

# Intelligent Claims Management Limited



ANNUAL REPORT & FINANCIAL STATEMENTS  
FOR THE 12 MONTHS ENDED 30 JUNE 2017

# Intelligent Claims Management Limited

Annual Report & Financial Statements  
For the 12 months ended 30 June 2017

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## **Officers and Professional Advisors**

### **Directors**

Mr J P White

Mr K Fowlie

Mr D Whitmore (Appointed 20/02/18)

### **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 12 months ended 30 June 2017. The prior period is for the period ended 30 June 2016 and also comprises of 12 months.

### Business review

Intelligent Claims Management Limited is solely owned by Slater & Gordon (UK) 1 Limited.

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 principal key performance indicators are:

▪ Revenue:	£1.6 million	(2016: £7.2 million)
▪ Profit/(Loss) Before Taxation:	£(2.2) million	(2016: £6.2 million)
▪ Operating Cash Flow:	£1.2 million outflow	(2016: £0.9 million inflow)

### 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.

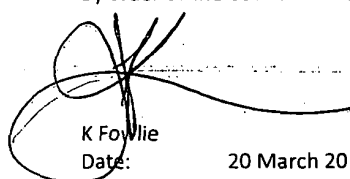
#### *Regulatory change*

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 Fowlie  
Date: 20 March 2018

## Directors' Report

The Directors present their report and the unaudited financial statements for the 12 months ended 30 June 2017. The financial statements have been prepared in accordance with FRS101. The financial statements for the year ended 30 June 2016 were the first which the Company prepared in accordance with FRS 101.

### Dividends

The Directors recommend no dividend for the period under review (2016: £nil).

### Going concern

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

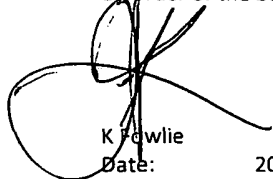
Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors have chosen to prepare the financial statements in accordance with FRS101 and applicable law.

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 Fewlie  
Date:

20 March 2018

# Intelligent Claims Management Limited

Annual Report & Financial Statements  
For the 12 months ended 30 June 2017

## Financial Statements

### Income Statement

for the 12 months ended 30 June 2017

	Note	2017 £'000	2016 £'000
Revenue		1,622	7,176
Cost of sales		(2)	(4)
Gross profit		1,620	7,172
Administrative expenses		(3,849)	(1,004)
Operating (loss)/profit and (loss)/profit before taxation	5	(2,228)	6,168
Taxation	7	(1)	3
(Loss)/profit for the year		(2,229)	6,171

### Statement of Changes in Equity

for the 12 months ended 30 June 2017

	Share capital £'000	Retained earnings £'000
At 1 July 2016	-	25,239
Loss for the period	-	(2,229)
At 30 June 2017	-	23,010
At 1 July 2015	-	19,068
Profit for the year	-	6,171
At 30 June 2016	-	25,239

The notes on pages 8 to 16 form part of these financial statements.

## Financial Statements

### Statement of Financial Position

as at 30 June 2017

	Note	30 June 2017 £'000	30 June 2016 £'000
<b>Non-current assets</b>			
Property, plant and equipment	8	8	10
Deferred tax assets	11	2	3
		10	13
<b>Current assets</b>			
Trade and other receivables	9	26,474	24,023
Corporation tax		-	-
Cash		430	1,634
		26,904	25,657
<b>Total assets</b>		26,914	25,670
<b>Current liabilities</b>			
Trade and other payables	10	(104)	(431)
Provisions	11	(3,800)	-
Corporation tax		-	-
		(3,904)	(431)
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	-	-
		-	-
<b>Total liabilities</b>		(3,904)	(431)
<b>Net assets</b>		23,010	25,239
<b>Equity</b>			
Share capital	13	-	-
Retained earnings		23,010	25,239
<b>Total equity</b>		23,010	25,239

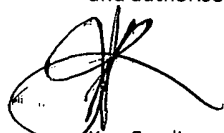
The notes on pages 8 to 16 form part of these financial statements.

