

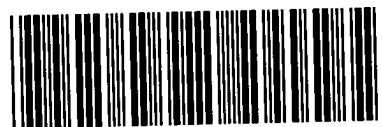
**Minster Law Limited**

**Directors' report and financial statements**

Registered number 04659625

Year Ended 30 June 2014

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## **Company information**

### **Directors**

A J C Christmas  
S I R Ramsey  
M O Donaldson  
A B Lenman

### **Secretary**

S I R Ramsey (resigned 11 July 2014)  
N Wright (appointed 11 July 2014)

### **Registered office**

Alexander House  
Hospital Fields Road  
Fulford  
York  
YO10 4DZ

### **Auditor**

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

## Strategic report

### Results and dividends

The company loss for the period, after taxation, amounted to £2,545,000 (2013: £599,000 loss).

The directors do not recommend the payment of a dividend (2013: £nil).

### Principal activities, trading review & future developments

The principal activity of the company during the period was that of solicitors.

On 28 February 2014 the parent company changed to BGL Group Limited.

The business has continued to experience significant change over the past year. The changes to the legal services sector arising from the introduction on 1 April 2013 of the Legal Aid, Sentencing and Punishment of Offenders Act ("LASPO") have reduced the legal fees that solicitors can recover when providing legal services to clients in respect of personal injury compensation claims. LASPO also introduced a ban on the payment of referral fees in Personal Injury cases.

As a result of the regulatory changes, turnover in the year decreased from £102m (14 month period) to £55m (12 month period) and cost of sales reduced from £84m (14 month period) to £42m (12 month period).

The personal injury market continues to be highly competitive and the company has made further investment during the period in people and technology to differentiate its service offering and to ensure compliance with the changes brought in by LASPO and has continued to incur costs of making structural changes required to adapt to the new regulations. The company has also continued to diversify its legal service offering by further developing its capability to handle a greater number of serious injury cases as well as to support Employers' Liability and Public Liability work.

The Company has continued its integration with the BGL Group, which will position the Company to grow and secure new business partnerships and provides improved security of financing.

The Board consider the result of a pre-tax loss for the 12 months of £2,613,000 (14 months 2013: £663,000 loss) to be satisfactory given the significant changes over the period and the desire to continue to invest in people and technology.

### Key performance indicators

	Year ended 2014 £000s	14 Months ended 2013 £000s
Turnover	54,766	102,139
Operating (loss)/profit	(605)	4,068
(Loss) on ordinary activities before taxation	(2,613)	(663)

As described above, turnover has been significantly impacted by the regulatory changes introduced in 2013, with cost of sales reducing accordingly. The loss in the year reflects these changes, together with the continued investment in people and technology.

### Principal risks and uncertainties

Minster Law Limited is now part of a wider group. The risks of the Company are managed locally and at a Group level, with clear alignment of activity between the Company and Group to provide the required assurance. The principal risks and uncertainties facing the company are as follows:

### *Financial Risk*

Minster Law is implementing a risk management programme that aligns with the Group's and seeks to improve the identification of risks and limit the potential adverse effects on the financial performance of the Company. An enhanced risk management framework aligned to the Group framework has been established and the primary financial risks to the business have been given greater focus.

The Company's financial risks, including credit and liquidity risks, are reviewed monthly by the Company and by the Group's Finance and Risk Assurance Teams. A quarterly group-wide risk report is produced for the Group's Audit Committee. The Company's risk appetite is reviewed annually by the Company and by the Group's board of directors.

The group Audit Committee reviews the implementation of processes for identifying, measuring, managing and controlling risks and commissions and receives reports in relation to risk management activities.

### *Trading Risk*

Minster Law is continually managing a variety of risks relating to the market in which it operates. There has been a significant amount of regulatory and legislative changes which have impacted trading and the business has had to adapt to incorporate those changes. It has done this through investment in people and technology.

There remains uncertainty as to the extent of future changes which could impact upon the business and further changes are anticipated. The Company monitors monthly the various external market forces to manage this risk on an ongoing basis and adapts its strategy accordingly. The external market position and its impact on the Company is managed through the Company's risk management framework.

### *Operational Risk*

The Company recognises the need to continuously invest in its people, systems and infrastructure to support the Operation in delivering the required customer, regulatory and financial outcomes. The Company monitors these risks through the risk management framework on an on-going basis and is continually evolving its operating model to meet the desired outcomes.

### *Regulatory Risk*

Regulatory risk is the risk that the Company will breach the requirements of its regulators. This risk is mitigated through effective risk management framework.

