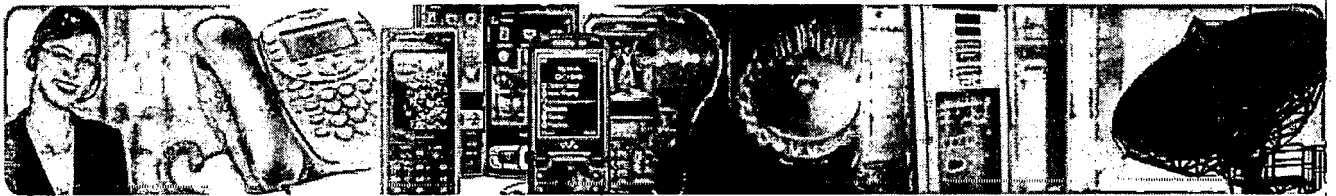


Abstract Legal
Holdings
Limited
Annual Report
& Financial
Statements

Company Registration No. 05107527

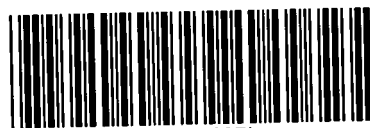
June 30

2016



For the year
ended 30 June
2016

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COMPANIES HOUSE

Officers and Professional Advisors

Director

Mr K Fowlie

Registered Office

50-52 Chancery Lane
London
England
WC2A 1HL

Business Address

Royalty House,
10 King Street,
Watford,
Herts,
WD18 0BW

Bankers

HSBC Bank Plc
90 Baker Street
London
W1U 6AX

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Directors' Report

The Directors present their report on the affairs of Abstract Legal Holdings Limited (the "Company" or "ALH"), together with the unaudited financial statements, for the year ended 30 June 2016. The comparative period is for the 18 month period ended 30 June 2015. The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006. In these financial statements, the Company has adopted FRS 101 for the first time.

Principal activities

The principal activity of Abstract Legal Holdings Limited (ALH) is that of a holding company of a group of companies whose principal activity is the assistance of individuals with personal injury claims.

Financial review

Loss before tax for the year was £67,000 (*period ended 30 June 2015: £9,000*).

Dividends

The Directors do not recommend a dividend be paid for the year under review (*period ended 30 June 2015: £nil*).

Directors

The Directors who held office during the year were as follows:

Mr L Beck (Resigned 13 November 2015)
Mr R Fielding (Resigned 17 September 2015)
Mr K Fowlie

Going concern

The financial statements have been prepared on a going concern basis. See note 2 for further detail.

By order of the Board



Ken Fowlie - Director
24 March 2017

Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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;
- state whether they have been prepared in accordance with UK Accounting Standards and applicable law, including FRS 101 Reduced Disclosure Framework; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. This is detailed further in note 2.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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 Comprehensive Income
for the year ended 30 June 2016

| | Note | Year ended 30 June 2016 £'000 | 18 months ended 30 June 2015 £'000 |
|---|------|---|--|
| Administrative expenses | | (67) | (9) |
| Loss before taxation | 5 | (67) | (9) |
| Taxation | 6 | - | - |
| Total comprehensive loss for the year/period | | (67) | (9) |

All results relate to continuing activities.

The notes on pages 10 to 17 form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2016

| | Share Capital £'000 | Accumulated losses £'000 | Total equity £'000 |
|------------------------|---------------------------|--------------------------------|--------------------------|
| At 1 July 2015 | 67 | (8) | 59 |
| Loss for the year | - | (67) | (67) |
| At 30 June 2016 | 67 | (75) | (8) |

For the period ended 30 June 2015:

| | Share Capital £'000 | Retained Earnings/ Accumulated losses £'000 | Total equity £'000 |
|------------------------|---------------------------|---|--------------------------|
| At 1 January 2014 | 67 | 1 | 68 |
| Loss for the period | - | (9) | (9) |
| At 30 June 2015 | 67 | (8) | 59 |

The notes on pages 10 to 17 form part of these financial statements.

Statement of Financial Position

as at 30 June 2016

| | Note | 30 June 2016 £'000 | 30 June 2015 £'000 |
|--|------|--------------------------|--------------------------|
| Non-current assets | | | |
| Investments | 7 | - | - |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 1,902 | 1,916 |
| Cash and cash equivalents | 9 | - | 3,045 |
| | | 1,902 | 4,961 |
| Total assets | | 1,902 | 4,961 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 10 | (1,910) | (4,902) |
| Net (liabilities)/assets | | (8) | 59 |
| Capital and reserves | | | |
| Called up share capital | 11 | 67 | 67 |
| Accumulated losses | | (75) | (8) |
| Total equity | | (8) | 59 |

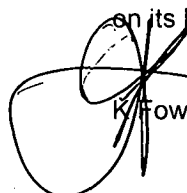
The notes on pages 10 to 17 form part of these financial statements.

