

Compass Costs Consultants Limited

Directors' report and financial statements

Registered number 04265483

**For the 18 month period ended
30 June 2015**



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Officers

Directors

The Directors who held office during the period were as follows

Mr R S Terry	(resigned on 25 November 2015)
Mr L Moorse	(resigned on 29 May 2015)
Mr R Fielding	(Appointed 25 November 2014, resigned on 17 September 2015)
Mr K Fowle	(Appointed 29 May 2015)

Company secretary

Mr E Walker (Appointed 30 June 2014, resigned on 29 May 2015)

Ms K Morrison (appointed 29 May 2015)

Company number

04265483

Registered Office

50 - 52 Chancery Lane
London
England
WC2A 1HL

Directors Report

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

The comparative period is for the year to 31 December 2013.

Up until 2 April 2013, the principal activity of Compass Costs Consultants Limited ("the Company") was the provision of legal cost consultancy services and cost drafting. On this date the Company was acquired by Quindell Plc and the assets and liabilities were sold to Quindell Legal Services Limited, a subsidiary of Quindell Plc. At this point the Company ceased trading and has remained dormant ever since.

The Company was acquired from Quindell Plc by Slater and Gordon Limited on 29 May 2015.

Proposed dividend

The company does not propose paying a dividend in respect of the 18 month period ended 30 June 2015 (2013 £13,878,000).

Political and charitable contributions

The Company made no political donations nor incurred any political expenditure during the 18 month period ended 30 June 2015 (2013 £nil). The Company made no charitable donations during the 18 month period ended 30 June 2015 (2013 £nil).

Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. This is detailed further in note 2.

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.

SMALL COMPANY SPECIAL PROVISIONS

The report of the directors have been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

For the 18 month period ending 30 June 2015 the company was entitled to exemption under section 479a of the Companies Act 2006 relating to subsidiary companies, and the directors are satisfied that no member or members have requested to audit pursuant to section 476 of that Act.

On behalf of the board



K Fowlie
Director

Date 26 April 2016

Statement of Comprehensive Income

	Note	18 month period ended 30 June 2015 £'000	Year ended 31 December 2013 £'000
Administrative expenses		(122)	-
Operating loss before tax		(122)	-
Taxation		=	-
Loss from continuing operations		(122)	-
Profit from discontinued operations, net of tax	3	-	13,386
(Loss)/Profit for the period		(122)	13,386

Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2014	120	2	-	122
Total comprehensive income for the period				
Loss for the period	-	-	(122)	(122)
Balance at 30 June 2015	120	2	(122)	-
	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2013	120	2	14	136
Total comprehensive income for the year				
Profit for the year	-	-	13,864	13,864
Dividend	-	-	(13,878)	(13,878)
Balance at 31 December 2013	120	2	-	122

Statement of Financial Position

	Note	As at	
		30 June 2015 £'000	31 December 2013 £'000
Non-current assets			
Property, plant and equipment	6	-	-
Intangible assets	7	-	-
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
Current assets			
Trade and other receivables	8	-	122
		<hr/>	<hr/>
Net assets		-	122
		<hr/>	<hr/>
Equity			
Share capital	9	120	120
Share premium		2	2
Profit and loss reserve		(122)	-
		<hr/>	<hr/>
Total equity		-	122
		<hr/>	<hr/>


For the 18 month period ended 30 June 2015, the company was entitled to exemption from audit under section 479a of the Companies Act 2006 relating to subsidiary companies, and the directors are satisfied that no member or members have requested an audit pursuant to section 476 of that Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial period and of its profit or loss for the financial period 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

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements of Compass Costs Consultants Limited, registered number 04265483, on pages 8 to 15 were approved and authorised for issue by the board of directors on 26 April 2016 and signed on its behalf by


 K Fowle
 Director

Cash Flow Statement

	<i>Note</i>	18 month period ended 30 June 2015 £'000	Year ended 31 December 2013 £'000
Cash flows from operating activities			
Cash (used by)/ generated from operations	10	-	(222)
Tax paid		-	(233)
Net cash from operating activities		-	(455)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Proceeds from disposal of trade and assets net of cash disposed	3	-	13,599
Purchase of non-current assets		-	(52)
Net cash from investing activities		-	13,547
Cash flows from financing activities			
Interest paid		-	(1)
Payment of finance lease liabilities		-	(19)
Dividends paid		-	(13,878)
Net cash from financing activities		-	(13,898)
Net (decrease)/ increase in cash and cash equivalents		-	(806)
Cash and cash equivalents at beginning of period		-	806
Cash and cash equivalents at end of period		-	-

