

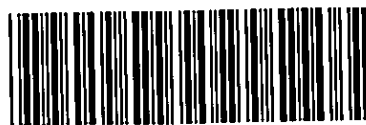
Company Registration No. 5107527 (England and Wales)

STATUTORY COPY

**ACCIDENT ADVICE HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2008**

**UHY** Hacker Young  
Chartered Accountants

MONDAY



LD3 09/03/2009 152  
COMPANIES HOUSE

01644Q

# **ACCIDENT ADVICE HOLDINGS LIMITED**

## **COMPANY INFORMATION**

---

|                          |  |
|--------------------------|--|
| <b>Directors</b>         | B Beck<br>D Werth<br>L Beck<br>D Scott Rees  |
| <b>Secretary</b>         | B A Beck   |
| <b>Company number</b>    | 5107527  |
| <b>Registered office</b> | Quadrant House – 6 <sup>th</sup> Floor<br>17 Thomas More Street<br>Thomas More Square<br>London<br>E1W 1YW |
| <b>Business address</b>  | Accident Advice House<br>Merrion Avenue<br>Stanmore<br>Middlesex<br>HA7 4RP                                |
| <b>Bankers</b>           | HSBC Bank plc<br>90 Baker Street<br>London<br>W1V 6AX  |
| <b>Auditors</b>          | UHY Hacker Young LLP<br>Quadrant House<br>17 Thomas More Street<br>Thomas More Square<br>London<br>E1W 1YW |

# **ACCIDENT ADVICE HOLDINGS LIMITED**

## **CONTENTS**

---

|                                      | <b>Page</b> |
|--------------------------------------|-------------|
| Directors' report                    | 1 - 4       |
| Independent auditors' report         | 5 - 6       |
| Consolidated profit and loss account | 7           |
| Consolidated balance sheet           | 8           |
| Company balance sheet                | 9           |
| Consolidated cash flow statement     | 10          |
| Notes to the financial statements    | 11 - 23     |

# **ACCIDENT ADVICE HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2008**

---

The directors present their report and the financial statements for the year ended 31 May 2008.

### **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 2007/08 has been to grow the business.

### **The group's development during the year**

During 2007/08 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.

### **The group's performance**

The business grew during the year with turnover increasing by 17% (2007 : 18%) to £9,946,956 (2007 : £8,486,181). 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 £1,759,231 (2007 : £1,106,383)

### **The group's position**

The group's cash position at the year end was healthy with cash at bank and in hand amounting to £861,096 (2007 : £521,181).

The Directors believe that the group's position in the marketplace is strong and we can look forward to further growth in 2008/09.

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 2008**

---

### **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 the group operates could reduce our ability to operate profitably in the future.

The group seeks to manage these risks by having 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.

The Compensation Act 2006 provided for the regulation of claims management services and it became an offence under the act for persons/companies to operate without authorisation.

Mr Darren Werth, the joint Managing Director of the Accident Advice Holdings group, was one of three members from the claims management industry who worked with the MOJ in drafting the rules for regulation.

Accident Advice Helpline Direct Ltd which is the main trading company in the Accident Advice Holdings group was one of the first companies to be fully authorised and approved by the Ministry of Justice (MOJ).

In April 2008 an assessment of the impact of regulation on the claims management industry was published by the MOJ. The report's conclusion was that the new regulatory regime had had "a significant effect in reducing malpractice in its first full year of operation."

As an ethical and professional company in the claims management sector, the Directors of the Accident Advice Holdings group welcome the impact that regulation has had which should benefit both the industry and consumers alike.

# **ACCIDENT ADVICE HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2008**

---

### **Results and dividends**

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

An interim ordinary dividend was paid amounting to £300,000 (2007: £100,000). The directors do not recommend payment of a final dividend.

### **Directors**

The following directors have held office since 1 June 2007:

B Beck  
D Werth  
L Beck  
D Scott Rees

### **Auditors**

UHY Hacker Young LLP are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under Companies Act 2006

### **Charitable donations**

During the period, the group made charitable donations of £5,463 (2007: £6,180), these were to various charitable organisations within the UK.

### **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.

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.