Minster Law is implementing a risk management programme that aligns with the Group's and seeks to improve the identification of risks and limit the potential adverse effects of a regulatory breach on the performance of the Company. An enhanced risk management framework aligned to the Group framework has been established and the risks of not delivering the desired customer outcome or not meeting a regulator's requirements are given priority focus.

The Company's regulatory risks are reviewed monthly by the Company and by the Group's Risk Assurance Teams. A quarterly group-wide risk report is produced for the Group's Audit Committee. The Company's risk appetite is reviewed annually by the Company and by the Group's board of directors.

The Group Audit Committee reviews the implementation of processes for identifying, measuring, managing and controlling risks and receives and commissions reports in relation to risk management activities.

By order of the Board



A B Lenman  
Director

19 September 2014

## Directors' report

The directors present their directors' report and financial statements for the 12 month period ended 30 June 2014. The comparative period was 14 months ended 30 June 2013.

### Directors

The directors who held office during the period were as follows:

A J C Christmas  
C Underwood (resigned 30 June 2014)  
S I R Ramsey (appointed 5 September 2013)  
M O Donaldson (appointed 11 March 2014)  
A B Lenman (appointed 11 March 2014)  
D S Downie (appointed 11 March 2014, resigned 28 March 2014)

### Third party indemnity provision for directors

Qualifying third party indemnity provision is in place for the benefit of all directors of the company.

### Donations

During the period the company made the following contributions:

	2014	2013
	£	£
Charitable	18,169	30,773

The business donates to local charities serving the communities in which the company operates as well as to national charities. The company made no political donations in the period (2013: £nil).

### Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### Employee involvement

During the period, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas.

### Corporate social responsibility

The company is responsive to the needs of its employees, customers and the community at large and is an organisation that endeavours to use everyone's talents and abilities to the full.

## **Directors' report** *(continued)*

### **Disclosure of information to auditor**

The directors who held office at the date of 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 each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



A B Lenman  
*Director*

Alexander House  
Hospital Fields Road  
Fulford  
York  
YO10 4DZ

19 September 2014

## **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company to prevent and detect fraud and other irregularities.





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Neville Street  
Leeds  
LS1 4DW

## **Independent auditor's report to the members of Minster Law Limited**

We have audited the financial statements of Minster Law Limited for the year ended 30 June 2014 set out on pages 9 to 19. 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 page 6, 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](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of the company's loss for the 12 month 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 Strategic Report, the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Minster Law 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.



**Lindsey Crossland (Senior Statutory Auditor)**

For and on behalf of  
KPMG LLP Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds  
West Yorkshire  
LS1 4DW

23 September 2014

**Profit and loss account**  
*For the year ended 30 June 2014*

	Note	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
<b>Turnover</b>	2	54,766	102,139
Cost of sales		(42,233)	(83,749)
<b>Gross profit</b>		12,533	18,390
Administrative expenses		(13,138)	(14,322)
<b>Operating (loss)/profit</b>	3	(605)	4,068
Interest receivable	6	21	28
Interest payable and similar charges	7	(2,029)	(4,759)
<b>(Loss) on ordinary activities before taxation</b>	2-7	(2,613)	(663)
Tax on (loss) on ordinary activities	8	68	64
<b>(Loss) for the financial period</b>	18	(2,545)	(599)

The operating loss for the period arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

There is no difference between the result disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The notes on pages 11 to 19 form part of these financial statements.

**Balance sheet**  
*at 30 June 2014*

	<i>Note</i>	<b>30 June 2014</b> <b>£000</b>	<b>30 June 2013</b> <b>£000</b>
<b>Fixed assets</b>			
Tangible assets	9	3,868	3,002
<b>Current assets</b>			
Debtors	10	95,185	97,566
Cash at bank and in hand		(68)	616
		95,117	98,182
<b>Creditors: amounts falling due within one year</b>	11	(90,122)	(21,857)
<b>Net current assets</b>		4,995	76,325
<b>Total assets less current liabilities</b>		8,863	79,327
<b>Creditors: amounts falling due after more than year</b>	12	-	(67,919)
<b>Net assets</b>		8,863	11,408
<b>Capital and reserves</b>			
Called up equity share capital	17	10	10
Profit and loss account	18	8,853	11,398
<b>Shareholders' funds</b>	19	8,863	11,408

These financial statements were approved by the board of directors on 19 September 2014 and were signed on its behalf by:



A B Lenman  
*Director*

The notes on pages 11 to 19 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of BGL Group Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

#### ***Going concern***

The directors have continued to prepare the financial statements on a going concern basis which assumes that the company will be able to continue to trade for the foreseeable future.

