

Broomco (4211) Limited
Consolidated Financial Statements
For the Year Ended 31 July 2013



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The Board of Directors

Andy Marsh
Darren Cooper
Tim Walker - resigned 24 October 2012
Neil Munn
Doug McKinnon
Max Dunworth
Simon Hemley
Ian Hogarth

Company Secretary Neil Munn

Registered Address

TriGate Business Centre
210 - 222 Hagley Road West
Birmingham
B68 0NP

Auditor

KPMG Audit Plc
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Bankers

HSBC Bank Plc
2 - 4 St Ann's Square
Manchester
M2 7HD

Solicitors

DLA Piper UK LLP
101 Barbirolli Square
Manchester
M2 3DL

Directors' Report

The Directors present their report and financial statements of the company and the group for the year ended 31 July 2013.

Principal Activities and Business Review

The principal activity of the group during the year was that of claims management for insurance companies. The principal activity of the company is that of a holding company.

This year was another year of significant investment in the group. Despite benign weather conditions in the UK reducing claim volumes across the claims management sector, the group invested in additional headcount in its main trading subsidiary, LAS Claims Management Limited (LAS) as two major new contracts were secured with leading UK insurers. In LAS Surveying Services Limited (LSS, formerly Waylett & Co. Limited), continued investment in directly employed surveying resources has differentiated LSS in the market and has enabled LSS to secure a contract extension with a key client. The directors anticipate a sharp increase in profitability in the next financial year when the full impact of new and extended contracts flows through to revenue.

The directors are satisfied with the group's performance during the year. The group continues to make positive earnings before interest, tax, depreciation and amortisation (EBITDA) as detailed below

	£000
EBITDA	554
Depreciation	(312)
Amortisation	(1,023)
Operating (loss)	(781)

Adding back exceptional costs incurred during the year, adjusted EBITDA was £1.0m.

The directors are satisfied with the strength of the group's balance sheet

As at the date of this report, the directors do not anticipate any changes in the group or company's activities for the foreseeable future

Going Concern

The financial statements are prepared on a going concern basis, as the directors are satisfied that the company has the resources to continue in business for the foreseeable future. In making this assessment the directors have considered information relating to present and future financial performance. The parent company has indicated that, in the unlikely event that support is required, it would intend to provide support in the form of re-structuring of existing loan arrangements.

Results and Dividends

The group loss for the year, after taxation, was £2.073m (2012 - £0.606m). The directors have not recommended the payment of a dividend (2012 - £Nil).

Charitable and political Donations

During the period, charitable donations amounted to £1,000 (2012 - £1,000). The group made no political donations and incurred no political expenditure during the period (2012 - £Nil).

Directors' Report (continued)

Financial Risk Management Objectives and Policies

The group seeks to fund its operations and future growth from profits generated within the business. The management's objectives are:

- to generate and retain sufficient liquid funds to meet day to day obligations as they fall due
- to manage credit risk by monitoring of exposure to customers

Day to day obligations comprise payments to sub-contractors and to other third party suppliers. Detailed rolling cash flow projections are maintained to enable management to identify working capital issues well in advance and to take corrective action where necessary.

Exposure to credit risk is predominantly due to trade debtors. The majority of trade debt is due from the UK branches of major insurance companies and the directors consider credit risk to be low. However, the aggregate amount and duration of exposure to any one client is monitored on an ongoing basis using the company's debt management system administered by a dedicated member of staff.

Surplus cash funds are held in sterling bank accounts of UK clearing banks.

Directors

The directors who served during the year were as follows:

Andy Marsh
Darren Cooper
Tim Walker - resigned 24 October 2012
Neil Munn
Doug McKinnon
Max Dunworth
Simon Hemley
Ian Hogarth

Ritchie Marshall was appointed as a director on 1 December 2013.

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors.

Directors' Responsibilities

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

Directors' Report (continued)**Directors' Responsibilities (continued)**

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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.

Disclosure of Information to Auditor

The directors who held office at the date of the approval of this Directors' Report confirm that, so far as they are each aware,

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' Report (continued)

Auditor

KPMG Audit Plc have been appointed as auditor to the company Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Signed on behalf of the Directors

A handwritten signature in black ink, appearing to read 'Darren Cooper', written over the printed name.