For the year ended 30 June 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies, and the directors are satisfied that no member or members have requested an audit pursuant to section 476 of that Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The financial statements of Abstract Legal Holdings Limited, registered number 05107527, on pages 6 to 17 were approved and authorised for issue by the board of directors on 24 March 2107 and signed on its behalf by:



K. Fowlie - Director

Cash Flow Statement

for the year ended 30 June 2016

| | Note | Year ended 30 June 2016 £'000 | 18 months ended 30 June 2015 £'000 |
|--|------|---|--|
| Cash flows from operating activities | | | |
| Cash used by operations | 12 | (3,045) | - |
| Tax paid | | - | - |
| Net cash used by operating activities | | (3,045) | - |
| Net (decrease)/increase in cash and cash equivalents | 13 | (3,045) | - |
| Cash and cash equivalents at the beginning of the year/period | | 3,045 | 3,045 |
| Cash and cash equivalents at the end of the year/period | 9 | - | 3,045 |

The notes on pages 10 to 17 form part of these financial statements.

Notes to the Financial Statements

1. General information

Abstract Legal Holdings Limited is a company incorporated and domiciled in the United Kingdom.

2. Accounting policies

Compliance with accounting standards

The financial statements have been prepared in compliance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006. This is the first year in respect of which the company has prepared its financial statements under FRS 101. The previous financial statements for the period ended 30 June 2015 were prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations adopted by the European Union (EU). The date of transition to FRS 101 for the company was 1 January 2014. There were no changes in accounting policies or transition adjustments in preparing financial statements for the period ended 30 June 2015. Therefore no reconciliation between IFRS as previously reported and FRS 101 has been prepared for both total comprehensive income for the period ended 30 June 2015 and total equity as at 1 January 2014 and 30 June 2015.

Basis of preparation

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. During the year there were no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The company is exempt from preparing consolidated financial statements as consolidated financial statements for its ultimate parent undertaking are available (see note 16).

A summary of the significant accounting policies is set out below.

Going concern

The financial statements have been prepared on a going concern basis.

The Company is a member of the Slater & Gordon Consolidated Group (the "Global Group") whose ultimate parent entity is Slater and Gordon Limited, a company incorporated in Australia.

At 30 June 2016 the Company had net liabilities of £8k and cash of £nil. The Company is reliant upon its parent entity in relation to ongoing financial support. The Company has received confirmation from its parent entity that it will support the Company to meet its liabilities as and when they fall due, but only to the extent that funds are not otherwise available to the Company to meet such liabilities. The parent has also confirmed that it will continue to provide the financial support outlined above for a period of at least 12 months from the date of signing of this financial report.

Notes to the Financial Statements *(continued)*

Going concern *(continued)*

During the 6 months ended 31 December 2016, the Global Group incurred a net loss after tax of A\$425.1m (including A\$350.3m of intangible asset impairment) and generated negative net cash flow from operating activities of A\$11.4m. At 31 December 2016, the Global Group's total liabilities exceed its total assets by A\$126.0m. With effect from 27 December 2016, the Global Group agreed various amendments to the Slater and Gordon Syndicated Facility Agreement ("SFA") with its banking syndicate ("lenders"). Facilities provided under the SFA are fully drawn with borrowings of A\$737.6m recognised as at 31 December 2016. Based on exchange rates as at 31 December 2016, A\$20.0m is repayable in August 2017, A\$10.0m is repayable in February 2018, A\$421.4m is repayable in May 2018 and A\$286.2m is repayable in March 2019. The Company is party to the SFA and has given a cross-guarantee, along with other members of the Global Group, and is also party to a debenture supporting the cross-guarantee and granting security over all of its assets, in relation to all liabilities outstanding under the SFA in favour of the lenders.

The Global Group's current operating environment continues to present challenges and uncertainty. On 15 February 2017 the Global Group presented updated trading and cash flow forecasts and a number of recapitalisation options to its lenders. On 17 March 2017 the ultimate parent entity announced that it had been notified that in excess of 94% of the SFA debt had been traded from the original syndicate of lenders to secondary debt buyers (the "New Senior Lenders"). The Global Group has been informed by the New Senior Lenders that they fully intend to implement a solvent restructure of the ultimate parent entity, and to work cooperatively with the ultimate parent entity to enter into binding agreements to reset its debt structure (through a debt for equity Lender Scheme of Arrangement) to ensure that the Global Group has a sustainable level of debt and a stable platform for its operations. Under the SFA, a majority of lenders by value must agree to a satisfactory recapitalisation plan by 26 May 2017. Should this not occur, the borrowings under the SFA may become due and payable within a further 14 days of this date.

