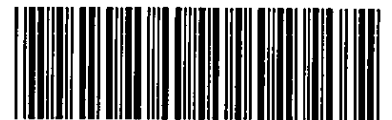


Intelligent Claims Management Limited

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**ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE 18 MONTHS ENDED 30 JUNE 2015**

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Officers and Professional Advisors

Directors

Mr K O'Hare (resigned 1 May 2014)
Mr R S Terry (resigned 25 November 2014)
Mr L Moorse (resigned 29 May 2015)
Mr R M Fielding (appointed 25 November 2014, resigned 17 September 2015)
Mr J P White (appointed 1 May 2014)
Mr K Fowlie (appointed 29 May 2015)

Secretary

Mr I B Farrelly (resigned 30 June 2014)
Mr E I C Walker (resigned 29 May 2015)
Ms K Morrison (appointed 29 May 2015)

Registered Office

50-52 Chancery Lane
London
WC2A 1HL

Bankers

Royal Bank of Scotland Plc
Abbey Gardens
4 Abbey Street
Reading
RG1 3BA

Strategic Report

The directors present their strategic report for the 18 months ended 30 June 2015. The prior period is for the year ended 31 December 2013.

Business review

On 29 May 2015, Intelligent Claims Management Limited was acquired by Slater and Gordon Limited from Quindell plc.

The business provides a range of services in the technology sector.

Key performance indicators

The Board uses a number of measures to determine the performance of the Company. Of these, the principle key performance indicators are:

• Revenue	£20.0 million	(2013 (restated) £12.4 million)
• Profit Before Taxation	£16.4 million	(2013 (restated) £6.1 million)
• Operating Cash Flow	£1.8 million outflow	(2013 £2.6 million inflow)

The revenue increase reflects the fact that the current period is 18 months compared to 12 months for the comparative period.

A review of accounting policies was performed during the period which has resulted in a prior year adjustment to move the revenue recognition point to later in the cycle (see note 5). This reduced the prior year revenue from £20.0 million to £12.4 million and reduced the prior year operating profit from £13.7 million to £6.1 million.

Risks

The Company is exposed to a number of risks and uncertainties which could have a material impact on its long term performance. The directors have identified those which they regard as being the principal risks and these are set out below.

Technological change

The markets for the Company's services can be affected by technological changes, resulting in the introduction of new products and services, evolving industry standards and changes to consumer behaviour and expectations. The Company regularly monitors trends in technological advancement so as to anticipate and plan for future changes and maintains close relationships with businesses and organisations which it believes will keep it to the forefront of product and service development on a sustained basis.

Regulatory change

The pricing of products and services, the activities of major industry organisations, and the Company's ability to operate and contract in the manner that it has done so in the past or expects to do so in the future, may be affected by the actions of regulatory bodies both in the UK and internationally. Such action could affect the Company's profitability either directly or indirectly. The Company continually monitors and assesses the likelihood, potential impact and opportunity provided by regulatory change, and adapts its plans and activities accordingly.

Market conditions

Market conditions, including general economic conditions and their affect on exchange rates, interest rates and inflation rates, may impact the ultimate value of the Company regardless of its operating performance. The Company also faces competition from other organisations, some of which may have greater resources than the Company, or be more established in a particular territory or product area. The Company's strategy is to target a balance of markets, offering a range of tailored or specialised products and services.

By order of the board



K Fowle
Date 31 March 2016

Directors' Report

The directors present their report and the unaudited financial statements for the 18 months ended 30 June 2015. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

Dividends

The directors recommend no dividend for the period under review (2013: £nil).

Going concern

As at 30 June 2015, the Company had cash of £0.72 million (2013: £2.6 million). No material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern have been identified by the Directors. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. This is detailed further in note 3.

Disabled persons policy

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate retraining is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the performance of the Company and its wider Group.

Directors' Responsibility Statement

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

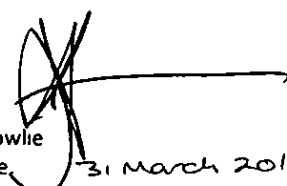
Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have chosen to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its profit or loss 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, and,
- 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 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.