For the 12-month period to 30 June 2017 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 Intelligent Claims Management Limited, registered number 05658734, on pages 6 to 16 were approved and authorised for issue by the board of Directors on 20 March 2018 and signed on its behalf by:

  
Ken Fowlie  
Director

## Notes to the Financial Statements

### 1. General information

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

### 2. Basis of preparation

The financial statements of Intelligent Claims Management Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Company has taken advantage of the exemption from the requirement to present a statement of cash flows. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The financial statements are presented in Pounds Sterling, the Company's functional currency, rounded to the nearest thousand

### 3. Significant accounting policies

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

#### 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.

#### 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 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



## Notes to the Financial Statements

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.

### Cash and cash equivalents

Cash in the Statement of Financial Position comprises cash at banks and in hand.

### 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 on a going concern basis.

The Company is a member of the UK Slater and Gordon group ("the UK Group"), owned from 22 December 2017 by Slater and Gordon UK Holdings Limited (the "New Parent Company"), following the completion of the Senior Lender Scheme of Arrangement (the "Senior Lender Scheme") which, inter alia, resulted in the reduction of secured debt owed by the UK Group to Enil; separation of the Company and the other companies in the UK Group from Slater and Gordon Limited, its former Australian parent entity, and the provision of a £14.8m Super Senior GBP Facility ("SSF") by the New Parent Company's shareholders which was fully drawn on completion (for more details see "Post Balance Sheet Events" below).

During the year ended 30 June 2017 the Company incurred a net loss after tax of £2.2m and generated negative net cash flows from operating activities of £1.2m. At 30 June 2017, the Company had net assets of £23.0m and cash of £0.43m. During the year ended 30 June 2017 the UK Group incurred a net loss after tax of £45.8m and generated negative net cash flows from operating activities of £14m. At 30 June 2017, the UK Group had net liabilities of £167.0m and cash of £14.8m. After completion of the Senior Lender Scheme and the overall reduction of UK debt from £386.4m to £14.8m, the UK Group had net assets of circa £170m, including cash of £11m.

In addition to the £14.8m of drawn SSF debt, the UK Group has arranged a £10m Cost Advance Facility (the "CAF") with a third party funder which will be drawn progressively from January 2018 as disbursement receivables on successfully settled cases are assigned to the funder pending agreement of costs. The UK Group has prepared cash flow forecasts for the foreseeable future based on management's best estimate of the achievement of revenues and the phasing of collection of the related cash, which demonstrate cash self-sufficiency in the UK Group, including the drawn cash under the SSF (which is not repayable for 3 years) and the expected drawdowns on the CAF. At the same time, management is actively taking steps to reduce the ongoing costs of the UK Group, particularly in regards to the support functions and case acquisition. If the forecast cash receipts are not received in full, and by the expected due date, and there are insufficient realised cost reductions to compensate for the lower cash receipts, the UK Group may need to seek additional cash funding from the shareholders of the New Parent Company or from other sources.

The above matters present material uncertainties which may cast significant doubt on the UK Group'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.

## Notes to the Financial Statements

After taking into account all available information, the Directors have concluded that there are currently reasonable grounds to believe the UK Group will be able to manage its cash flows to remain within the liquidity range provided by the facilities described above and that if the current facilities should prove insufficient the UK Group will continue to receive the support of its shareholders. As such the Directors believe that the preparation of the financial statements for the year ended 30 June 2017 on a going concern basis is appropriate.

The Directors have formed this view based on a number of factors including the support that the shareholders of the New Parent Company have afforded the UK Group to date in ensuring a stable platform for the business to re-establish itself, and the absence of advice from the shareholders of a withdrawal of their support.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the UK Group not continue as a going concern.