The Global Group will not have sufficient free cash flow to pay interest and repay the facilities in May 2018, or earlier, and there is some risk that it may not meet minimum cash balances specified in the SFA. Accordingly, the Global Group requires the ongoing support of its lenders to continue as a going concern.

Class Action proceedings were commenced against Slater and Gordon on 12 October 2016 in the Federal Court of Australia. Without admission, there are no unencumbered assets available to meet any judgement that the class complainants may obtain against the Global Group other than the potential benefit (if any) from applicable insurance policies.

The above matters present a material uncertainty in relation to the Global Group's and the Company's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

After taking into account all available information, the Directors of the ultimate parent entity concluded, for the purposes of the Financial Report for the half-year ended 31 December 2016 signed on 27 February 2017, that there are currently reasonable grounds to believe:

- the existing borrowing facilities will be restructured such that the Global Group will continue to be able to pay its debts as and when they become due and payable; and
- preparation of financial statements on a going concern basis is currently appropriate.

Notes to the Financial Statements (continued)**Going concern (continued)**

The Directors of the ultimate parent entity formed this view based on a number of factors including:

- the support that lenders have afforded the Global Group, in the form of amendments to the SFA, since it was first established in May 2015;
- the absence of advice from lenders of a withdrawal of their support;
- the nature and scope of recent and ongoing confidential discussions with the lenders and their advisors; and
- that a recapitalisation plan produces a better return to lenders, and other stakeholders, than the alternatives.

The Directors, having given consideration to the current financial forecasts for the Global Group, the Group and the Company, and having given consideration to the conclusions of the Directors of the ultimate parent entity set out above, and of the factors that the Directors of the ultimate parent entity considered when forming this view, and of the stated intent of the New Senior Lenders to implement a solvent restructure of the ultimate parent entity through a debt for equity Lender Scheme of Arrangement to ensure that the Global Group has a sustainable level of debt and a stable platform for its operations, consider the going concern basis of preparation for these financial statements is appropriate.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Investments

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

Revenue

Revenue is measured at the fair value of the consideration received and represents amounts receivable for services provided in the ordinary course of business, net of discounts and sales taxes.

Taxation including deferred tax

The tax expense represents the sum of current tax and deferred tax. Tax is recognised in the Statement of Financial Position except to the extent that it relates to items recognised in equity in which case it is recognised in equity. The current tax is based on taxable profit for the period calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is provided using the Statement of Financial Position liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. In principle deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the Financial Statements (continued)**Taxation including deferred tax (continued)**

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

3. Employee and staff costs

There were no employees of the Company during the current year or previous period other than Directors.

4. Directors' remuneration

No remuneration of Directors was paid by the Company (*period ended 30 June 2015: £nil*).

5. Loss before taxation

The company was exempt from audit in the current year and in the previous period.

6. Taxation

| | Year ended 30 June 2016 £'000 | 18 months ended 30 June 2015 £'000 |
|--------------------------------|--|---|
| The taxation charge comprises: | | |
| UK Tax | - | - |
| Current tax charge | - | - |
| Total tax charge | - | - |

Income tax for the UK is calculated at the standard rate of UK Corporation tax of 20% (*period ended 30 June 2015: 21.2%*) on the estimated assessable profits for the year/period.

The total tax charge for the year/period can be reconciled to the accounting loss as follows:

| | Year ended 30 June 2016 £'000 | 18 months ended 30 June 2015 £'000 |
|--|--|---|
| Loss before taxation | (67) | (9) |
| Tax at 20% (<i>period ended 30 June 2015: 21.2%</i>) | (13) | (2) |
| Effect of: | | |
| Group relief surrendered | 13 | 2 |
| Total tax charge | - | - |

Notes to the Financial Statements *(continued)***6. Taxation (continued)****Factors affecting future tax charges**

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate down to 17% was announced in the 2016 Budget and substantively enacted on 6 September 2016 (to be effective from 1 April 2020).

7. Investments

The Company has the following investments in subsidiaries:

| | Country of incorporation | Class of shares held | Ownership | | Value, £ | |
|---|-----------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|
| | | | 30 June 2016 | 30 June 2015 | 30 June 2016 | 30 June 2015 |
| Access to Compensation Limited | England and Wales | Ordinary | 100% | 100% | 1 | 1 |
| Accident Advice Helpline Direct Limited | England and Wales | Ordinary | 100% | 100% | 1 | 1 |
| Accident Advice Helpline Limited | England and Wales | Ordinary | 100% | 100% | 1 | 1 |
| Cab Claims Limited | England and Wales | Ordinary | 100% | 100% | 1 | 1 |
| Claim 4 Limited | England and Wales | Ordinary | 100% | 100% | 1 | 1 |
| Liberty Protect Limited | England and Wales | Ordinary | 100% | 100% | 1 | 1 |
| | | | | | 6 | 6 |