# **ACCIDENT ADVICE HOLDINGS LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2008**

---

### **Statement of disclosure to auditor**

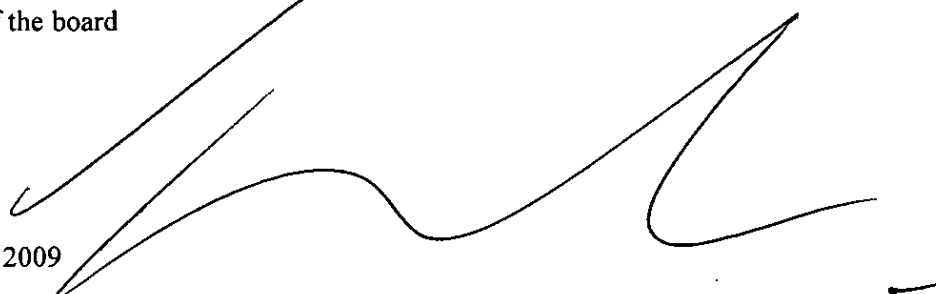
(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(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

11 February 2009



## **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 2008 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**

---

**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 2008 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*  
UHY Hacker Young LLP

Chartered Accountants  
Registered Auditors

11 February 2009

# ACCIDENT ADVICE HOLDINGS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2008

|   | Notes | 2008<br>£        | 2007<br>£        |
|---|-------|------------------|------------------|
| Turnover                                      | 2     | 9,946,956        | 8,486,181        |
| Cost of sales                                 |       | (3,656,477)      | (3,144,623)      |
| <b>Gross profit</b>                           |       | <b>6,290,479</b> | <b>5,341,558</b> |
| Administration expenses                       |       | (4,485,152)      | (4,091,370)      |
| Other operating income                        |       | -                | 19,468           |
| <b>Operating profit</b>                       | 3     | <b>1,805,327</b> | <b>1,269,656</b> |
| Interest receivable                           | 4     | 33,812           | 26,200           |
| Interest payable and similar charges          | 5     | (79,908)         | (189,473)        |
| Profit on ordinary activities before taxation |       | 1,759,231        | 1,106,383        |
| Tax on profit on ordinary activities          | 6     | (472,561)        | (80,236)         |
| <b>Profit for the year</b>                    | 17    | <b>1,286,670</b> | <b>1,026,147</b> |

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 2008

|   | Notes | £           | 2008<br>£ | £           | 2007<br>£ |
|---|-------|-------------|-----------|-------------|-----------|
| <b>Fixed assets</b>                                     |       |             |           |             |           |
| Tangible assets   | 10    |             | 28,372    |             | 25,793    |
| <b>Current assets</b>                                   |       |             |           |             |           |
| Debtors   | 12    | 798,414     |           | 608,427     |           |
| Cash at bank and in hand                                |       | 861,096     |           | 521,181     |           |
|   |       |             |           |             |           |
|   |       | 1,659,510   |           | 1,129,608   |           |
| <b>Creditors: amounts falling due within one year</b>   | 13    | (1,486,762) |           | (1,725,951) |           |
|   |       |             |           |             |           |
| <b>Net current assets/(liabilities)</b>                 |       |             | 172,748   |             | (596,343) |
|   |       |             |           |             |           |
| <b>Total assets less current assets/(liabilities)</b>   |       |             | 201,120   |             | (570,550) |
|   |       |             |           |             |           |
| Creditors: amounts falling due after more than one year | 14    |             | -         |             | (200,000) |
|   |       |             |           |             |           |
| Provision for liabilities and charges                   | 15    |             | -         |             | (15,000)  |
|   |       |             |           |             |           |
|   |       |             | 201,120   |             | (785,550) |
|   |       |             |           |             |           |
| <b>Capital and reserves</b>                             |       |             |           |             |           |
| Called up share capital                                 | 16    |             | 62,500    |             | 62,500    |
| Profit and loss account                                 | 17    |             | 138,620   |             | (848,050) |
|   |       |             |           |             |           |
| <b>Shareholders' funds – equity interests</b>           | 18    |             | 201,120   |             | (785,550) |

These financial statements were approved by the Board and authorised for issue on 11 February 2009.

B Beck  
Director

D Scott Rees  
Director

*Scott Rees*

**COMPANY BALANCE SHEET**  
**AS AT 31 MAY 2008**

These financial statements were approved by the Board and authorised for issue on 11 February 2009.