### Post Balance Sheet Events

On 22 December 2017 (the "Implementation Date"), the Company's former Australian parent, Slater and Gordon Limited, completed the Senior Lender Scheme of Arrangement (the "Senior Lender Scheme") which resulted in, amongst other things:

- A reduction of secured debt owed by the Global Group under its Syndicated Facility Agreement of A\$636.6m (of this, £386m was owed by the Company's UK parent which was reduced to £nil);
- Separation of the Company and the other companies in the UK Group from Slater and Gordon Limited, and transfer of these entities and their operations to Slater and Gordon UK Holdings Limited, the "New Parent Company", a newly incorporated company wholly owned by the New Senior Lenders under the Senior Lender Scheme;
- The provision of a new syndicated facility agreement by the New Parent Company's shareholders (the "Super Senior GBP Facility") for £14.8m of working capital funding, which amount was fully drawn on the Implementation Date;
- Agreement that the UK Group would pay any proceeds of the claim against Watchstone Group plc (formerly Quindell Plc), arising from the acquisition of the Slater Gordon Solutions business from Quindell Plc on 29 May 2015, for which proceedings were issued and served on 13 June 2017, first to recover any expenses incurred, second to pay up to A\$40m deferred consideration to Slater and Gordon Limited under the Share Sale Agreement, third to repay any amounts drawn under the Super Senior GBP Facility, fourth to pay up to £250m to convertible note holders and fifth to retain by the Company's UK parent.

Following completion, the consolidated balance sheet position of the UK Group has moved from net liabilities of £167m at 30

June 2017 to net assets of approximately £170m from the Implementation Date.

### 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. Operating (loss)/profit**

The operating (loss)/profit for the 12 month period is stated after charging:

	2017 £'000	2016 £'000
Depreciation of property, plant and equipment - owned assets	5	10
Operating lease rentals - other	25	27

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.

**6. Employee and staff costs**

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

	2017 Number	2016 Number
Back office management and administration	7	8
	7	8

The remuneration charged to the income statement in respect of the Directors was as follows:

	2017 £'000	2016 £'000
Emoluments	32	197

The cost of certain of the Directors was borne by other group companies. No retirement benefits were accruing under any schemes in respect of any of the Directors (2016: none). None of the Directors received any remuneration in connection with contributions to pension schemes.

Total employee costs were as follows:

	2017 £'000	2016 £'000
Wages and salaries	279	392
Social security costs	25	41
Pension Costs	2	9
	306	442

# Intelligent Claims Management Limited

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## Notes to the Financial Statements

### 7. Taxation

	2017 £'000	2016 £'000
The taxation charge comprises:		
Current tax:		
- Current year	-	-
Total current tax	-	-
Deferred tax:		
- Origination and reversal of temporary differences	1	(3)
- Adjustments for prior years	-	-
Total deferred tax	1	(3)
<b>Total tax credit/(expense)</b>	<b>1</b>	<b>(3)</b>

Income tax for the UK is calculated at the standard rate of UK corporation tax of 19.75% (2016: 20%) on the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2017 £'000	2016 £'000
Profit/(loss) on ordinary activities before tax	(2,230)	6,168
Tax at 19.75% (2016: 20%) thereon	(440)	1,234
Effect of:		
Expenses not deductible for tax purposes	1	1
Research and development tax credit claim	-	-
Adjustments in respect of prior periods	-	-
Group Relief	440	(1,238)
<b>Total tax credit/(charge) for the year</b>	<b>1</b>	<b>(3)</b>

#### Future developments

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 in the UK corporation tax rate down to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

## Notes to the Financial Statements

### 8. Property, plant and equipment

	Plant and Machinery £'000	Total £'000
<b>Cost</b>		
At 1 July 2016	37	37
Additions	3	3
Disposals	(13)	(13)
<b>At 30 June 2017</b>	<b>27</b>	<b>27</b>
<b>Depreciation</b>		
At 1 July 2016	27	27
Charge for the period	5	5
Disposals	(13)	(13)
<b>At 30 June 2017</b>	<b>19</b>	<b>19</b>
<b>Net book value</b>		
<b>30 June 2017</b>	<b>8</b>	<b>8</b>
30 June 2016	10	10

### 9. Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables (net of impairment review)	65	-
Amounts due from group companies	26,395	24,015
Prepayments and accrued income	14	8
	<b>26,474</b>	<b>24,023</b>

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

### 10. Trade and other payables

	2017 £'000	2016 £'000
<b>Current liabilities</b>		
Trade payables	8	37
Payroll and other taxes including social security	(15)	38
Other liabilities	-	19
Accruals and deferred income	111	337
	<b>104</b>	<b>431</b>

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.