Darren Cooper
Director

Approved by the Directors on 14th February 2014.

Trigate Business Centre
210-222 Hagley Road West
Birmingham
B68 ONP

Independent Auditor's Report to the Members of Broomco (4211) Limited

We have audited the financial statements of Broomco (4211) Limited for the year ended 31 July 2013 set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2013 and of the group's loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report to the Members of Broomco (4211) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Kieren Cooper (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

15 February 2014

Group Profit and Loss Account for the Year Ended 31 July 2013

	Note	<u>2013</u> £000	<u>2012</u> £000
Turnover	2	31,415	34,356
Cost of Sales		<u>(23,042)</u>	<u>(26,030)</u>
Gross Profit		8,373	8,326
Administrative expenses		<u>(9,154)</u>	<u>(7,208)</u>
Operating (loss)/profit	3	(781)	1,118
Interest payable and similar charges	6	<u>(1,397)</u>	<u>(1,375)</u>
Loss on ordinary activities before taxation		(2,178)	(257)
Tax on loss on ordinary activities	7	<u>105</u>	<u>(349)</u>
Loss on ordinary activities after taxation and loss for the period		<u>(2,073)</u>	<u>(606)</u>

All activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above, hence the group has not prepared a separate statement of total recognised gains and losses

The notes on pages 12 to 24 form part of these financial statements


Group Balance Sheet as at 31 July 2013

	Notes	2013		2012	
		£000	£000	£000	£000
Fixed Assets					
Intangible Fixed Assets	9		6,985		8,003
Tangible Fixed Assets	10		885		771
Current Assets					
Stock	12	35		35	
Debtors	13	7,598		6,849	
Cash at Bank		21		2,115	
		7,654		8,999	
Creditors: Amounts falling due within one year	14	<u>(7,356)</u>		<u>(7,535)</u>	
Net Current Assets			<u>298</u>		<u>1,464</u>
Total Assets less Current Liabilities			8,168		10,238
Creditors: Amounts falling due after more than one year	15		<u>(11,310)</u>		<u>(11,305)</u>
Net Liabilities			<u>(3,142)</u>		<u>(1,067)</u>
Capital and Reserves					
Called-up share capital	18		12		13
Capital Redemption Reserve	19		1		-
Share Premium Account	20		985		-
Profit and Loss account	21		<u>(4,140)</u>		<u>(1,080)</u>
Shareholders' Deficit	22		<u>(3,142)</u>		<u>(1,067)</u>

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved by the directors and authorised for issue on 14th February 2014, and are signed on their behalf by:

Neil Munn
Director



Company registered number: 07145440

Company Balance Sheet as at 31 July 2013

	Notes	2013		2012	
		£000	£000	£000	£000
Fixed Assets					
Investments	11		11,436		11,431
Current Assets					
Debtors	13	2,030		546	
Cash at Bank			-	3	
		2,030		549	
Creditors: Amounts falling due within one year	14	<u>(901)</u>		<u>(2,601)</u>	
Net current assets/(liabilities)			<u>1,129</u>		<u>(2,052)</u>
Total Assets less Current Liabilities			12,565		9,379
Creditors: Amounts falling due after more than one year	15		<u>(11,300)</u>		<u>(11,300)</u>
Net assets/(liabilities)			<u>1,265</u>		<u>(1,921)</u>
Capital and Reserves					
Called-up share capital	18		12		13
Capital redemption reserve	19		1		-
Share premium account	20		985		-
Profit and Loss account	21		<u>267</u>		<u>(1,934)</u>
Shareholders' Deficit	22		<u>1,265</u>		<u>(1,921)</u>

The notes on pages 12 to 24 form part of these financial statements

These financial statements were approved by the directors and authorised for issue on 14th February 2014, and are signed on their behalf by:



Neil Munn
Director

Company registered number: 07145440

Group Cash Flow Statement for the Year Ended 31 July 2013

	Notes	2013		2012	
		£000	£000	£000	£000
Net cash inflow from operating activities	23		392		3,346
Returns on investments and servicing of finance					
Interest paid		(700)		(1,375)	
Net cash (outflow) from returns on Investment and servicing of finance			(700)		(1,375)
Taxation					
UK corporation tax paid			(168)		(379)
Capital Expenditure and Financial Investments					
Purchase of tangible fixed assets		(426)		(405)	
Purchase of investments		(205)		(909)	
Net cash outflow from capital expenditure			(631)		(1,314)
Net cash (outflow)/inflow before financing			(1,107)		278
Financing					
Issue of ordinary share capital		-		12	
Share buy-back		(987)		-	
Net cash (outflow)/inflow from financing			(987)		12
(Decrease)/increase in cash	23		(2,094)		290
Reconciliation to net cash					
Net cash brought forward			2,115		1,522
(Decrease)/increase in cash above			(2,094)		290
Acquired on acquisition			-		303
Net cash			21		2,115

The notes on pages 12 to 24 form part of these financial statements

Notes to the Financial Statements**1. Accounting policies****Basis of Accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

The accounting policies for the group also include those for the company unless otherwise stated

The directors have a reasonable expectation that the group has adequate resources to continue for the foreseeable future. Thus they continue to adopt the going concern basis of accounting for these financial statements

The company is exempt from presenting its own Profit and Loss Account by virtue of s 408 of the Companies Act 2006.

Turnover

Turnover shown in the Profit and Loss Account represents the value of all services sold during the year, less returns received, at selling price exclusive of value added tax. Sales are recognised at the point at which the company has earned a contractual right to revenue

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of ten years.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging/(crediting) the unamortised amount of any related goodwill.

Interest Bearing Borrowings

Immediately after issue, debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount

Investments

Investments in subsidiary undertakings are stated at cost less any charges for impairment

Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation and any provisions for impairment. Cost represents purchase price together with any incidental costs of acquisition

Notes to the Financial Statements**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of the asset

	Basis
Fixtures and Fittings	3 years straight line
Computer Equipment	3-5 years straight line
Motor Vehicles	4 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit & Loss account on a straight line basis over the period of the lease

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax in the future. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those of which they are recognised in the financial statements

Deferred tax is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Pension

The company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable are charged to the Profit and Loss Account in the year they are payable

Notes to the Financial Statements**Financial Instruments**

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. Turnover

Turnover and profit before tax are attributable to the company's one principal activity, based in the United Kingdom.

3. Operating Profit

Operating profit is stated after charging

	<u>2013</u>	<u>2012</u>
	£000	£000
Depreciation of fixed assets	312	258
Amortisation of goodwill	1,023	975
Operating lease costs - other	<u>307</u>	<u>157</u>
Auditor's remuneration - audit of these financial statements (excluding VAT)		
- Audit of these financial statements	4	2
- Audit of subsidiary financial statements	<u>15</u>	<u>12</u>
	<u>19</u>	<u>14</u>
	<u>2013</u>	<u>2012</u>
	£000	£000
Auditor's remuneration - other fees		
- Taxation services	<u>34</u>	<u>25</u>
	<u>34</u>	<u>25</u>

4. Employees

The average number of staff employed by the group during the year was

	<u>2013</u>	<u>2012</u>
	No	No
Administrative staff	23	22
Operations staff	<u>144</u>	<u>129</u>
	<u>167</u>	<u>151</u>

Notes to the Financial Statements**4. Employees (continued)**

The aggregate payroll costs of the above were:

	<u>2013</u>	<u>2012</u>
	£000	£000
Wages and salaries	4,624	3,914
Social security costs	<u>462</u>	<u>390</u>
	<u>5,086</u>	<u>4,304</u>

5. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	<u>2013</u>	<u>2012</u>
	£000	£000
Directors' emoluments	<u>505</u>	<u>592</u>

The aggregate emoluments of the highest paid director was £139,000 (2012 - £127,000)

Directors fees for D McKinnon are paid to his consultancy company, as disclosed in the Related Party Transactions note on page 20.