D Scott Rees  
Director

Scott Fees

# ACCIDENT ADVICE HOLDINGS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2008

|  | Notes     | £        | 2008<br>£   | £         | 2007<br>£ |
|--|-----------|----------|-------------|-----------|-----------|
| <b>Net cash inflow from operating activities</b>                             | <b>19</b> |          | 1,816,287   |           | 1,093,471 |
| <b>Returns on investments and servicing of finance</b>                       |           |          |             |           |           |
| Interest received  |           | 33,812   |             | 26,200    |           |
| Interest paid  |           | (79,908) |             | (189,473) |           |
|  |           |          |             |           |           |
| <b>Net cash outflow from returns on investments and servicing of finance</b> |           |          | (46,096)    |           | (163,273) |
| <b>Taxation</b>  |           |          |             |           |           |
| Corporation tax paid   |           |          | (42,092)    |           | (142,274) |
| <b>Capital expenditure</b>   |           |          |             |           |           |
| Payments to acquire tangible fixed assets                                    |           | 16,771   |             | 25,911    |           |
|  |           |          |             |           |           |
| <b>Net cash outflow for capital expenditure</b>                              |           |          | (16,771)    |           | (25,911)  |
| <b>Equity dividends paid</b>   |           |          | (300,000)   |           | (100,000) |
|  |           |          |             |           |           |
| <b>Net cash inflow/(outflow) before financing</b>                            |           |          | 1,411,328   |           | 662,013   |
| <b>Financing</b>   |           |          |             |           |           |
| Repay secured loan   |           |          | (1,071,413) |           | (415,204) |
|  |           |          |             |           |           |
| <b>Net cash inflow/(outflow) from financing</b>                              |           |          | (1,071,413) |           | (415,204) |
|  |           |          |             |           |           |
| <b>Increase in cash in the year</b>  | <b>21</b> |          | 339,915     |           | 246,809   |

# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

---

### **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.

#### **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 2008 by the acquisition method of accounting. Intra-group transactions and results are eliminated on consolidation.

#### **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.

#### **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.

# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

### 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)                          | 2008<br>£     | 2007<br>£      |
|---|---------------|----------------|
| Operating profit/(loss) is stated after charging;   |               |                |
| Depreciation of tangible fixed assets               | 14,192        | 47,103         |
| Rentals under operating leases - land and buildings | 194,620       | 146,148        |
| - plant and machinery                               | 35,985        | 37,566         |
| Auditors' remuneration                              |               |                |
| Audit fees  | 54,576        | 39,500         |
|   | <u>79,908</u> | <u>189,473</u> |
| 4. Other interest receivable and similar income     | 2008<br>£     | 2007<br>£      |
| Bank interest                                       | 33,812        | 26,200         |
|   | <u>33,812</u> | <u>26,200</u>  |
| 5. Interest payable and similar charges             | 2008<br>£     | 2007<br>£      |
| Bank loans and overdrafts                           | 255           | 20,677         |
| Other loan interest                                 | 76,638        | 168,796        |
| Interest due on overdue tax                         | 3,015         | -              |
|   | <u>79,908</u> | <u>189,473</u> |

# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

|  | 2008<br>£        | 2007<br>£        |
|--|------------------|------------------|
| <b>6. Taxation</b>   |                  |                  |
| UK current year tax  | 473,210          | 80,605           |
| UK prior year tax  | (649)            | (369)            |
|  | <u>472,561</u>   | <u>80,236</u>    |
| UK corporation tax charge  |                  |                  |
| Factors affecting the tax charge for the year  |                  |                  |
| Profit on ordinary activities before taxation  | <u>1,759,231</u> | <u>1,106,383</u> |
| Profit on ordinary activities before taxation<br>multiplied by standard rate of UK corporation tax<br>of 30% | <u>527,769</u>   | <u>331,915</u>   |
| Effects of:  |                  |                  |
| Depreciation   | 4,258            | 14,131           |
| Expenses not deductible for tax  | 34,399           | 34,267           |
| Capital allowances   | (10,044)         | (9,554)          |
| Prior year tax charge  | (649)            | (369)            |
| Other tax adjustments  | (6,275)          | (12,339)         |
| Tax losses utilised  | (76,897)         | (277,815)        |
|  | <u>(55,208)</u>  | <u>(251,679)</u> |
| <b>Current tax charge</b>  | <u>472,561</u>   | <u>80,236</u>    |

The group has estimated tax losses of £6,900 (2007:£ 263,000) available for carry forward against future trading profits.

|                       | 2008<br>£      | 2007<br>£      |
|-----------------------|----------------|----------------|
| <b>7. Dividends</b>   |                |                |
| Ordinary interim paid | <u>300,000</u> | <u>100,000</u> |



# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2008

### 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 £499,887 (2007: £208,126).

### 9. Goodwill

| Group                             | Total<br>£ |
|-----------------------------------|------------|
| <b>Cost</b>                       |            |
| As at 1 June 2007 and 31 May 2008 | 299,998    |
| <b>Amortisation</b>               |            |
| As at 1 June 2007 and 31 May 2008 | 299,998    |
| <b>Net book value</b>             |            |
| As at 31 May 2007 and 31 May 2008 | -          |

### 10. Tangible fixed assets

|                       | Computer<br>equipment | Fixtures and<br>fittings | Total   |
|-----------------------|-----------------------|--------------------------|---------|
| Group                 | £                     | £                        | £       |
| <b>Cost</b>           |                       |                          |         |
| At 1 June 2007        | 89,069                | 72,137                   | 161,206 |
| Additions             | 12,971                | 3,800                    | 16,771  |
|                       |                       |                          |         |
| At 31 May 2008        | 102,040               | 75,937                   | 177,977 |
|                       |                       |                          |         |
| <b>Depreciation</b>   |                       |                          |         |
| At 1 June 2007        | 65,920                | 69,493                   | 135,413 |
| Charge for the period | 10,320                | 3,872                    | 14,192  |
|                       |                       |                          |         |
| At 31 May 2008        | 76,240                | 73,365                   | 149,605 |
|                       |                       |                          |         |
| <b>Net book value</b> |                       |                          |         |
| At 31 May 2008        | 25,800                | 2,572                    | 28,372  |
|                       |                       |                          |         |
| At 31 May 2007        | 23,149                | 2,644                    | 25,793  |

# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MAY 2008

### 11. Fixed asset investments

| Company               | Shares in subsidiaries<br>£ |
|-----------------------|-----------------------------|
| <b>Cost</b>           |                             |
| At 1 June 2007        | 62,508                      |
| Additions             | -                           |
| Disposal              | (62,500)                    |
|                       | <hr/>                       |
| At 31 May 2008        | 8                           |
|                       | <hr/> <hr/>                 |
| <b>Impairment</b>     |                             |
| At 1 June 2007        | 62,500                      |
| Disposal              | (62,500)                    |
|                       | <hr/>                       |
| At 31 May 2008        | -                           |
|                       | <hr/> <hr/>                 |
| <b>Net book value</b> |                             |
| At 31 May 2008        | 8                           |
|                       | <hr/> <hr/>                 |
| At 31 May 2007        | 8                           |
|                       | <hr/> <hr/>                 |

# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

---

### 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  |   |
| 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)*                | Dormant   |
| Claim 104 Limited (formerly Accident Advice (URO) Limited)*               | Dormant   |
| Claim 103 Limited (formerly Accident Advice Insurance Services Limited)*  | Dormant   |
| Claim 101 Limited (formerly Accident Advice Legal Services Limited)*      | Dormant   |
| 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***   | Dormant   |

\* Shares held by Claim 100 Limited

\*\* Shares held by Accident Advice Helpline Limited

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

# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

| 12. | Debtors   | Group<br>2008<br>£ | Company<br>2008<br>£ | Group<br>2007<br>£ | Company<br>2007<br>£ |
|-----|---|--------------------|----------------------|--------------------|----------------------|
|     | Trade debtors   | 505,731            | -                    | 330,942            | -                    |
|     | Amounts owed by subsidiary undertakings                 | -                  | 612,554              | -                  | 335,000              |
|     | Other debtors   | 18,357             | -                    | 15,849             | -                    |
|     | Prepayments and accrued income                          | 274,326            | 21,454               | 261,636            | 22,300               |
|     |   | <u>798,414</u>     | <u>634,008</u>       | <u>608,427</u>     | <u>357,300</u>       |
| 13. | Creditors: amounts falling due within one year          | Group<br>2008<br>£ | Company<br>2008<br>£ | Group<br>2007<br>£ | Company<br>2007<br>£ |
|     | Trade creditors   | 387,827            | 10,199               | 341,203            | -                    |
|     | Amounts owed to group companies                         | -                  | 8                    | -                  | 168,875              |
|     | Taxes and social security                               | 186,018            | -                    | 197,236            | -                    |
|     | Other creditors   | 7,756              | -                    | 879,364            | -                    |
|     | Corporation tax payable                                 | 473,210            | -                    | 42,741             | -                    |
|     | Accruals and deferred income                            | 431,951            | 350                  | 265,407            | -                    |
|     |   | <u>1,486,762</u>   | <u>10,557</u>        | <u>1,725,951</u>   | <u>168,875</u>       |
| 14. | Creditors: amounts falling due after more than one year | Group<br>2008<br>£ | Company<br>2008<br>£ | Group<br>2007<br>£ | Company<br>2007<br>£ |
|     | Bank loans (repayable within 1 year)                    | -                  | -                    | -                  | -                    |
|     | Other loans (repayable within 5 years)                  | -                  | -                    | 200,000            | -                    |
|     |   | <u>-</u>           | <u>-</u>             | <u>200,000</u>     | <u>-</u>             |