### 11. Provisions

	2017 £'000	2016 £'000
<b>Provisions movement in the year</b>		
Balance at 1 July	-	-
Charged	3,800	-
<b>Balance at 30 June</b>	<b>3,800</b>	<b>-</b>

The provision charged in the year relates to potential VAT, interest and penalties on commissions received.

# Intelligent Claims Management Limited

Annual Report & Financial Statements  
For the 12 months ended 30 June 2017

## Notes to the Financial Statements

### 12. 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 July 2016	(1)	(2)	(3)
(Credit)/charge to income statement	(1)	2	(1)
At 30 June 2017	(2)	(0)	(2)
	2017 £'000	2016 £'000	
Deferred tax liabilities	-	-	
Deferred tax assets	(2)	(3)	
	(2)	(3)	

At the Statement of Financial Position date, there are no unrecognised deferred tax assets (2015: £nil) which have not been recognised. Deferred tax balances for Statement of Financial Position purposes are analysed as follows:

	2017 £'000	2016 £'000
Deferred tax assets falling due within one year	(2)	(3)
Deferred tax liability falling due after one year	-	-
	(2)	(3)

### 13. Share capital

	2017		2016		2015	
	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	-

### 14. 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:

	2017 £'000	2016 £'000
Within one year	18	-
Expiring between two and five years	-	38
At 30 June 2017	18	38

## Notes to the Financial Statements

### 15. 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
<b>30 June 2017</b>				
Trade and other payables	104	(104)	(104)	-
	104	(104)	(104)	-
<b>30 June 2016</b>				
Trade and other payables	431	(431)	(431)	-
	431	(431)	(431)	-

#### 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 and other receivables at the reporting date was as follows:

<b>30 June 2017</b>	£'000	£'000	£'000
	Gross	Impairment	Net
Under 1 year	26,460	-	26,460
	26,460	-	26,460
<b>30 June 2016</b>	£'000	£'000	£'000
	Gross	Impairment	Net
Under 1 year	24,015	-	24,015
	24,015	-	24,015

Included in the above net trade debtors is Enil (2016: Enil) 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.

## Notes to the Financial Statements

### 16. Ultimate parent company

The parent company is Slater & Gordon (UK) 1 Limited, a company registered in England and Wales. On 30 June 2017 the ultimate parent company was Slater and Gordon Limited, a company registered in Australia. From 22 December 2017 the ultimate parent company is Slater and Gordon UK Holdings Limited, a company registered in England and Wales.

### 17. Contingent liabilities

The Company is party to a GBP currency Super Senior Facility Agreement ("SSFA") dated 22 December 2017 pursuant to which the Company's direct parent company, Slater and Gordon (UK) 1 Limited, is a borrower. Pursuant to the terms of the SSFA, the Company has given a cross-guarantee (along with other UK Group Companies) in relation to all liabilities outstanding under the SSFA in favour of the Finance Parties (as defined under the SSFA), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company.

The Company is also party to a debenture dated 22 December 2017 (the "Debenture") pursuant to which the Company (together with other UK Group Companies) covenants with GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties (as defined in the Debenture), which are all shareholders of Slater and Gordon UK Holdings Limited, the ultimate parent company) that it will on demand pay all liabilities outstanding under the SSFA (and associated finance documents) when they are due and payable and grants security over all of its assets in favour of GLAS Trust Corporation Limited (acting as Security Trustee for itself and the Secured Parties).

### 18. Related party transactions

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	Purchases	Debtor	Creditor	Sales	Purchases	Debtor	Creditor
	2017	2017	2017	2017	2016	2016	2016	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Transactions with:</b>								
Slater & Gordon group entities	-	-	26,395	-	-	-	24,015	-
	-	-	26,395	-	-	-	24,015	-

None of these balances are secured (2016: £Nil), there have been no provisions against these balances (2016: £Nil) and no amounts have been written off against these balances (2016: £Nil).