6. Interest Payable and Similar Charges

	<u>2013</u>	<u>2012</u>
	£000	£000
On other loans	<u>1,397</u>	<u>1,375</u>
	<u>1,397</u>	<u>1,375</u>

7. Taxation on Ordinary Activities

<i>Analysis of charge in period</i>	<u>2013</u>	<u>2012</u>
	£000	£000
UK Corporation Tax		
Current tax charge for the period	-	379
Adjustments in respect of prior periods	<u>(80)</u>	<u>(16)</u>
	(80)	363
Deferred Tax		
Reversal of timing differences (note 16)	(25)	(14)
Adjustment in respect of prior year	-	-
Tax on profit on ordinary activities	<u>(105)</u>	<u>349</u>

Factors affecting current tax charge

The current tax assessed on the profit on ordinary activities for the period is higher (2012 - higher) than the standard rate of corporation tax in the UK of 23.7% (2012 - 25.3%)

Notes to the Financial Statements

7. Taxation on Ordinary Activities (continued)

	2013 £000	2012 £000
Loss on ordinary activities before taxation	(2,178)	(257)
Corporation tax at standard rate	(516)	(65)
Effects of		
Tax losses not utilised	91	-
Expenses not deductible for tax purposes	404	425
Depreciation in excess of capital allowances	21	19
Adjustments in respect of prior periods	(80)	(16)
Current tax charge	(80)	363

Reduction in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were subsequently enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 July 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

8. Dividends

No dividends on ordinary shares were paid during the year (2012 - £nil)

9. Intangible Fixed Assets

(a) Group

	Goodwill on consolidation £000	Total £000
<i>Cost</i>		
At 1 August 2012	10,231	10,231
Additions	5	5
At 31 July 2013	10,236	10,236
<i>Amortisation</i>		
At 1 August 2012	2,228	2,228
Charge for the year	1,023	1,023
At 31 July 2013	3,251	3,251

Notes to the Financial Statements

9. Intangible Fixed Assets (continued)

	Goodwill on consolidation £000	Total £000
<i>Net Book Value</i>		
At 31 July 2013	6,985	6,985
At 31 July 2012	8,003	8,003

(b) Company

The company had no intangible fixed assets at 31 July 2013 (2012 - £nil)

10. Tangible Fixed Assets

(a) Group

	Fixture & Equipment £000	Computer Equipment £000	Motor Vehicle £000	Total £000
<i>Cost</i>				
At 1 August 2012	124	1,274	28	1,426
Additions	6	420	-	426
Disposals	-	-	-	-
At 31 July 2013	130	1,694	28	1,852
<i>Depreciation</i>				
At 1 August 2012	49	597	9	655
Charge for the period	35	270	7	312
Disposals	-	-	-	-
At 31 July 2013	84	867	16	967
<i>Net Book Value</i>				
At 31 July 2013	46	827	12	885
At 31 July 2012	75	677	19	771

(b) Company

The company had no tangible fixed assets at 31 July 2013 (2012 - £Nil)

Notes to the Financial Statements

11. Fixed Asset Investments

Company	Group Undertakings £000
At 1 August 2012	11,431
Additions	5
At 31 July 2013	11,436

The following were subsidiary undertakings during the year and have been included in the consolidated financial statements.

Name of subsidiary company	Country of incorporation and operation	Proportion of voting rights and ordinary capital held	Nature of Business
LAS Claims Management Limited	England	100%	Claims management for insurance companies
LAS Surveying Services Limited (formerly Waylett & Co Limited)	England	100%	Insurance claims management

The aggregate capital and reserves of LAS Claims Management Limited at 31 July 2013 was £0.822m, (2012 £4 953m) and of LAS Surveying Services Limited at 31 July 2013 was £0 331m (2012 £0 438m).

12. Stock

	Group 2013 £000	Company 2013 £000	Group 2012 £000	Company 2012 £000
Finished goods	35	-	35	-

13. Debtors

	Group 2013 £000	Company 2013 £000	Group 2012 £000	Company 2012 £000
Trade debtors	3,422	-	4,115	-
Other debtors	1,176	1,039	43	532
Deferred tax assets (note 16)	29	-	4	-
Corporation tax asset	47	60	-	-
Amount due from group undertakings	-	919	-	-
Prepayments and accrued income	2,924	12	2,687	14
	7,598	2,030	6,849	546