The other loan is from Marson Financial Services Limited (see note 25). The interest rate is currently 12%. 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 2008

| 14. | Creditors: amounts falling due after more than one year (continued) | Group<br>2008<br>£          | Company<br>2008<br>£          | Group<br>2007<br>£          | Company<br>2007<br>£          |
|-----|---|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
|     | <b>Analysis of loans</b>  |                             |                               |                             |                               |
|     | Wholly repayable in five years                                      | -                           | -                             | 1,071,413                   | -                             |
|     | Included in current liabilities as other creditors                  | -                           | -                             | (871,413)                   | -                             |
|     |   | <u>-</u>                    | <u>-</u>                      | <u>-</u>                    | <u>-</u>                      |
|     |   | <u>-</u>                    | <u>-</u>                      | <u>200,000</u>              | <u>-</u>                      |
|     | <b>Loan Maturity Analysis</b>                                       |                             |                               |                             |                               |
|     | In more than one year but not more than two years                   | -                           | -                             | 200,000                     | -                             |
|     | In more than two years but not more than five years                 | -                           | -                             | -                           | -                             |
|     |   | <u>-</u>                    | <u>-</u>                      | <u>-</u>                    | <u>-</u>                      |
| 15. | <b>Provision for liabilities and charges</b>                        | <b>Group<br/>2008<br/>£</b> | <b>Company<br/>2008<br/>£</b> | <b>Group<br/>2007<br/>£</b> | <b>Company<br/>2007<br/>£</b> |
|     | <b>Provisions</b>   |                             |                               |                             |                               |
|     | As at 1 June 2007   | -                           | -                             | 15,000                      | -                             |
|     | Charge for the period   | -                           | -                             | -                           | -                             |
|     |   | <u>-</u>                    | <u>-</u>                      | <u>-</u>                    | <u>-</u>                      |
|     | As at 31 May 2008   | <u>-</u>                    | <u>-</u>                      | <u>15,000</u>               | <u>-</u>                      |
| 16. | <b>Share capital</b>  |                             |                               |                             |                               |
|     | <b>Group and company</b>  |                             |                               | <b>2008<br/>£</b>           | <b>2007<br/>£</b>             |
|     | Authorised  |                             |                               |                             |                               |
|     | 100,000 Ordinary shares of £1 each                                  |                             |                               | <u>100,000</u>              | <u>100,000</u>                |
|     | <b>Group and company</b>  |                             |                               | <b>2008<br/>£</b>           | <b>2007<br/>£</b>             |
|     | 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 2008

---

### 17. Statement of movements on reserves

|                        | <b>Profit<br/>and loss<br/>£</b> |
|------------------------|----------------------------------|
| <b>Group</b>           |                                  |
| As at 1 June 2007      | (848,050)                        |
| Profit for the year    | 1,286,670                        |
| Dividends paid         | (300,000)                        |
|                        | <hr/>                            |
| Balance at 31 May 2008 | <u>138,620</u>                   |
|                        |                                  |
|                        | <b>Profit<br/>and loss<br/>£</b> |
| <b>Company</b>         |                                  |
| As at 1 June 2007      | 361,246                          |
| Profit for the year    | 499,887                          |
| Dividends paid         | (300,000)                        |
|                        | <hr/>                            |
| Balance at 31 May 2008 | <u>561,133</u>                   |

# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

### 18. Reconciliation of movements in shareholders' funds

| Group                               | 2008      | 2007        |
|-------------------------------------|-----------|-------------|
|                                     | £         | £           |
| Profit/(loss) for the year          | 1,286,670 | 1,026,147   |
| Dividends paid                      | (300,000) | (100,000)   |
| Net addition to shareholders' funds | 986,670   | 926,147     |
| Opening shareholders' funds         | (785,550) | (1,711,697) |
| Closing shareholders' funds         | 201,120   | (785,550)   |
| Company                             | 2008      | 2007        |
|                                     | £         | £           |
| Profit for the year                 | 499,887   | 208,126     |
| Dividends paid                      | (300,000) | (100,000)   |
| Net addition to shareholders' funds | 199,887   | 108,126     |
| Opening shareholders' funds         | 423,746   | 315,620     |
| Closing shareholders' funds         | 623,633   | 423,746     |

