00454635

DAVIES ADAIR AND PARTNERS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

REGISTERED NUMBER NI 32352

DAVIES ADAIR AND PARTNERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

CONTENTS

DIRECTORS AND ADVISERS

DIRECTORS	D Adair M D Chapman D G Ede P McColgan P McKillen
SECRETARY	P McKillen
REGISTERED OFFICE	3rd Floor Scottish Provident Building 7 Donegal Square West Belfast BT1 6JH
INDEPENDENT AUDITORS	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors The Atrium 1 Harefield Road Uxbridge Middlesex UB8 1EX
BANKERS	HSBC Bank plc 26-28 Broad Street Reading Berkshire RG1 2BU

DAVIES ADAIR AND PARTNERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

DIRECTORS' REPORT

The directors present their report with the audited financial statements of the company for the year ended 31 March 2007.

This report has been prepared in accordance with the special provisions of Part VIII of the Companies (Northern Ireland) Order 1986 relating to small companies.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of insurance loss adjusters.

REVIEW OF BUSINESS

A summary of the results for the year is given in the profit and loss account on page 6.

RESULTS AND DIVIDENDS

The company's profit for the year is £30,147 (2006: £91,116). An interim dividend of £250 (2006: £250) per £1 ordinary 'A' share and £250 (2006: £250) per £1 ordinary 'B' share totalling £25,000 (2006: £25,000) was declared and paid during the year. The aggregate dividends on ordinary shares recognised as an expense during the year amounted to £25,000(2006: £25,000). The directors do not recommend the payment of a final dividend and the retained profit for the year has been transferred to reserves accordingly.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were as follows:

D Adair
M D Chapman
D G Ede
P McColgan
P McKillen

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

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

(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of a242ZA of the Companies (Northern Ireland) Order 1986.

DIRECTORS' REPORT (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and 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 UK 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 (Northern Ireland) Order 1986. 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.

INDEPENDENT AUDITORS

During the year Johnston Kennedy DFK resigned as auditors to the company, and the directors appointed PricewaterhouseCoopers LLP to fill the casual vacancy. PricewaterhouseCoopers LLP have indicated their willingness to continue in office. The auditors, PricewaterhouseCoopers LLP, will be proposed for re-appointment in accordance with Article 392 of the Companies (Northern Ireland) Order 1986.

By order of the Board

D G Ede
Director

29 January 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DAVIES ADAIR AND PARTNERS LIMITED

We have audited the financial statements of Davies Adair and Partners Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2005).

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Article 243 Companies (Northern Ireland) Order 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended;

- the financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and

- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Uxbridge

30 January 2008

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007

	Note	2007 £	Restated 2006 £
Turnover	1	**417,559**	438,815
Other operating income	2	**85,341**	73,597
Staff costs		**(237,936)**	(229,401)
Depreciation of tangible fixed assets		**(6,091)**	(2,857)
Other operating charges		**(220,558)**	(167,705)
Operating profit	2	**38,315**	112,449
Interest receivable and similar income		**453**	591
Interest payable and similar charges		**(657)**	(173)
Profit on ordinary activities before taxation		**38,111**	112,867
Tax on profit on ordinary activities	4	**(7,964)**	(21,751)
Profit for the financial year	14	**30,147**	91,116

The company has no recognised gains or losses other than the profit for the year and therefore no separate statement of total recognised gains and losses has been presented.

DAVIES ADAIR AND PARTNERS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2007

BALANCE SHEET AS AT 31 MARCH 2007

	Note		2007		2006
		£	£	£	£
Fixed assets					
Tangible assets	6		16,186		9,722
Current assets					
Debtors – amounts falling due within one year	7	143,712		164,451	
Cash at bank and in hand		20,539		33,628	
		164,251		198,079	
Creditors: amounts falling due within one year	8	(94,270)		(99,520)	
Net current assets			69,981		98,559
Total assets less current liabilities			86,167		108,281
Creditors: amounts falling due after more than one year	9		(3,707)		(29,360)
Provisions for liabilities and charges	10		(813)		(2,421)
Net assets			81,647		76,500
Capital and reserves					
Called up share capital	12		100		100
Share premium account	13		74,900		74,900
Profit and loss account	13		6,647		1,500
Total shareholders' funds	14		81,647		76,500

These financial statements have been prepared in accordance with the special provisions of Part VIII of the Companies (Northern Ireland) Order 1986 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements on pages 6 to 14 were approved by the Board of Directors on 29 January 2008 and were signed on its behalf by:

D G Ede
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The financial statements of the company have been prepared on a going concern basis, under the historical cost convention and are in accordance with the Companies (Northern Ireland) Order 1986 and the Financial Reporting Standard for Smaller Entities (Effective January 2005).