The validity of this basis is dependent upon the continued support from the ultimate holding company, BGL Group Limited. BGL Group Limited has confirmed in writing its intention to continue to support the company so as to enable it to meet its liabilities as they fall due and to carry on its normal business without any significant curtailment to operations. As a result of this confirmation and having assessed the company's financial position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

#### ***Turnover***

Turnover is recognised in line with the stage of work completed when the outcome of the contract can be foreseen with reasonable certainty. Contracts are reviewed and assessed taking into account the anticipated future settlement values and the progress that contracts have made at the balance sheet date, less amounts recognised in previous years. Amounts recoverable on contracts are included in debtors. Provision is made for any losses as soon as they are foreseen.

Turnover is shown exclusive of value added tax.

#### ***Tangible fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold properties	-	over life of leases being 10 to 15 years
Fixtures & fittings	-	20% straight line
Computer hardware and software	-	20% - 33% straight line
Motor vehicles	-	33% straight line

Costs that are directly attributable to the creation of identifiable software, which meet the recognition criteria are recognised as tangible assets. Direct costs include consultancy costs and the employment costs of internal software developers. All other software development and maintenance costs are recognised as an expense as incurred.

Software development costs recognised as assets are held at historic cost less accumulated amortisation and impairment, and are amortised over their estimated useful lives (5 years) on a straight line basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leases*

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

#### *Post-retirement benefits*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Taxation*

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### *Financial instruments*

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. 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

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the UK.

### 3 Notes to the profit and loss account

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Depreciation of owned fixed assets	1,247	1,293
Auditor remuneration		
- Audit of these financial statements	57	45
- Other regulatory reporting	34	25
- Tax advisory services	-	9
Operating lease costs:		
Land and buildings	968	1,125
	<hr/>	<hr/>

## Notes (continued)

### 4 Staff numbers and costs

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

	Year ended 30 June 2014 No.	14 month period ended 30 June 2013 No.
Fee earners	185	199
Support staff	601	584
	<hr/>	<hr/>
	786	783
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
Wages and salaries	24,241	26,147
Social security costs	2,379	2,617
Other pension costs	478	360
	<hr/>	<hr/>
	27,098	29,124
	<hr/>	<hr/>

The company operates a defined contribution pension scheme. Contributions amounting to £97,907 (2013: £49,658) were payable to the scheme and are included in creditors.

### 5 Remuneration of directors

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
Directors' emoluments	445	330
Value of company pension contributions to money purchase schemes	17	12
	<hr/>	<hr/>
	462	342
	<hr/>	<hr/>

Emoluments for the highest paid director:

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
Total emoluments (excluding pension contributions)	247	183
Value of company pension contributions to money purchase schemes	7	4
	<hr/>	<hr/>
	254	187
	<hr/>	<hr/>

## Notes (continued)

### 5 Remuneration of directors (continued)

The number of directors who accrued benefits under company pension schemes was as follows:

	Year ended 30 June 2014 No.	14 month period ended 30 June 2013 No.
Money purchase schemes	3	2

### 6 Interest receivable

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
Bank interest receivable	21	28

### 7 Interest payable and similar charges

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
Interest payable to BGL group companies	2,028	3,377
Interest payable to Minster Law Group Limited	-	1,364
Bank interest	1	18
	<u>2,029</u>	<u>4,759</u>

### 8 Taxation

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
<i>Analysis of (credit) in period</i>		
<b>Current taxation</b>		
UK corporation tax	-	(68)
Adjustments in respect of prior periods	(2)	45
Total current tax	<u>(2)</u>	<u>(23)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(66)	(41)
Tax on (loss) on ordinary activities	<u>(68)</u>	<u>(64)</u>



## Notes (continued)

### 8 Taxation (continued)

#### Factors affecting the tax (credit)/charge for the current period

The current tax credit for the period is lower (2013: lower) than the standard rate of corporation tax in the UK (22.5%; 2013: 23.8%). The differences are explained below:

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
(Loss) on ordinary activities before tax	(2,613)	(663)
<i>Effects of:</i>		
Current tax at 22.5% (2013: 23.8%)	(588)	(158)
Group relief surrendered for nil payment	558	-
Expenses not deductible for tax purposes	12	14
Depreciation in excess of capital allowances	55	65
Losses carried forward/(losses utilised)	-	11
Timing differences	(37)	-
Adjustment in respect of prior periods	(2)	45
Total current tax (credit) (see above)	(2)	(23)