Notes

1 General information

Compass Costs Consultants Limited is a company incorporated and domiciled in the UK

On 29 May 2015, the Company was acquired by Slater & Gordon (UK) 1 Limited, a company registered in England and Wales and a subsidiary of Slater & Gordon Limited, a company registered in Australia

2 Accounting policies

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

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.

Going Concern

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

As at 31 December 2015, The Group has net assets of \$375.0m, which have decreased since 30 June 2015 primarily due to a non-cash impairment charge of \$876.4m and the adoption of AASB 15. The Group has net current assets of \$509.4m.

The Group has drawings of AU \$783.0m under its syndicated debt facility, against limits of AU \$850.3m at 31 December 2015. The Group had cash on hand of AU \$51.9m and other borrowings of AU \$10.3m, resulting in net debt (drawn facilities less cash and cash equivalents) of AU \$741.4m and available liquidity of AU \$119.2m. The Group's net debt position has increased since 30 June 2015 by AU \$118.0m, reflecting underlying cash requirements in the business.

Since 1 July 2015, the Group has obtained various amendments from its banking syndicate ("lenders") to the Slater Gordon Syndicated Facility Agreement ("SFA"). As at 31 December 2015 and at the date of the half year financial report, the Group remains in compliance with all of its undertakings under the SFA.

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

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

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

Notes (continued)

Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less

Taxation including deferred tax

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

Deferred tax is provided using the Statement of Financial Position 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.

Trade payables

Trade payables do not carry any interest and are stated at their historic cost.

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.

Notes (continued)

3 Discontinued operations

On 2 April 2013, the Company sold its assets and liabilities for £14,000,000

Effect of the disposals on individual assets and liabilities

	2013 £'000
Property, plant and equipment	113
Other intangible assets	189
Trade and other receivables	1,981
Accrued income	571
Cash and cash equivalents	401
Trade and other payables	(3,119)
	<hr/>
Net identifiable assets and liabilities	136
	<hr/>
Cash consideration received	14,000
	<hr/>
Net cash inflow	13,599
	<hr/> <hr/>

Results of the discontinued operations

	2013 £'000
Revenue	1,993
Expenses	(1,993)
Taxation	-
Gain recognised on disposal of assets	13,864
	<hr/>
Profit on discontinued operations	13,864
	<hr/> <hr/>

Cash flows from used in discontinued operations

	2013 £'000
Net cash used in operating activities	(333)
Net cash used in investing activities	(52)
Net cash used in financing activities	(20)
	<hr/>
Net cash used in discontinued operations	(405)
	<hr/> <hr/>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period was as follows

	Number of employees	
	18 month period ended 30 June 2015	Year ended 31 December 2013
Directors	-	3
Employees	-	27
	<hr/>	<hr/>
	-	30
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	18 month period ended 30 June 2015 £'000	Year ended 31 December 2013 £'000
Wages and salaries	-	818
Social security costs	-	84
Contributions to defined contribution plans	-	44
	<hr/>	<hr/>
	-	946
	<hr/>	<hr/>

Staff costs include costs relating to discontinued operations

5 Directors' remuneration

	18 month period ended 30 June 2015 £'000	Year ended 31 December 2013 £'000
Directors' emoluments	-	170
Company contributions to money purchase pension plans	-	44
	<hr/>	<hr/>

For the year to 31 December 2013, Directors' remuneration includes costs relating to discontinued operations

Throughout the period, the Directors were directors of other Group companies. All of the Directors' remuneration and benefits were paid by these other companies during the period. It has not been possible to accurately identify what proportion of the Directors' time was spent in connection with the management of the affairs of the Company.

During the 18 month period ended 30 June 2015, there were no emoluments and amounts receivable under long term incentive schemes by the highest paid director (2013 £44,000), nor were there any company pension contributions made on their behalf (2013 £2,000).