Change in presentation of the financial statements
The directors have reviewed the presentation of the financial statements and in their opinion the most appropriate format for the presentation of the profit and loss account is that referred to as 'Format 2' under Schedule 8 of the Companies (Northern Ireland) Order 1986. The directors believe that the revised presentation provides more useful information to the reader of the accounts and more clearly reflects the results of the principal activity of the company. This represents a change from 'Format 1' presented in the financial statements for the year ended 31 March 2006 and the comparatives have been reanalysed accordingly. There was no impact on the profit for the year ended 31 March 2007 or 31 March 2006.

In addition, the directors have reanalysed certain balances within debtors and creditors as at 31 March 2006 in order to present the information on a more comparable basis with that used as at 31 March 2007. Total debtors and creditors at 31 March 2006 remain unchanged from those presented in the financial statements for the year ended 31 March 2006.

The following accounting policies have been applied consistently throughout the year:

Turnover
Turnover represents the aggregate value of professional fees invoiced to clients excluding value-added tax. All turnover is derived from within the United Kingdom.

Turnover in respect of loss adjusting services is recognised in line with the estimated stage of completion of each claim. Income accrued in respect of claims in progress at the year-end is included within turnover in the profit and loss account and within prepayments and accrued income in the balance sheet.

The assumptions underlying the calculation of accrued income in respect of claims in progress at 31 March 2007 were revised at that date in light of management's experience. This resulted in an increase to accrued income at 31 March 2007 and turnover for the year then ended of £10,048 compared to using the assumptions used at 31 March 2006.

Tangible fixed assets
Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost of tangible fixed assets, less their residual values, over their expected useful lives or, if held under a finance lease, over the lease term, whichever is the shorter. The expected useful lives of the assets to the business are reassessed periodically to ensure continued appropriateness.

Depreciation is provided at the following rates:

Fixtures and fittings	-	25% on reducing balance
Computer equipment	-	25% straight line
Motor vehicles	-	25% on reducing balance

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Provisions
Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Accounting policies (continued)

Leases and hire purchase contracts
Assets obtained under hire purchase contracts are capitalised in the balance sheet. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases or hire purchase contracts, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Deferred taxation
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, or a right to pay less or to receive more, tax with the following exception:

Net deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Pensions
The company does not operate a pension scheme and pays contributions into individual employees' personal pension arrangements. Pension contributions in respect of these arrangements are charged to the profit and loss in the period in which they fall due.

2. Operating profit

Operating profit is stated after charging:

	2007	2006
	£	£
Other operating income	**85,341**	73,597
Depreciation - owned assets	**3,519**	2,857
Depreciation – assets held under hire purchase contracts	**2,572**	-
Pension costs	**4,414**	5,314
Auditors' remuneration – Audit services	**3,479**	3,430
Operating lease rentals:		
- Other	**30,130**	24,002

Other operating income comprises commission receivable from suppliers in respect of customer referrals.

3. Directors emoluments

	2007	2006
	£	£
Emoluments excluding pension contributions	**134,196**	153,689
Company contributions paid to personal pension schemes	**4,414**	5,314
	138,610	159,003

No (2006: No) director is accruing benefits under any pension schemes operated by the company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Tax on profit on ordinary activities

The tax charge on the profit on ordinary activities for the year was as follows:

	2007	2006
	£	£
Current tax:		
UK corporation tax at 30% (2006: 30%)	**7572**	21,746
Deferred tax:		
Origination and reversal of timing differences	**392**	5
Total tax on profit on ordinary activities	**7,964**	21,751

5. Dividends

	2007	2006
	£	£
Equity – Ordinary 'A' and 'B'		
Interim paid £250 (2006: £250) per £1 share	**25,000**	25,000

6. Tangible fixed assets

	Fixtures and fittings	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2006	13,588	36,611	-	50,199
Additions	1,265	993	10,300	12,558
At 31 March 2007	**14,853**	**37,604**	**10,300**	**62,757**
Accumulated depreciation				
At 1 April 2006	8,539	31,938	-	40,477
Charge for the year	1,583	1,936	2,575	6,094
At 31 March 2007	**10,122**	**33,874**	**2,575**	**46,571**
Net book value				
At 31 March 2007	**4,731**	**3,730**	**7,725**	**16,186**
At 31 March 2006	5,049	4,673	-	9,722

The net book value of motor vehicles held under hire purchase contracts at 31 March 2007 was £7,725 (2006: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Debtors: amounts falling due within one year