By order of the board


K Fowle
Date: 31 March 2016

Financial Statements

Income Statement

for the 18 months ended 30 June 2015

	Note	2015 £'000	2013 (restated) £'000
Revenue		20,023	12,402
Cost of sales		(2,414)	(5,751)
Gross profit		17,609	6,651
Administrative expenses		(1,194)	(586)
Operating profit and profit before taxation	6	16,415	6,065
Taxation	8	(1,620)	(1,537)
Retained profit		14,795	4,528

Statement of Changes in Equity

for the 18 months ended 30 June 2015

	Share capital £'000	Retained earnings £'000
At 1 January 2014 (restated)	-	4,273
Profit for the period	-	14,795
At 30 June 2015	-	19,068
At 31 December 2012	-	(255)
Profit for the year	-	4,528
At 31 December 2013 (restated)	-	4,273

The notes on pages 9 to 21 form part of these financial statements

Financial Statements

Statement of Financial Position

as at 30 June 2015

	Note	30 June 2015 £'000	31 December 2013 (restated) £'000
Non-current assets			
Property, plant and equipment	9	16	15
		16	15
Current assets			
Trade and other receivables	10	18,783	3,916
Corporation tax		-	-
Cash	11	752	2,609
		19,535	6,525
Total assets		19,551	6,540
Current liabilities			
Bank overdrafts		-	-
Trade and other payables	12	(483)	(734)
Corporation tax		-	(1,532)
		(483)	(2,266)
Non-current liabilities			
Deferred tax liabilities	13	-	(1)
		(1)	(1)
Total liabilities		(484)	(2,267)
Net assets		19,068	4,273
Equity			
Share capital	14	-	-
Retained earnings		19,068	4,273
Total equity		19,068	4,273


The notes on pages 9 to 21 form part of these financial statements

For the 18 month period to 30 June 2015 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary 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 Intelligent Claims Management Limited, registered number 05658734, on pages 6 to 21 were approved and authorised for issue by the board of directors on 31/3/16 and signed on its behalf by


Ken Fowles
Director

Financial Statements

Cash Flow Statement

for the 18 months ended

	Note	30 June 2015 £'000	31 December 2013 £'000
Cash flows from operating activities			
Cash (used in)/ generated from operations before net finance expense and tax	16	1,300	2,610
Corporation tax (paid)/received		(3,150)	12
Net cash (used in)/ generated from operating activities		(1,850)	2,622
Cash flow from investing activities			
Purchase of property, plant and equipment		(7)	(10)
Net cash used in investing activities		(7)	(10)
Cash flows from financing activities			
Dividends paid		-	-
Net cash used in financing activities		-	-
Net (decrease)/ increase in cash and cash equivalents	17	(1,857)	2,612
Cash and cash equivalents at the beginning of the year		2,609	(3)
Cash and cash equivalents at the end of the year	11	752	2,609

The notes on pages 9 to 21 form part of these financial statements

Notes to the Financial Statements

1 General information

Intelligent Claims Management Limited is a company incorporated and domiciled in the United Kingdom

2 Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted

Standards affecting the financial statements – both early adopted by the Group

IFRS10 Consolidated Financial Statements (2011)

IFRS 12 Disclosure of Interests in Other Entities

Standards and interpretations not significantly affecting the reported results or the financial position

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after 1 January 2013)

IFRS 11 Joint Arrangements

IFRS 13 Fair Value Measurement (effective for periods beginning on or after 1 January 2013)

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (effective for periods beginning on or after 1 January 2013)

IAS 19 Employee Benefits (2011)

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (2013)

IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures

IFRS10, IFRS11 and IFRS12 have been early adopted by the Group but have no impact on the reported results or financial position of the Company

All amendments issued to IFRS10, IFRS 11, IFRS 12 and IAS 27 have also been applied. Annual improvements issued for 2010-2012 and for 2011-2013 have been considered and applied

Where any additional disclosure requirements were identified from these standards, the appropriate disclosures have been included in the notes to the accounts

Accounting standards not yet effective

At the date of authorisation of these financial statements, the following relevant Standards and Interpretations which have not been applied in these financial statements were in issue

but not yet effective (and in some cases had not been adopted by the EU)

International Financial Reporting Standards (IFRS)

IFRS 9 Financial Instruments (effective for periods beginning on or after 1 January 2018 but is yet unendorsed)

Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures (effective for periods beginning on or after 1 January 2015)

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities (effective for periods beginning on or after 1 January 2014)

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (effective for periods beginning on or after 1 January 2014)

The Directors do not anticipate that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Company

Notes to the Financial Statements

3 Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union. The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets acquired. The principal accounting policies adopted are set out below.

