares of £1 each	<u>62,500</u>	<u>62,500</u>		

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

17. Statement of movements on reserves

	Profit and loss £
Group	
As at 1 June 2006	(1,774,197)
Profit for the year	1,026,147
Dividends paid	(100,000)
	<hr/>
Balance at 31 May 2007	<u>(848,050)</u>
	Profit and loss £
Company	
As at 1 June 2006	253,120
Profit for the year	208,126
Dividends paid	(100,000)
	<hr/>
Balance at 31 May 2007	<u>361,246</u>

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

18. Reconciliation of movements in shareholders' funds

Group	2007	2006
	£	£
Profit/(loss) for the year	1,026,147	830,605
Dividends paid	(100,000)	-
	<hr/>	<hr/>
Net addition/(reduction) to shareholders' funds	926,147	830,605
Opening shareholders' funds	(1,711,697)	(2,542,302)
	<hr/>	<hr/>
Closing shareholders' funds	<u>(785,550)</u>	<u>(1,711,697)</u>
Company	2007	2006
	£	£
Profit for the year	208,126	142,556
Dividends paid	(100,000)	-
	<hr/>	<hr/>
Net addition to shareholders' funds	108,126	142,556
Opening shareholders' funds	315,620	173,064
	<hr/>	<hr/>
Closing shareholders' funds	<u>423,746</u>	<u>315,620</u>

19. Reconciliation of operating profit to net cash outflow from operating activities

	2007	2006
	£	£
Operating profit/(loss)	1,269,656	1,119,233
Depreciation and amortisation of goodwill	47,103	45,177
Decrease/(increase) in debtors	319,664	(335,840)
(Decrease)/increase in creditors within one year	(542,952)	(63,695)
(Decrease)/increase in provisions	-	(242,052)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	<u>1,093,471</u>	<u>522,823</u>

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

20. Reconciliation of net cash flow to movement in net debt

	2007 £	2006 £
Increase in cash in period	246,809	180,806
Cash outflow/(inflow) from decrease/(increase) in debt	415,204	159,167
	<hr/>	<hr/>
Change in net debt resulting from cash flows	662,013	339,973
Opening net debt	(1,212,245)	(1,552,218)
	<hr/>	<hr/>
Closing net debt	<u>(550,232)</u>	<u>(1,212,245)</u>

21. Analysis of net debt

	At 1 June 2006 £	Cash flow £	At 31 May 2007 £
Net cash			
Cash at bank and in hand	446,044	75,137	521,181
Bank overdraft	(171,672)	171,672	-
	<hr/>	<hr/>	<hr/>
	274,372	246,809	521,181
Debt:			
Debt due within one year	-	(871,413)	(871,413)
Debt due after one year	(1,486,617)	1,286,617	(200,000)
	<hr/>	<hr/>	<hr/>
	(1,486,617)	415,204	(1,071,413)
	<hr/>	<hr/>	<hr/>
Net debt	<u>(1,212,245)</u>	<u>662,013</u>	<u>(550,232)</u>

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

22. Financial commitments

Capital commitments

There were no capital commitments at the end of the period

Lease commitments

As at 31 May 2007 the group had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings 2007 £	Land and Buildings 2006 £	Other 2007 £	Other 2006 £
Expiry date				
Within one year	-	-	8,110	-
Within two to five years	93,563	93,563	33,637	-

23. Directors' emoluments

	2007 £	2006 £
Emoluments for qualifying services	408,000	324,958
Emoluments disclosed above include the following amount paid to the highest paid director	130,500	116,000

24. Employees

Number of employees

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

	2007 Number	2006 Number
Sales and administration	98	94
Employment costs	£	£
Wages and salaries	2,666,091	2,230,673
Social security costs	270,036	219,508
	2,936,127	2,450,181

ACCIDENT ADVICE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2007

25. Related party transactions

The group had the following related party transactions during the year

The group paid rent of £4,451 (2006 £9,011) to SOS Worldwide Plc. L Beck is a director and shareholder of this company

The group paid rent and service charges of £140,039 (2006 £132,563) to AAG (HQ) Limited B A Beck and L Beck are directors of this company

The group paid consultancy fees of £187,143 (2006 £137,616) to Marson Management Services Limited. B A Beck is a director and shareholder of this company

During the previous year a loan of £1,257,661 was received from Marson Financial Services Limited The sum of £1,071,413 (2006 £1,147,039) was outstanding at the year end During the year interest of £168,039 (2006: £180,080) 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.