Notes to the Financial Statements

14. Creditors: Amounts falling due within one year

	Group 2013 £000	Company 2013 £000	Group 2012 £000	Company 2012 £000
Trade creditors	3,478	-	4,579	-
Corporation tax	-	-	201	-
Other taxation and social security	320	-	398	-
Amounts owed to group undertakings	-	-	-	2,486
Other creditors	-	-	210	-
Bank overdraft	-	90	-	-
Accruals and deferred income	3,558	811	2,147	115
	<u>7,356</u>	<u>901</u>	<u>7,535</u>	<u>2,601</u>

HSBC Bank Plc holds a debenture comprising fixed and floating charges over all the assets and undertakings of the group in respect of an overdraft facility

15. Creditors: Amounts falling due after one year

	Group 2013 £000	Company 2013 £000	Group 2012 £000	Company 2012 £000
Hire purchase	10	-	5	-
Secured loan notes to 31 March 2015	5,650	5,650	5,650	5,650
Unsecured loan notes to 31 March 2015	5,650	5,650	5,650	5,650
	<u>11,310</u>	<u>11,300</u>	<u>11,305</u>	<u>11,300</u>

The secured loan notes are repayable on maturity on 31 March 2015. Interest is payable at 12% per annum.

The unsecured loan notes are repayable on maturity on 31 March 2015. Interest is payable at 12% per annum.

16. Deferred Taxation

The movement in the deferred tax asset during the year was.

	Group 2013 £000	Company 2013 £000
At 1 August 2012	(4)	-
Movement during the year	(25)	-
At 31 July 2013	<u>(29)</u>	<u>-</u>

Notes to the Financial Statements**16. Deferred Taxation (continued)**

The deferred taxation asset consists of the tax effect of timing differences in respect of

	Group 2013 £000	Company 2013 £000
Excess of depreciation over capital allowances on fixed assets	(29)	-
	(29)	-

17. Related Party Transactions**(i) Sigma Voice Solutions ('Sigma')**

D McKinnon was a director of Sigma and a director of Broomco (4211) Limited during the year to 31 July 2013

During the year to 31 July 2013, the group purchased goods and services from Sigma of £NIL (2012: £5,872)

At 31 July 2013, an amount of £Nil (2012 £Nil) was due to Sigma

(ii) Cubic Communications Ltd ('Cubic')

D McKinnon was a director of Cubic and a director of Broomco (4211) Limited during the year to 31 July 2013

During the year to 31 July 2013, the group purchased goods and services from Cubic of £24,000 (2012 24,000)

At 31 July 2013, an amount of £Nil (2012 £Nil) was due to Cubic

(iii) Directors' share transactions

During the year, 8,500,000 B ordinary shares of £0.0001 each were issued to various directors of the company as follows, Darren Cooper - 2,500,000, Neil Munn - 2,500,000, Max Dunworth - 2,500,000, Ian Hogarth - 1,000,000. The shares were subscribed at a value of £0.116 each. Subscriptions totalling £986,000 were unpaid at the end of the year.

Notes to the Financial Statements

18. Share Capital

<i>Authorised share capital</i>		Company 2013 £000	Company 2012 £000	
70,000,000 A Ordinary Shares of £0.0001 each		7	7	
30,000,000 B Ordinary Shares of £0 0001 each		3	3	
27,800,000 V Shares of £0 0001 each		3	3	
		<u>13</u>	<u>13</u>	
<i>Allotted, called up and fully paid</i>	Company 2013 No.	Company 2013 £000	Company 2012 No.	Company 2012 £000
A Ordinary Shares of £0.0001 each	70,000,000	7	70,000,000	7
B Ordinary Shares of £0 0001 each	28,500,000	3	28,250,000	3
V Shares of £0.0001 each	23,000,000	2	27,800,000	3
	<u>121,500,000</u>	<u>12</u>	<u>126,050,000</u>	<u>13</u>

In September and October 2012, the company carried out a share buyback of 8,250,000 B ordinary shares of £0 0001 each and 4,800,000 V ordinary shares of £0 0001 each for consideration of £986,800 and £441 respectively. The total purchase price of £987,241 was funded using the monies available from an upward stream dividend from the Company's subsidiary, LAS Claims Management Limited of £4 472mn. The effect of the buyback was to reduce distributable reserves by £987,241 and to create a capital redemption reserve of £1,305 (note 20).