### 9 Tangible fixed assets

	Short leasehold property £000	Fixtures and fittings £000	Computer hardware & software £000	Motor vehicles £000	Total £000
<b>Cost</b>					
At 1 July 2013	417	1,598	4,861	17	6,893
Additions	-	186	1,927	-	2,113
Disposals	-	-	(223)	(8)	(231)
At 30 June 2014	417	1,784	6,565	9	8,775
<b>Depreciation</b>					
At 1 July 2013	248	1,240	2,386	17	3,891
Charge for the period	33	178	1,036	-	1,247
Disposals	-	-	(223)	(8)	(231)
At 30 June 2014	281	1,418	3,199	9	4,907
<b>Net book value</b>					
At 30 June 2014	136	366	3,366	-	3,868
At 30 June 2013	169	358	2,475	-	3,002

## Notes (continued)

### 10 Debtors

	30 June 2014 £000	30 June 2013 £000
Trade debtors	89,240	93,364
Amounts owed from group companies	-	31
Prepayments and accrued income	4,751	3,049
VAT recoverable	221	628
Corporation tax	836	423
Deferred tax (note 14)	137	71
	<u>95,185</u>	<u>97,566</u>

Amounts owed from group companies relate to balances owing from the BGL Group.

Trade debtors include long term contract debtors of £74,974,015 (2013: £72,307,000). These relate to work done with major insurance companies and as such there is significant certainty around the successful settlement and recoverability of these amounts.

Unbilled disbursements are disclosed net in the financial statements. This is in accordance with contracts with key suppliers where disbursements only become payable when recovered. At 30 June 2014 £3,970,886 (2013: £5,042,034) remained within trade debtors after £44,444,636 (2013: £33,641,051) had been offset with trade creditors.

### 11 Creditors: amounts falling due within one year

	30 June 2014 £000	30 June 2013 £000
Trade creditors	1,500	1,431
Other taxation and social security	685	606
Accruals and deferred income	3,107	2,770
Amounts owed to BGL group companies	84,830	17,050
	<u>90,122</u>	<u>21,857</u>

Amounts owed to BGL group companies include a group loan of £73,359,000 (2013: nil). Subsequent to the year end, the planned repayment date of 31 May 2015 was successfully extended to 31 May 2017. The loan attracts interest at UK base rate plus 2.5% (2013: 5%) and is payable monthly with no fixed capital repayment terms.

In August 2014 the Company entered into an omnibus guarantee in respect of the debts and liabilities arising from the banking facilities of BGL Group Limited and all the companies within the BGL Group Limited group. At 30 June 2014 the maximum exposure to these liabilities was £nil (2013 £nil).

### 12 Creditors: amounts falling due after more than one year

	30 June 2014 £000	30 June 2013 £000
Amounts owed to BGL group companies	-	67,919
	<u>-</u>	<u>67,919</u>

## Notes (continued)

### 13 Capital instruments

Creditors include borrowings which are due for repayment as follows:

	30 June 2014 £000	30 June 2013 £000
Amounts repayable		
Less than one year	73,359	-
One to two years	-	67,919
	<u>73,359</u>	<u>67,919</u>

Amounts relate to a group loan of £73,359,000 (2013: £67,919,000). Subsequent to the year end, the planned repayment date of 31 May 2015 was successfully extended to 31 May 2017. The loan attracts interest at UK base rate plus 2.5% (2013: 5%) and is payable monthly with no fixed capital repayment terms.

### 14 Deferred taxation

The movement in the deferred taxation (asset) during the period was:

	Deferred taxation	
	30 June 2014 £000	30 June 2013 £000
Asset brought forward	(71)	(30)
Profit and loss account movement arising during the period	(66)	(41)
	<u>(137)</u>	<u>(71)</u>

The provision for deferred taxation consists of the tax effect of the following:

	30 June 2014 £000	30 June 2013 £000
Accelerated capital allowances	(119)	(71)
Timing differences	(12)	-
Tax losses	(6)	-
	<u>(137)</u>	<u>(71)</u>

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. Reductions in the rate to 21% (effective 1 April 2014) and 20% (effective 1 April 2015) were substantively enacted on 17 July 2013.

This will reduce the company's future current tax charge accordingly and has reduced the deferred tax asset carried at 30 June 2014, which has been calculated based on the rate of 20%.