Revenue recognition

The Company provides software, business and technology consulting services, administration and management services, SaaS solutions and other services.

The Company receives its income through Software ILF (Initial Licence Fee), SaaS (Software as a Service), consulting fees and other success based one-time fees.

The Company also provides insurance services including the introduction of insurance services and claims fund administration services.

The revenue recognition policies for separately identifiable revenue streams are as follows:

Initial licence fees, SaaS and other success based one-time fees

Revenues are recognised when pervasive evidence of an arrangement exists, delivery has occurred, the licence or other one-time fee is fixed or determinable, the collection of the fee is reasonably assured, no significant obligations with regard to success, installation or implementation of the software or service remain, and customer acceptance, when applicable, has been obtained. On certain SaaS contracts where there are fixed and contracted term lengths and no other services are required to be performed during the remainder of the contract, receivables under the contracts are recognised at the point of sale.

Insurance services

Revenue is recognised at the point of settlement.

Operating profit

Operating profit is profit stated before finance income, finance expense and tax.

Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

Research and development expenditure – internally generated

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

Development costs are written off as incurred unless it can be demonstrated that the following conditions for capitalisation, in accordance with IAS 38 (Intangible Assets), are met:

- the development costs are separately identifiable,
- the development costs can be measured reliably,
- management are satisfied as to the ultimate technical and commercial viability of the project, and
- it is probable that the asset will generate future economic benefits.

Any subsequent costs are capitalised as intangible assets until the intangible asset is readily available for sale or use, and amortised on a straight-line basis over their useful economic lives.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost less estimated residual values over their estimated useful lives as follows:

Plant and machinery	25% straight line basis
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Assets in the course of construction are capitalised as expenditure is incurred. Depreciation is not charged until the asset is brought into use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. Residual value is based on the estimated amount that would currently be obtained from disposal.

Estimated residual values and useful economic lives are reviewed annually and adjusted where necessary.

Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to the ownership of the leased item are capitalised at the inception of the lease at the fair value of the leased asset, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Trade receivables

Trade receivables are held at amortised cost less any impairment provisions and this equates to their recoverable value. Amounts set aside for settlement adjustments, which insurers in certain limited circumstances (e.g. due to administrative delays) seek to negotiate, are based on historical experience. The resulting settlement adjustments are recognised within revenue as they relate to revisions of income estimates, not collectability (credit risk). Movements in the impairment provision relating to credit risk are recognised within administrative expenses as bad debt expenses.

Trade payables

Trade payables do not carry any interest and are stated at their fair value.

Notes to the Financial Statements

Cash and cash equivalents

Cash in the Statement of Financial Position comprises cash at banks and in hand. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Taxation including deferred tax

The tax expense represents the sum of current tax and deferred tax. Tax is recognised in the Income Statement 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 year calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is provided using the balance sheet 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.

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.

Going concern

The financial statements have been prepared using the going concern assumption which contemplates the realisation of assets and the settlement of liabilities in the ordinary course of business. The Company is a member of the Slater & Gordon group of companies (the "Group").

As at 31 December 2015, The Group has net assets of \$375.0m, which have decreased since 30 June 2015 primarily due to a non-cash impairment charge of \$876.4m and the adoption of AASB 15. The Group has net current assets of \$509.4m. The Group has drawings of AU \$783.0m under its syndicated debt facility, against limits of AU \$850.3m at 31 December 2015. The Group had cash on hand of AU \$51.9m and other borrowings of AU \$10.3m, resulting in net debt (drawn facilities less cash and cash equivalents) of AU \$741.4m and available liquidity of AU \$119.2m. The Group's net debt position has increased since 30 June 2015 by AU \$118.0m, reflecting underlying cash requirements in the business.

Since 1 July 2015, the Group has obtained various amendments from its banking syndicate ("lenders") to the Slater Gordon

Syndicated Facility Agreement ("SFA"). As at 31 December 2015 and at the date of the half year financial report, the Group remains in compliance with all of its undertakings under the SFA.

The Group has agreed to present to the lenders and their financial advisors proposals which may include amendments to the current SFA. In the event that amendments are required by the lenders and if are not implemented by 30 April 2016, repayment dates for the SFA may be brought forward to a date no earlier than 31 March 2017.