Notes (continued)

5 Directors' remuneration (cont)

	Number of directors 18 month period ended 30 June 2015	Year ended 31 December 2013
Retirement benefits are accruing to the following number of directors under Money purchase schemes	-	5

6 Property, plant and equipment

	Leasehold improvements £'000	Plant and equipment £'000	Fixtures & fittings £'000	Motor vehicles £'000	Total £'000
Cost					
Balance at 1 January 2013	70	124	125	27	346
Additions	-	4	2	-	6
Disposals	(70)	(128)	(127)	(27)	(352)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2013 and 30 June 2015	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
Balance at 1 January 2013	53	86	73	9	221
Depreciation charge for the year	2	13	2	1	18
Disposals	(55)	(99)	(75)	(10)	(239)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2013 and 30 June 2015	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 30 June 2015	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

7 Intangible assets

	Goodwill	Software Licences	Total
	£'000	£'000	£'000
Cost			
Balance at 1 January 2013	40	106	146
Additions	-	46	46
Disposals	(40)	(152)	(192)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2013 and 30 June 2015	-	-	-
	<hr/>	<hr/>	<hr/>
Amortisation and impairment			
Balance at 1 January 2013	-	-	-
Amortisation for the year	-	3	3
Disposals	-	(3)	(3)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2013 and 30 June 2015	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 June 2015	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2013	-	-	-
	<hr/>	<hr/>	<hr/>

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the income statement

	18 month period ended 30 June 2015 £'000	Year to 31 December 2013 £'000
Profit from discontinued operations, net of tax		3
	<hr/>	<hr/>

8 Current assets

The carrying amount of financial assets represents the maximum credit exposure At the reporting date the principal financial assets were

	30 June 2015 £'000	31 January 2013 £'000
Amounts due from group undertakings	-	122
	<hr/>	<hr/>

At 31 December 2013 £122k was owed to the Company by Quindell Plc There was no fixed repayment terms and no securities on inter-company receivables

Following the acquisition of the Company by Slater & Gordon Limited, the debt due from to Quindell plc was written off

Notes (continued)

9 Share capital

	30 June 2015 £'000	31 January 2013 £'000
<i>Allotted, called up and fully paid</i>		
120,000 ordinary shares of £1 each	120	120

10 Cash flow from operating activities

	Note	2015 £'000	2013 £'000
Cash flows from operating activities			
(Loss)/Profit for the period		(122)	13,864
<i>Adjustments for</i>			
Depreciation, amortisation and impairment		-	21
Financial expense		-	1
Gain on sale of property, plant and equipment		-	-
Gain on sale of operations	3	-	(13,864)
Taxation		-	-
		(122)	22
(Increase)/decrease in trade and other receivables		122	(131)
Increase in inventories		-	(214)
Increase in trade and other payables		-	101
Net cash from operating activities		-	(222)

11 Reconciliation of movement in net debt

	1 January 2013 £'000	Cash flow movement £'000	31 December 2013 £'000	Cash flow movement £'000	30 June 2015 £'000
Cash and cash equivalents	806	(806)	-	-	-
Bank loans and overdrafts	(939)	939	-	-	-
	(133)	133	-	-	-
Finance leases < 1 year	(19)	19	-	-	-
Finance leases > 1 year	-	-	-	-	-
	(152)	152	-	-	-

Notes (continued)

12 Financial instruments

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

Interest risk and sensitivity

The Company has no third party debt and therefore has no exposure to interest risk.

Liquidity risk

Following the acquisition of the assets and liabilities of the Company by Quindell Legal Services Limited on 2 April 2013 the Company has no cash and no financial assets or liabilities at 31 December 2013 or 30 June 2015.

Credit risk

The Company has no exposure to credit risk at 31 December 2013 or 30 June 2015. Prior to the Company ceasing to trade, policies were maintained to ensure that the Company entered into sales contracts with customers that are tailored to their respective credit rating.

The carrying amount of financial assets represents the maximum credit exposure. At the reporting date the principal financial assets were

	30 June 2015 £'000	31 December 2013 £'000
Amounts due from group undertakings	-	122
	<u> </u>	<u> </u>

13 Ultimate parent company and parent company of larger group

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

The ultimate parent and the largest group in which the results of the Company are consolidated is that headed by Slater and Gordon Limited, a company incorporated in Australia. Copies of the company's accounts are available on application or from the company's website.