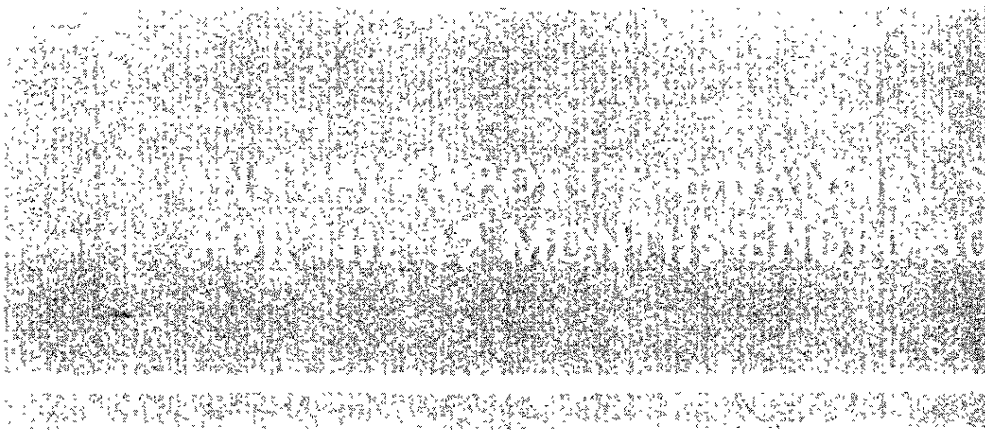
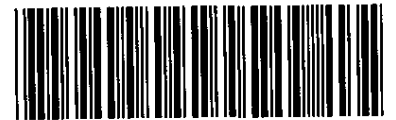


# Intelligent Claims Management Limited



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## Officers and Professional Advisors

### Directors

Mr J P White  
Mr K Fowlie

### Secretary

Ms K Morrison

### 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 2016. The prior period is for the period ended 30 June 2015 and comprises of 18 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:	£7.2 million	(2015: £20.0 million)
▪ Profit Before Taxation:	£6.2 million	(2015: £16.4 million)
▪ Operating Cash Flow:	£0.9 million inflow	(2015: £1.8 million outflow)

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

### 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.

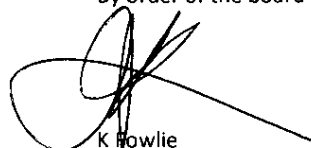
#### *Regulatory change*

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 Howie

Date: 24 March 2017

## Directors' Report

The directors present their report and the unaudited financial statements for the 12 months ended 30 June 2016. The financial statements have been prepared in accordance with FRS101. This is the first year in respect of which the Company has prepared its financial statements under FRS 101. The previous financial statements for the year ended 30 June 2015 were prepared under IFRS. The date of transition to FRS 101 for the Company was 1 July 2014. There were no changes in accounting policies or transition adjustments in preparing financial statements for the year ended 30 June 2015. Therefore no reconciliation from IFRS to FRS 101 has been prepared for both total comprehensive income for the year ended 30 June 2015 and total equity as at 1 July 2014 and 30 June 2015 between IFRS as previously reported and FRS 101.

### Dividends

The directors recommend no dividend for the period under review (2015: £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.

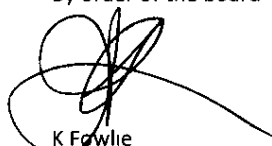
Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have chosen to prepare the financial statements in accordance with FRS101 and applicable law.

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 Fowle  
Date: 24 March 2017

## Financial Statements

### *Income Statement*

for the 12 months ended 30 June 2016

	Note	2016 £'000	2015 £'000
<b>Revenue</b>		<b>7,176</b>	20,023
Cost of sales		(4)	(2,414)
<b>Gross profit</b>		<b>7,172</b>	17,609
Administrative expenses		(1,004)	(1,194)
<b>Operating profit and profit before taxation</b>	<b>5</b>	<b>6,168</b>	16,415
Taxation	<b>7</b>	3	(1,620)
<b>Retained profit</b>		<b>6,171</b>	14,795

### *Statement of Changes in Equity*

for the 12 months ended 30 June 2016

	Share capital £'000	Retained earnings £'000
At 30 June 2015	-	19,068
Profit for the period	-	6,171
<b>At 30 June 2016</b>	<b>-</b>	<b>25,239</b>
At 1 January 2014 (restated)	-	4,273
Profit for the year	-	14,795
At 30 June 2015	-	19,068