The Directors of the ultimate parent company are of the view that the Group will comply with the above obligations. The Group has further initiated a comprehensive review including an assessment of revised financial forecasts, and the implementation of performance improvement programmes with the aim of improving the profitability of the business and reducing the level of drawn debt.

The Directors, having given consideration to the current financial forecasts of the Group, the engagement with the banking syndicate and its financial advisers, the comprehensive review, and the performance improvement programmes being implemented by management, and having received confirmation that the Company will continue to access financial support from the Group via Slater & Gordon (UK) 1 Limited which has provided a letter of support to the Company, consider the going concern basis of preparation is appropriate.

4 Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, management has made a number of judgements, and the preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the Statement of Financial Position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition

The Company recognises revenue as described in the revenue recognition accounting policy, when it is reasonably certain that the revenue has been earned.

Notes to the Financial Statements

5 Prior year adjustment

Following the acquisition of Intelligent Claims Management Limited by Slater and Gordon Limited, a review of accounting policies was performed. Under the previous accounting policies, certain of the policies regarding recognising revenue were considered to be at the aggressive end of acceptable practice.

The review concluded that it was considered that a more appropriate and conservative approach to accounting for revenues and profits would be to recognise revenues at a later stage when there was more certainty over the outcome and values. This has been achieved by revising the policy for revenue recognition. For revenue related to activities in respect of After the Event insurance policies, the Company previously recognised revenue on issue of a policy. This was considered aggressive and a change has been made to recognise revenue at the point of settlement.

Management has concluded that the revised approach is to recognise revenue when a case has been settled later on the basis of services received by the customer which has led to revenue and profit being recognised to later in the client service cycle. The accounting policy change had no impact as at 1 January 2013 as there was no After The Event insurance revenue at that date.

Impact of prior year adjustments – Statement of Comprehensive Income

	As previously stated 12 months ended 31 December 2013 £'000	Prior year adjustment £'000	As restated 12 months ended 31 December 2013 £'000
Revenue	20,013	(7,611)	12,402
Cost of sales	(5,751)	-	(5,751)
Gross profit	14,262	(7,611)	6,651
Administrative expenses	(586)	-	(586)
Operating profit	13,676	(7,611)	6,065
Taxation	(3,151)	1,614	(1,537)
	10,525	(5,997)	4,528

Notes to the Financial Statements

Impact of prior year adjustments – Statement of changes in equity

For the year ended 31 December 2013

	Share capital £'000	Retained earnings £'000	Prior year adjustment £'000	As restated £'000
At 1 January 2013	-	(255)	-	(255)
Profit for the year	-	10,525	(5,997)	4,528
At 31 December 2013 (restated)	-	10,270	(5,997)	4,273

Impact of prior year adjustments – Statement of Financial Position

	As previously stated 31 Dec 2013 £'000	Prior year adjustment £'000	As restated 31 Dec 2013 £'000
Non-current assets			
Property, plant and equipment	15	-	15
	15	-	15
Current assets			
Trade and other receivables	11,527	(7,611)	3,916
Cash and cash equivalents	2,609	-	2,609
	14,136	(7,611)	6,525
Total assets	14,151	(7,611)	6,540
Current liabilities			
Trade and other payables	(734)	-	(734)
Current tax payable	(3,146)	1,614	(1,532)
	(3,880)	1,614	(2,266)
Non-current liabilities			
Deferred tax liability	(1)	-	(1)
	(1)	-	(1)
Total liabilities	(3,881)	1,614	(2,267)
Net assets	10,270	(5,997)	4,273
Equity			
Share capital	-	-	-
Retained earnings	10,270	(5,997)	4,273
Total Equity	10,270	(5,997)	4,273

Notes to the Financial Statements

6 Operating profit

The operating profit for the 18 month period is stated after charging

	2015 £'000	2013 £'000
Depreciation of property, plant and equipment - owned assets	5	2
Operating lease rentals - other	21	15

The directors consider that the activities of the company represent a single business segment being the provision of claims management software services. The location of all revenue, operating profits and net assets was within the United Kingdom.

7 Employee and staff costs

The average number of employees during the year including executive directors was as follows

	2015 Number	2013 Number
Back office management and administration	7	7
	7	7

The remuneration of certain of the executive and non-executive directors was as follows

	2015 £'000	2013 £'000
Emoluments	407	120

The cost of certain of the other directors was borne by other group companies. No retirement benefits were accruing under any schemes in respect of any of the directors (2013: none). None of the directors received any remuneration in connection with contributions to pension schemes.