	2007	Restated 2006
	£	£
Trade debtors	104,329	132,440
Other debtors	1,963	2,640
Prepayments and accrued income	37,420	29,371
	143,712	164,451

8. Creditors: amounts falling due within one year

	2007	Restated 2006
	£	£
Trade creditors	10,608	4,052
Corporation tax	7,572	21,746
Other tax and social security	19,052	20,468
Amounts owed to group undertakings (note 15)	14,344	-
Amounts due to related undertakings (note 15)	3,014	-
Other creditors	3,356	-
Hire purchase creditor	3,421	-
Directors' loan accounts (note 15)	1,406	25,000
Accruals and deferred income	31,497	28,254
	94,270	99,520

9. Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Amounts owed to group undertakings (note 15)	-	29,360
Hire purchase creditor	3,707	-
	3,707	29,360

10. Provisions for liabilities and charges

	Deferred tax liability	Litigation provision	Total
	£	£	£
At 1 April 2006	421	2,000	2,421
Credited to the profit and loss account	392	(2,000)	(1,608)
At 31 March 2007	813	-	813

The deferred tax provision comprises

	2007	2006
	£	£
Accelerated capital allowances	813	421
	813	421

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Operating lease commitments

At 31 March 2007, the company had the following annual commitments under non-cancellable operating leases:

	Land and Buildings 2007	**Other 2007**	Land and Buildings 2006	Other 2006
	£	**£**	£	£
Expiring:				
Within one year	**2,917**	-	-	-
In two to five years	**16,500**	**568**	21,500	1,135
Over 5 years	-	-	-	-
Total	**19,417**	**568**	21,500	1,135

12. Called up share capital

Authorised

	2007	2006
	£	£
50 'A' Ordinary shares of £1 each	**50**	50
50 'B' Ordinary shares of £1 each	**50**	50
	100	100

Allotted and fully paid

	2007	2006
	£	£
50 'A' Ordinary shares of £1 each	**50**	50
50 'B' Ordinary shares of £1 each	**50**	50
	100	100

The 'A' and 'B' shares are separate classes of shares but carry the same rights and privileges and shall rank pari passu in all respects.

13. Reserves

	Share premium account	**Profit and loss account**
	£	**£**
At 1 April 2006	74,900	1,500
Retained profit for the financial year (note 14)	-	5,147
At 31 March 2007	**74,900**	**6,647**

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Reconciliation of movements in equity shareholders' funds

	2007	2006
	£	£
Profit for the financial year	**30,147**	91,116
Dividends (note 5)	**(25,000)**	(25,000)
Retained profit for the financial year	**5,147**	66,116
Opening equity shareholders' funds/(deficit)	**76,500**	10,384
Closing equity shareholders' funds	**81,647**	76,500

15. Related party transactions

The company has transactions and balances with Davies Loss Adjusters LLP, the parent undertaking, fellow group undertakings (Davies Managed Systems Limited and Davies Courtney Loss Adjusters Limited), and Farradane Limited, a company under common control with Davies Loss Adjusters LLP.

At the year-end there were amounts due to these related parties as follows:

	2007	2006
	£	£
Davies Loss Adjuster LLP	**9,219**	23,965
Farradane Limited	**3,014**	3,058
Davies Managed Systems Limited	**5,000**	-
Davies Courtney Loss Adjusters Limited	**125**	125
	17,358	27,148

During the year the company purchased goods and services from these related parties as follows:

	£	£
Davies Loss Adjusters LLP	**47,030**	37,064
Davies Managed Systems Limited	**5,028**	21,780
Davies Courtney Loss Adjusters Limited	**188**	5,000
Farradane Ltd	**29,784**	-
	82,030	63,844

All other movements on the related party balances relate to recharges between companies for invoices issued by third parties and the repayment of outstanding balances.

At 31 March 2007 the company owed the following amounts to directors of the company:

	2007	2006
	£	£
D Adair	**1,406**	25,000

The balances are interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Contingent liabilities

During the prior year a third party commenced a High Court action against the company for defamation. The company's solicitors have advised that the action is unlikely to succeed therefore no provision for any potential liability has been made.

17. Ultimate parent undertaking

The company is a subsidiary undertaking of Davies Loss Adjusters LLP, which is also the ultimate parent undertaking and controlling party of Davies Adair and Partners Limited.

The smallest and largest group into which the results of Davies Adair and Partners Limited are consolidated is that headed by Davies Loss Adjusters LLP. The consolidated accounts of Davies Loss Adjusters LLP are available to the public and may be obtained from Davies Loss Adjusters LLP, 2 Giles Court, Southampton Street, Reading, Berkshire, RG1 2QL.