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

## Financial Statements

### Statement of Financial Position

as at 30 June 2016

	Note	30 June 2016 £'000	30 June 2015 £'000
<b>Non-current assets</b>			
Property, plant and equipment	8	10	16
Deferred tax assets	11	3	-
		<b>13</b>	<b>16</b>
<b>Current assets</b>			
Trade and other receivables	9	24,023	18,783
Corporation tax		-	-
Cash		1,634	752
		<b>25,657</b>	<b>19,535</b>
<b>Total assets</b>		<b>25,670</b>	<b>19,551</b>
<b>Current liabilities</b>			
Trade and other payables	10	(431)	(483)
Corporation tax		-	-
		<b>(431)</b>	<b>(483)</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		-	-
		<b>(431)</b>	<b>(483)</b>
<b>Total liabilities</b>		<b>(431)</b>	<b>(483)</b>
<b>Net assets</b>		<b>25,239</b>	<b>19,068</b>
<b>Equity</b>			
Share capital	12	-	-
Retained earnings		25,239	19,068
<b>Total equity</b>		<b>25,239</b>	<b>19,068</b>


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

For the 12-month period to 30 June 2016 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 16 were approved and authorised for issue by the board of directors on 24 March 2017 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 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.

### 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. 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 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
---------------------	-------------------------

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



## Notes to the Financial Statements

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.

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

At 30 June 2016 the Company had net assets of £25.2m and cash of £1.6m. The Company is reliant upon its parent entity in relation to ongoing financial support. The Company has received confirmation from its parent entity that it will support the Company to meet its liabilities as and when they fall due, but only to the extent that funds are not otherwise available to the Company to meet such liabilities. The parent has also confirmed that it will continue to provide the financial support outlined above for a period of at least 12 months from the date of signing of this financial report.

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

The Global Group's current operating environment continues to present challenges and uncertainty. On 15 February 2017 the Global Group presented updated trading and cash flow forecasts and a number of recapitalisation options to its lenders. On 17 March 2017 the ultimate parent entity announced that it had been notified that in excess of 94% of the SFA debt had been traded from the original syndicate of lenders to secondary debt buyers (the "New Senior Lenders"). The Global Group has been informed by the New Senior Lenders that they fully intend to implement a solvent restructure of the ultimate parent entity, and to work

## Notes to the Financial Statements

cooperatively with the ultimate parent entity to enter into binding agreements to reset its debt structure (through a debt for equity Lender Scheme of Arrangement) to ensure that the Global Group has a sustainable level of debt and a stable platform for its operations. Under the SFA, a majority of lenders by value must agree to a satisfactory recapitalisation plan by 26 May 2017. Should this not occur, the borrowings under the SFA may become due and payable within a further 14 days of this date.

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

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

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

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

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

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

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

The Directors, having given consideration to the current financial forecasts for the Global Group, the Group and the Company, and having given consideration to the conclusions of the Directors of the ultimate parent entity set out above, and of the factors that the Directors of the ultimate parent

entity considered when forming this view, and of the stated intent of the New Senior Lenders to implement a solvent restructure of the ultimate parent entity through a debt for equity Lender Scheme of Arrangement to ensure that the Global Group has a sustainable level of debt and a stable platform for its operations, consider the going concern basis of preparation for these financial statements is appropriate

### *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 profit

The operating profit for the 12 month period is stated after charging:

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment - owned assets	10	5
Operating lease rentals - other	27	21

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:

	2016 Number	2015 Number
Back office management and administration	8	7
	8	7

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

	2016 £'000	2015 £'000
Emoluments	197	407

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 (2015: none) None of the directors received any remuneration in connection with contributions to pension schemes.

Total employee costs were as follows:

	2016 £'000	2015 £'000
Wages and salaries	392	790
Social security costs	41	76
Pension Costs	9	-
	442	866

## Notes to the Financial Statements

### 7. Taxation

	2016 £'000	2015 £'000
The taxation charge comprises:		
Current tax:		
- Current year	-	1,621
Total current tax	-	1,621
Deferred tax:		
- Origination and reversal of temporary differences	(3)	(1)
- Adjustments for prior years	-	-
Total deferred tax	(3)	(1)
<b>Total tax expense</b>	<b>(3)</b>	<b>1,620</b>

Income tax for the UK is calculated at the standard rate of UK corporation tax of 20% (2015: 21.2%) on the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2016 £'000	2015 £'000
Profit/(loss) on ordinary activities before tax	6,168	16,415
Tax at 20% (2015: 21.2%) thereon	1,234	3,480
Effect of:		
Expenses not deductible for tax purposes	1	2
Research and development tax credit claim	-	-
Adjustments in respect of prior periods	-	8
Group Relief	(1,238)	(1,870)
<b>Total tax charge for the year</b>	<b>(3)</b>	<b>1,620</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% was announced in the 2016 Budget and substantively enacted on 6 September 2016 (to be effective from 1 April 2020).