Total employee costs were as follows

	2015 £'000	2013 £'000
Wages and salaries	790	404
Social security costs	76	47
Pension Costs	-	-
	866	451

Notes to the Financial Statements

8 Taxation

	2015 £'000	2013 (restated) £'000
The taxation charge comprises		
Current tax		
- Current year	1,621	1,538
Total current tax	1,621	1,538
Deferred tax		
- Origination and reversal of temporary differences	(1)	30
- Adjustments for prior years	-	(31)
Total deferred tax	-	(1)
Total tax expense	1,620	1,537

Income tax for the UK is calculated at the standard rate of UK corporation tax of 21.2% (2013: 23.25%) on the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2015 £'000	2013 (restated) £'000
Profit/(loss) on ordinary activities before tax	16,415	6,065
Tax at 21.2% (2013: 23.25%) thereon	3,480	1,409
Effect of:		
Expenses not deductible for tax purposes	2	1
Research and development tax credit claim	-	(2)
Adjustments in respect of prior periods	8	129
Group Relief	(1,870)	-
Total tax charge for the year	1,620	1,537

The UK tax authorities do not require an amended tax return to be submitted in respect of a prior period adjustment where that adjustment is a result of a change of valid accounting policy. The reduction in the taxable profits of £7.11m for the year ended 31 December 2013 will be included in the tax return for the period ending 30 June 2015. The charge in the period ended 30 June 2015 reflects the unwinding of the tax credit recognised in the restatement as detailed in note 5.

Factors affecting future tax charges

In the Budget on 8 July 2015, the Chancellor announced reductions in the corporation tax rate from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. These rates were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

Notes to the Financial Statements

9 Property, plant and equipment

	Plant and Machinery £'000	Total £'000
Cost		
At 1 January 2013	16	16
Additions	10	10
At 31 December 2013	26	26
Additions	7	7
At 30 June 2015	33	33
Depreciation		
At 1 January 2013	9	9
Charge of the period	2	2
At 31 December 2013	11	11
Charge for the period	6	6
At 30 June 2015	17	17
Net book value		
30 June 2015	16	16
31 December 2013	15	15

10 Trade and other receivables

	2015 £'000	2013 (restated) £'000
Trade receivables (net of impairment provision)	-	-
Amounts due from group companies	18,706	3,814
Other receivables	-	-
Prepayments and accrued income	77	102
	18,783	3,916

The directors consider that the net carrying amount of Trade receivables approximates to their fair value

11 Cash and cash equivalents

Cash and cash equivalents comprise the following for the purposes of the cash flow statement

	2015 £'000	2013 £'000
Cash and cash equivalents	752	2,609
Bank overdraft	-	-
	752	2,609

Cash and cash equivalents comprise cash held by the Company. The carrying amount of these assets approximates to their fair value.

Notes to the Financial Statements

12 Trade and other payables

	2015 £'000	2013 £'000
Current liabilities		
Trade payables	10	21
Amounts due to group companies	14	7
Payroll and other taxes including social security	211	605
Other liabilities	17	-
Accruals and deferred income	231	101
	483	734

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of Trade payables approximates to their fair value.

Notes to the Financial Statements

13 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period

	Accelerated Capital Allowances £'000	Provisions and other temporary differences £'000	Total £'000
At 1 January 2012	-	-	-
Credit to income statement	(1)	-	(1)
At 31 December 2013	(1)	-	(1)
Credit to income statement	1	-	1
At 30 June 2015	0	-	0

	2015 £'000	2013 £'000
Deferred tax liabilities	0	1
Deferred tax assets	-	-
	0	1

At the Statement of Financial Position date, there no unrecognised deferred tax assets (2013 £nil) which have not been recognised. Deferred tax balances for Statement of Financial Position purposes are analysed as follows

	2015 £'000	2013 £'000
Deferred tax liability falling due within one year	0	-
Deferred tax liability falling due after one year	-	1
	0	1

14 Share Capital

	2015		2013		2012	
	Number	Nominal Value £'000	Number	Nominal value £'000	Number	Nominal value £'000
Issued and fully paid ordinary shares of £1 each						
At the start and end of the year	100	-	100	-	100	-

15 Operating lease commitments

The payments that the Company is committed to make for minimum lease payments due under non-cancellable operating leases are as follows