In October 2012, the company issued 8,500,000 B ordinary shares of £0 0001 at £0 116 each

19. Capital Redemption Reserve

<i>Capital redeemed</i>	Company 2013 No.	Company 2013 £000	Company 2012 No.	Company 2012 £000
B Ordinary Shares of £0 0001 each	8,250,000	1	-	-
V Shares of £0 0001 each	4,800,000	-	-	-
	<u>13,050,000</u>	<u>1</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

20. Share Premium Account

	Company 2013 No.	Company 2013 £000	Company 2012 No.	Company 2012 £000
B Ordinary Shares of £0 0001 each	8,500,000	985	-	-
	<u>8,500,000</u>	<u>985</u>	<u>-</u>	<u>-</u>

In October 2012, 8,500,000 B ordinary shares of £0 001 each were issued at a subscription price of £0 116 each. At 31 July 2013, the subscription proceeds of £986,000 are unpaid and are included in other debtors (note 13).

21. Profit and Loss Account

	Group 2013 £000	Company 2013 £000	Group 2012 £000	Company 2012 £000
At 1 August	(1,080)	(1,934)	(1,446)	(1,641)
Reduction in share capital	-	-	972	972
Share buy-back	(987)	(987)	-	-
Profit and loss for the year	<u>(2,073)</u>	<u>3,188</u>	<u>(606)</u>	<u>(1,265)</u>
At 31 July	<u>(4,140)</u>	<u>267</u>	<u>(1,080)</u>	<u>(1,934)</u>

The company has not presented its own Profit and Loss account as permitted by the Companies Act 2006. During the year, the company made a profit of £3,188,000 (2012 - £1,265,000 loss)

22. Reconciliation of movements in shareholders' funds/(deficit)

	Group 2013 £000	Company 2013 £000
(Loss)/profit for the year	(2,073)	3,188
Equity issued during period	986	986
Share buy-back	(987)	(987)
Capital redemption	(1)	(1)
Net reduction in shareholders' funds	<u>(2,075)</u>	<u>3,186</u>
Opening shareholders' funds	<u>(1,067)</u>	<u>(1,921)</u>
Closing shareholders' funds	<u>(3,142)</u>	<u>1,265</u>

Notes to the Financial Statements

23. Notes to the Cash Flow Statement

Reconciliation of operating profit to net cash inflow from operating activities

	Group 2013 £000	Group 2012 £000
Operating profit	(781)	1,118
Depreciation	312	258
Amortisation	1,023	975
Increase in stock	-	(12)
Decrease in debtors	309	3,294
(Decrease) in creditors	(471)	(2,287)
Net cash inflow from operating activities	<u>392</u>	<u>3,346</u>

Reconciliation of net cash flow to movement in net funds

	Group 2013 £000	Group 2012 £000
Increase in cash in year	(2,094)	290
Acquired on acquisition	-	303
Change in net funds	<u>(2,094)</u>	<u>593</u>
Net funds at 1 August	<u>(9,185)</u>	<u>(9,778)</u>
Net funds at 31 July	<u>(11,279)</u>	<u>(9,185)</u>

Analysis of change in net funds

	At 01/08/12 £000	Cash flows £000	At 31/07/13 £000
Net cash			
Cash in hand and at bank	<u>2,115</u>	<u>(2,094)</u>	<u>21</u>
	2,115	(2,094)	21
Debt			
Debt due after one year	<u>(11,300)</u>	<u>-</u>	<u>(11,300)</u>
Net funds	<u>(9,185)</u>	<u>(2,094)</u>	<u>(11,279)</u>

Notes to the Financial Statements**24. Commitments**

At 31 July 2013, the group had annual commitments under non-cancellable operating leases as follows:

	Group 2013 £000	Group 2012 £000
Operating leases which expire		
Within one year	187	145
Between two and five years	197	100
	<u>384</u>	<u>245</u>

At 31 July 2013, the Company had no annual commitments under operating leases (2012 - £nil)

25. Ultimate Parent Company and Ultimate Controlling Party

At 31 July 2013, the Company's principal shareholder was Barrington House Nominees Limited. Barrington House Nominees Limited holds shares in the company on behalf of investors in the 'Gresham 4 Fund'. The 'Gresham 4 Fund' is managed by Gresham LLP.

No other group financial statements include the results of the Company.