## Notes to the Financial Statements

### 8. Property, plant and equipment

	Plant and Machinery £'000	Total £'000
<b>Cost</b>		
At 1 January 2014	26	26
Additions	7	7
<b>At 30 June 2015</b>	<b>33</b>	<b>33</b>
Additions	4	4
<b>At 30 June 2016</b>	<b>37</b>	<b>37</b>
<b>Depreciation</b>		
At 1 January 2014	11	11
Charge of the period	6	6
<b>At 30 June 2015</b>	<b>17</b>	<b>17</b>
Charge for the period	10	10
<b>At 30 June 2016</b>	<b>27</b>	<b>27</b>
<b>Net book value</b>		
<b>30 June 2016</b>	<b>10</b>	<b>10</b>
30 June 2015	16	16

### 9. Trade and other receivables

	2016 £'000	2015 £'000
Amounts due from group companies	24,015	18,706
Prepayments and accrued income	8	77
	<b>24,023</b>	<b>18,783</b>

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

### 10. Trade and other payables

	2016 £'000	2015 £'000
<b>Current liabilities</b>		
Trade payables	37	10
Amounts due to group companies	-	14
Payroll and other taxes including social security	38	211
Other liabilities	19	17
Accruals and deferred income	337	231
	<b>431</b>	<b>483</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.

## Notes to the Financial Statements

### 11. 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 2015	-	-	-
Credit to income statement	(1)	(2)	(3)
<b>At 30 June 2016</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
	<b>2016 £'000</b>	<b>2015 £'000</b>	
Deferred tax liabilities	-	-	
Deferred tax assets	(3)	-	
	<b>(3)</b>	<b>-</b>	

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:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Deferred tax assets falling due within one year	(3)	-
Deferred tax liability falling due after one year	-	-
	<b>(3)</b>	<b>-</b>

### 12. Share Capital

	<b>2016</b>		<b>2015</b>		<b>2013</b>	
	<b>Number</b>	<b>Nominal Value £'000</b>	<b>Number</b>	<b>Nominal value £'000</b>	<b>Number</b>	<b>Nominal value £'000</b>
<b>Issued and fully paid ordinary shares of £1 each:</b>						
At the start and end of the year	<b>100</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>100</b>	<b>-</b>

### 13. 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:

	<b>2016 £'000</b>	<b>2015 £'000</b>
Within one year	-	-
Expiring between two and five years	<b>38</b>	<b>19</b>
<b>At 30 June 2016</b>	<b>38</b>	<b>19</b>

## Notes to the Financial Statements

### 14. 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 2016</b>				
Trade and other payables	431	(431)	(431)	-
	431	(431)	(431)	-
<b>30 June 2015</b>				
Trade and other payables	478	(478)	(478)	-
	478	(478)	(478)	-

#### 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 2016</b>	£'000	£'000	£'000
	Gross	Impairment	Net
Under 1 year	24,015	-	24,015
	24,015	-	24,015
<b>30 June 2015</b>	£'000	£'000	£'000
	Gross	Impairment	Net
Under 1 year	18,706	-	18,706
	18,706	-	18,706

Included in the above net trade debtors is £nil (2015: £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.

### 15. 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

### 16. Contingent liabilities

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

A £2m contingent liability relating to the cash management of the company prior to its acquisition by the Slater & Gordon Group has not been recognised in these financial statements.

### 17. Related party transactions

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 2016 £'000	Purchases 2016 £'000	Debtor 2016 £'000	Creditor 2016 £'000	Sales 2015 £'000	Purchases 2015 £'000	Debtor 2015 £'000	Creditor 2015 £'000
<b>Transactions with:</b>								
Quindell group entities	-	-	-	-	11,313	-	-	-
Slater & Gordon group entities	-	-	24,015	-	-	-	18,706	(14)
	-	-	24,015	-	11,313	-	18,706	(14)

None of these balances are secured (2015: £Nil), there have been no provisions against these balances (2015: £14k) and no amounts have been written off against these balances (2015: £14k).