	2015 £'000	2013 £'000
Within one year	-	-
Expiring between two and five years	19	19
At 31 December 2013 and 30 June 2015	19	19

Notes to the Financial Statements

16 Cash flow from operating activities

	2015 £'000	2013 (Restated) £'000
Operating profit/(loss)	16,415	6,065
Adjustments for		
Depreciation of property, plant and equipment	5	2
Operating cash flows before movements in working capital and provisions	16,420	6,067
Decrease/(increase) in trade and other receivables	(14,867)	(3,892)
Increase/(decrease) in trade and other payables	(253)	435
Cash generated from/(used in) operations before exceptional costs	1,300	2,610

17 Reconciliation of net cash flow to movement in net funds

	1 January 2014 £'000	Cash flow Movements £'000	30 June 2015 £'000
Cash and cash equivalents	2,609	(1,857)	752
Net (debt)/funds	2,609	(1,857)	752

Notes to the Financial Statements

18 Financial instruments

The Company's financial instruments comprise borrowings, cash and liquid resources and various items such as trade debtors and trade creditors 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.

Liquidity risk

The Company has a strong cash position and funds generated from operations are managed centrally. The Company maintains the most appropriate mix of short and medium term borrowings from the Company's lenders.

The following are the contractual maturities of financial liabilities:

Non-derivative financial liabilities	Carrying amount £'000	Contractual cash flows £'000	Less than 1 year £'000	Between 1-5 years £'000
30 June 2015				
Trade and other payables	478	(478)	(478)	-
	478	(478)	(478)	-
31 December 2013				
Trade and other payables	734	(734)	(734)	-
	734	(734)	(734)	-

Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

The ageing of trade receivables at the reporting date was as follows:

30 June 2015	£'000	£'000	£'000
	Gross	Impairment	Net
Under 1 year	18,706	-	18,706
	18,706	-	18,706
31 December 2013 (restated)	£'000	£'000	£'000
	Gross	Impairment	Net
Under 1 year	3,916	-	3,916
	3,916	-	3,916

Included in the above net trade debtors is £nil (2013: £nil) which are past their due date but not impaired.

The allowance has been determined by reference to the recoverability of specific overdue debts. No allowance for impairment is made against other receivables. The creation and reversal of provisions for impaired trade receivables where they arise are included in administrative expenses in the Income Statement. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

19 Ultimate parent company

The parent company is Slater & Gordon UK 1 Limited, a company registered in England and Wales.

The 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.

Notes to the Financial Statements

20 Contingent liabilities

The Company is party to a £420,000,000 syndicated facility agreement dated 29 May 2015 pursuant to which its ultimate parent company, Slater and Gordon Limited, is a borrower (the "Facility Agreement"). Pursuant to the terms of the Facility Agreement, the Company has given a cross-guarantee (along with other Group Companies) in relation to all liabilities outstanding under the Facility Agreement in favour of the Finance Parties (as defined under the Facility Agreement). 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 Facility Agreement (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).

21 Related party transactions

During the period from 1 January 2014 to 29 May 2015, the company was a subsidiary of Quindell Plc. The company was acquired by Slater & Gordon UK 1 Limited, a subsidiary of Slater and Gordon Limited on 29 May 2015.

Transactions with other group companies

As part of its normal operating activities, the company enters into transactions with other group undertakings. This includes the receipt and provision of financing in the form of loans, in addition to trading activities such as the receipt and provision of goods or services to group companies. Loans received from and provided to group undertakings are interest free and repayable on demand. As a result, no discounting is applied to these balances.

The amounts and balances of these transactions are shown below:

	Sales 2015 £'000	Purchases 2015 £'000	Debtor 2015 £'000	Creditor 2015 £'000	Sales 2013 £'000	Purchases 2013 £'000	Debtor 2013 £'000	Creditor 2013 £'000
Transactions with								
Quindell Plc	-	-	-	-	-	-	3,659	-
Other Quindell group entities	11,313	-	-	-	4,998	-	155	(7)
Slater & Gordon Limited	-	-	-	-	-	-	-	-
Other Slater & Gordon group entities	-	-	18,706	(14)	-	-	-	-
	11,313	-	18,706	(14)	4,998	-	3,814	(7)

None of these balances are secured (2013: £Nil), there have been no provisions against these balances (2013: £7k) and no amounts have been written off against these balances (2013: £7k).