## Notes (continued)

### 15 Commitments under operating leases

At 30 June 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land and buildings</b>	
	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>£000</b>	<b>£000</b>
Operating leases which expire:		
In more than two years but less than five years	968	454
After more than five years	-	514
	<u>968</u>	<u>968</u>

### 16 Related party transactions

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with the company's parent company BGL Group Limited or its subsidiaries.

### 17 Share capital

	<b>30 June 2014</b>	<b>30 June 2013</b>
	<b>£000</b>	<b>£000</b>
Allotted, called up and fully paid:		
10,000 ordinary shares of £1 each	10	10

### 18 Profit and loss account

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
At the beginning of the period	11,398	11,997
(Loss) for the financial period	(2,545)	(599)
	<u>8,853</u>	<u>11,398</u>

### 19 Reconciliation of movements in shareholders' funds

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
(Loss) for the financial period	(2,545)	(599)
Net (reduction) to shareholders' funds	(2,545)	(599)
Opening shareholders' funds	11,408	12,007
	<u>8,863</u>	<u>11,408</u>

## **Notes** *(continued)*

### **20 Ultimate parent company**

During the year the parent company changed to BGL Group Limited. The ultimate parent company and ultimate controlling party is Budget Holdings Limited a company incorporated in Guernsey.

The largest group in which the results of the Company are consolidated is that headed by Budget Holdings Limited. The smallest group in which they are consolidated is that headed by BGL Group Limited, incorporated in England and Wales. The results of the Company are also included in the consolidated financial statements of BHL (UK) Holdings Limited, the largest group for which publicly available consolidated accounts are prepared.

The consolidated financial statements of BGL Group Limited are available to the public and may be obtained from BGL Group Limited, Pegasus House, Bakewell Road, Orton Southgate, Peterborough, PE2 6YS. The consolidated financial statements of BHL (UK) Holdings Limited are available to the public and may be obtained from BHL (UK) Holdings Limited, Ashurst House, Southgate Park, Bakewell Road, Orton Southgate, Peterborough, PE2 6YS. The consolidated financial statements of Budget Holdings Limited are not available to the public.

## Detailed profit and loss account

for the year ended 30 June 2014

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
<b>Turnover</b>		
Sales	57,455	103,744
Movement in work in progress	(2,689)	(1,605)
	<hr/> 54,766	<hr/> 102,139
<b>Cost of sales</b>		
Direct wages	(19,536)	(20,966)
Employer's national insurance	(1,814)	(1,974)
Pension contributions	(330)	(222)
Other staff costs	(586)	(894)
Staff training	(378)	(294)
Referral fees and similar charges	(15,596)	(53,751)
Administration and support services	(293)	(1,990)
Disbursement write-offs and similar charges	(3,700)	(3,658)
	<hr/> (42,233)	<hr/> (83,749)
<b>Gross profit</b>	<hr/> 12,533	<hr/> 18,390
<b>Overheads</b>		
Administration expenses	(13,138)	(14,322)
	<hr/> (13,138)	<hr/> (14,322)
Operating (loss)/profit	(605)	4,068
Interest receivable	21	28
Interest payable and similar charges	(2,029)	(4,759)
	<hr/> (2,613)	<hr/> (663)
<b>(Loss) on ordinary activities</b>	<hr/> (2,613)	<hr/> (663)

## Notes to detailed profit and loss account

for the year ended 30 June 2014

	Year ended 30 June 2014 £000	14 month period ended 30 June 2013 £000
<b>Administrative expenses</b>		
Directors' salaries	445	330
Directors' pension contributions	17	12
Wages and salaries	4,259	4,852
Employer's national insurance	565	643
Employer's pension	132	126
Rent	1,173	1,144
Rates and water	480	496
Light and heat	178	200
Insurance	406	452
Repairs and maintenance	190	494
Cleaning of premises	122	122
Motor expenses	43	50
Travel and subsistence	329	185
Telephone and IT support costs	920	1,135
Printing, stationery and postage	726	788
Subscriptions	346	284
Sundry expenses	215	340
Advertising	59	55
Legal and professional fees	216	200
Recruitment fees	846	608
Accountancy fees	-	-
Auditors' remuneration	91	65
Depreciation of short leasehold property	32	38
Depreciation of fixtures and fittings	1,215	1,255
Profit on sale of fixed assets	-	(286)
Bank charges	133	734
	<u>13,138</u>	<u>14,322</u>
<b>Interest receivable</b>		
Bank interest receivable	21	28
	<u>21</u>	<u>28</u>
<b>Interest payable and similar charges</b>		
Hire purchase and finance lease charges	-	-
Other interest payable	2,029	4,759
	<u>2,029</u>	<u>4,759</u>