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

|   | 2008      | 2007      |
|---|-----------|-----------|
|   | £         | £         |
| Operating profit/(loss)                             | 1,805,327 | 1,269,656 |
| Depreciation  | 14,192    | 47,103    |
| Decrease/(increase) in debtors                      | (189,987) | 319,664   |
| (Decrease)/increase in creditors within one year    | 201,755   | (542,952) |
| (Decrease)/increase in provisions                   | (15,000)  | -         |
| Net cash inflow/(outflow) from operating activities | 1,816,287 | 1,093,471 |

# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

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

|  | 2008<br>£      | 2007<br>£        |
|--|----------------|------------------|
| Increase in cash in period                             | 339,915        | 246,809          |
| Cash outflow/(inflow) from decrease/(increase) in debt | 1,071,413      | 415,204          |
|  | <hr/>          | <hr/>            |
| Change in net debt resulting from cash flows           | 1,411,328      | 662,013          |
| Opening net debt                                       | (550,232)      | (1,212,245)      |
|  | <hr/>          | <hr/>            |
| Closing net debt                                       | <u>861,096</u> | <u>(550,232)</u> |

### 21. Analysis of net debt

|                          | At<br>1 June<br>2007<br>£ | Cash flow<br>£   | At<br>31 May<br>2008<br>£ |
|--------------------------|---------------------------|------------------|---------------------------|
| Net cash:                |                           |                  |                           |
| Cash at bank and in hand | 521,181                   | 339,915          | 861,096                   |
|                          | <hr/>                     | <hr/>            | <hr/>                     |
|                          | 521,181                   | 339,915          | 861,096                   |
| Debt:                    |                           |                  |                           |
| Debt due within one year | (871,413)                 | 871,413          | -                         |
| Debt due after one year  | (200,000)                 | 200,000          | -                         |
|                          | <hr/>                     | <hr/>            | <hr/>                     |
|                          | (1,071,413)               | 1,071,413        | -                         |
|                          | <hr/>                     | <hr/>            | <hr/>                     |
| Net debt                 | <u>(550,232)</u>          | <u>1,411,328</u> | <u>861,096</u>            |



# ACCIDENT ADVICE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

### 22. Financial commitments

#### Capital commitments

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

#### Lease commitments

As at 31 May 2008 the group had annual commitments under non-cancellable operating leases as follows:

| Expiry date              | Land and<br>Buildings<br>2008<br>£ | Land and<br>Buildings<br>2007<br>£ | Other<br>2008<br>£ | Other<br>2007<br>£ |
|--------------------------|------------------------------------|------------------------------------|--------------------|--------------------|
| Within one year          | 23,361                             | -                                  | 1,770              | 8,110              |
| Within two to five years | -                                  | 93,563                             | 26,261             | 33,637             |
|                          | <u>23,361</u>                      | <u>93,563</u>                      | <u>28,031</u>      | <u>41,747</u>      |

### 23. Directors' emoluments

|  | 2008<br>£      | 2007<br>£      |
|--|----------------|----------------|
| Emoluments for qualifying services   | <u>445,000</u> | <u>408,000</u> |
| Emoluments disclosed above include the following amount paid to the highest paid director: | <u>164,000</u> | <u>130,500</u> |

### 24. Employees

#### Number of employees

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

|                          | 2008<br>Number   | 2007<br>Number   |
|--------------------------|------------------|------------------|
| Sales and administration | <u>104</u>       | <u>98</u>        |
| <b>Employment costs</b>  | <b>£</b>         | <b>£</b>         |
| Wages and salaries       | 2,822,214        | 2,666,091        |
| Social security costs    | 260,427          | 270,036          |
|                          | <u>3,082,641</u> | <u>2,936,127</u> |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2008**

---

**25. Related party transactions**

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

The group paid rent of £Nil (2007: £4,451) to SOS Worldwide Plc. L Beck is a director and shareholder of this company.

The group paid rent and service charges of £158,470 (2007: £140,039) to AAG (HQ) Limited. B A Beck and L Beck are directors of this company.

The group paid consultancy fees of £288,100 (2007: £187,143) to Marson Management Services Limited. B A Beck is a director and shareholder of this company.

During the financial year 31 May 2006, a loan of £1,257,661 was received from Marson Financial Services Limited. The sum of £Nil (2007: £1,071,413) was outstanding at the year end. During the year interest of £76,638 (2007: £168,039) 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.