8. Debtors: amounts falling due within one year

| | 30 June 2016 £'000 | 30 June 2015 £'000 |
|-------------------------------------|--------------------------|--------------------------|
| Amounts due from group undertakings | 1,875 | 1,878 |
| Prepayments and accrued income | 27 | 38 |
| | 1,902 | 1,916 |

9. Cash and cash equivalents

| | 30 June 2016 £'000 | 30 June 2015 £'000 |
|---------------------------|--------------------------|--------------------------|
| Cash and cash equivalents | - | 3,045 |

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Notes to the Financial Statements *(continued)*

10. Creditors: amounts falling due within one year

| | 30 June 2016 £'000 | 30 June 2015 £'000 |
|--------------------------------|--------------------------|--------------------------|
| Amounts due to related parties | 1,910 | 4,902 |

11. Called up share capital

| | 30 June 2016 Number | 30 June 2016 Value £'000 | 30 June 2015 Number | 30 June 2015 Value £'000 |
|---|---------------------------|-----------------------------------|---------------------------|-----------------------------------|
| Shares allotted, called up and fully paid: | | | | |
| At the end of the year/period | 66,512 | 67 | 66,512 | 67 |

The Company has one class of Ordinary Shares of £1 each which carry no right to fixed income and has no authorised share capital limit.

12. Cash used by operations

| | Year ended 30 June 2016 £'000 | 18 months ended 30 June 2015 £'000 |
|--|---|--|
| Loss before taxation | (67) | (9) |
| Operating cash flows before movements in working capital and provisions | (67) | (9) |
| Decrease/ (increase) in trade and other receivables | 11 | (38) |
| (Decrease)/ increase in net inter-company payables | (2,989) | 47 |
| Cash used by operations | (3,045) | - |

Notes to the Financial Statements *(continued)*

13. Reconciliation of net cash flow to movement in net funds

| | 30 June 2015 £'000 | Cash movement £'000 | 30 June 2016 £'000 |
|-----------|--------------------------|---------------------------|--------------------------|
| Cash | 3,045 | (3,045) | - |
| Net Funds | 3,045 | (3,045) | - |

14. Financial instruments

The Company's financial instruments comprise cash and liquid resources and various items such as receivables and payables that arise from its operations. The Company does not use derivatives. The main purpose of these financial instruments is to manage the Company's operations. It is, and has been throughout the period under review, the policy of the Company that no trading in financial instruments shall be undertaken.

Interest risk and sensitivity

The Company has no third party debt and therefore has no exposure to interest risk.

Liquidity risk

The Company has a strong cash flow and funds generated from operations are generally held as cash deposits. The Company maintains the most appropriate mix of short and medium term borrowings from the Company's lenders which are other members of the group.

The Company had no financial liabilities at 30 June 2016 other than those owed to other members of the group and therefore had no exposure to liquidity risk.

Credit risk

The Company had no receivables at 30 June 2016 other than those from other members of the group and therefore had no exposure to credit risk.

Notes to the Financial Statements *(continued)*

15. Related party transactions

Transactions with related companies

Related party transactions are conducted on an arm's length basis. The Related party transactions in the year and the balances at year end are as follows:

| | Receivables outstanding | | Payables outstanding | |
|-------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| | 30 June 2016 £'000 | 30 June 2015 £'000 | 30 June 2016 £'000 | 30 June 2015 £'000 |
| Balances with related parties | 1,875 | 1,878 | (1,910) | (4,902) |
| | 1,875 | 1,878 | (1,910) | (4,902) |

There are no fixed repayment terms and no securities on inter-company receivables and payables as at 30 June 2016.

Compensation of key management personnel

No remuneration was paid to Directors during the year *(period ended 30 June 2015: £nil)*.

16. Ultimate parent company

The parent and ultimate parent is Slater & Gordon Limited, a company incorporated in Australia. Copies of the company's accounts are available on application or from the company's website.

17. Contingent liabilities

The Company is party to a multi-currency (AUD/GBP) syndicated facility agreement ("SFA") dated 29 May 2015 (and as subsequently amended) pursuant to which its ultimate parent company, Slater and Gordon Limited, is a borrower. Pursuant to the terms of the SFA, the Company has given a cross-guarantee (along with other Group Companies) in relation to all liabilities outstanding under the SFA in favour of the Finance Parties (as defined under the SFA). The Company is also party to a debenture dated 29 May 2015 (the "Debenture") pursuant to which the Company (together with other Group Companies) covenants with Westpac Banking Association (acting as Security Trustee for itself and the Secured Parties (as defined in the Debenture)) that it will on demand pay all liabilities outstanding under the SFA (and associated finance documents) when they are due and payable and grants security over all of its assets in favour of Westpac Banking Association (acting as Security Trustee for itself and the Secured Parties).