REGISTERED NUMBER: 08197723 (England and Wales)

GROUP STRATEGIC REPORT,

REPORT OF THE DIRECTOR AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

FOR

ARETE COMMERCIAL HOLDINGS LIMITED

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

ARETE COMMERCIAL HOLDINGS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTOR:	N D Garner
SECRETARY:	S A Garner
REGISTERED OFFICE:	No 1 Lakeside Cheadle Royal Business Park Cheadle Cheshire SK8 3GW
REGISTERED NUMBER:	08197723 (England and Wales)
AUDITORS:	Hurst & Company Accountants LLP Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport Cheshire SK1 1TD
BANKERS:	Barclays Bank plc 1st Floor 3 Hardman Street Spinningfields Manchester M3 3HF

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The director presents his strategic report of the company and the group for the year ended 31 December 2015.

REVIEW OF BUSINESS

The Group undertook a major restructure at the end of the year involving the demerger of the insurance company subsidiary, Financial & Legal Insurance Company Limited ("FLI"), for regulatory reasons. This has resulted in a significant change to the consolidated income statement, balance sheet and statement of changes in equity.

The continuing operations of the Group saw an increase in turnover by 10% to £7.3m (2014: £6.6m). Administrative expenses, again from continuing operations, increased by 9.2% to £7.4m (2014: £6.8m), which includes £287k (2014: £287k) of goodwill amortisation. As a result the loss before tax of the continuing operations has increased by 18% to £231k (2014: £196k). In addition to the £287k goodwill amortisation, the demerger of FLI from the Group resulted in an exceptional charge of £271k (2014: £596k) to the consolidated income statement due to related party transactions with FLI. By adjusting for both these items the profit before tax for the Group decreased by 56% to £327k (2014: £579k), with the reduction is profit explained by the run off of commission from insurance policies introduced to FLI by the Group.

The consolidated balance sheet shareholders' funds have reduced by 77% to £1.2m (2014: £5.4m), which is summarised in the consolidated statement of changes in equity and explained in 3 steps. Firstly, the dividend in 2015 of £1.56m includes a £1.48m distribution of the share capital in FLI to Group shareholders. Secondly, the total comprehensive loss is accounted for by the loss on investment disposal (£1.26m) and the goodwill impairment charge (£0.9m) both relating to FLI. These steps were necessary in order to complete the demerger of FLI in the current year. Thirdly, there was a purchase of own shares undertaken in the year, which follows on from the management buyout in 2013.

Turning to the consolidated cash flow statement, the Group generated £1.0m of cash from operations during the year (2014: £1.4m).

On 21st December 2015 FLI was demerged from the Group to enable the FLI to operate independently and to report as a solo entity in relation to its regulatory Solvency II requirements. Solvency II is an EU Directive (2009/138/EC) being implemented in 2016 which introduces a new harmonised regulatory regime primarily relating to the capital management of EU insurance companies.

Staffing levels within the continuing group are continually reviewed to ensure maximum efficiency whilst maintaining high levels of customer service and the average staff numbers were increased to 64 (2014: 62).

The Group continues to focus on key areas of income generation and cost control throughout the 2016 financial year and is achieving growth in profits, which are above forecast.

Finally, we would like to thank our customers and employees for their ongoing support of the business and their contribution towards our success.

PRINCIPAL RISKS AND UNCERTAINTIES

Reserving risk

The Group adopts a vigilant approach to reserving, ensuring that any assumptions are sufficiently robust to meet its liabilities. The reserving policy is designed to reduce volatility, with any material changes to reserving policy being subject to board approval

Market and interest risk

The Group does not rely on income from its investments to fulfil its insurance liabilities. Fixed interest securities and deposits are kept at 'A' rated institutions and a limit is applied to any one institution. The Group does not hold bonds or structured credit.

Credit risk

The risks considered are that a bank defaults on amounts held for or due to the Group. The Group's exposure to credit risk has been assessed in the context of the credit worthiness of the relevant counterparties and is controlled and managed accordingly.

Liquidity risk

Liquidity is not a significant risk to the Group. However, due to organic growth the cash flow forecasts show a requirement for additional funding during 2016, which will be arranged externally.

Future risk

Following the announcement by the Chancellor of the Exchequer in his Autumn Statement, the market in which the Group operates is subject to the following potential reforms:

1. An increase in the personal injury small claims limit from £1,000 to £5,000, and
2. An end to the recovery of cash compensation for minor soft tissue injuries.

We anticipate that the government will issue a consultation paper in 2016 and, until that is issued, it is not possible for us to fully understand or prepare for the extent to which these potential reforms will affect the Group.

We expect that the potential changes will not take place until 2017/18. We are currently undertaking a review of potential new business products and alternative models to ensure the continued success of the Group and will be monitoring and responding to the consultation when it is issued. In the meantime we are liaising with other interested businesses to ensure that an industry coordinated response to the consultation with empirical evidence is also prepared and submitted to the government at the appropriate time.

Whilst the potential changes will have an effect on our current business model, we fully anticipate that we will be able to produce new products and models within parameters to ensure that access to justice for customers is protected.

In respect of the future risks and uncertainties, the Group will maintain a watching brief and monitor the position very closely with a view to developing those new products and alternative models when all the changes and implementation dates are finalised.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group turnover reduced for the year by 18.1% to £10.8m (2014: £13.2m).

The loss for the period after taxation but before dividends was £1.96m (2014 profit: £0.95m). £1.6m Group loss was attributed to the discontinued business.

The shareholders' funds of the Group were £1.2m at 31 December 2015 (2014: £5.4m).

The decrease in cash and cash equivalents for the year was £2.75m (2014: £3.3m decrease).

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

OTHER KEY PERFORMANCE INDICATORS
There were 487 vehicles on fleet at 31st December 2015 (2014: 506).

The complaints ratio (no. complaints received / annual policy sales) in 2014 was 0.12% (2014: 0.11%) against an approximate complaints ratio for the general insurance industry of 0.40%. All but one complaint settled via the Financial Ombudsman Service (FOS) was found in favour of the Group.

FUTURE DEVELOPMENTS & GOING CONCERN
The financial statements for the Group are prepared on a going concern basis in accordance with UK Generally Accepted Accounting Standards.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors have reached this conclusion giving due consideration to the projected future performance of the Group and any potential risk that might impact the Group's ability to meet its required solvency levels. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Future developments are detailed above within the 'Future risk' category of 'Principal risks and uncertainties' faced by the Group.

ON BEHALF OF THE BOARD:

....
N D Garner - Director

Date: ....23/9/16....................

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2015

The director presents his report with the financial statements of the company and the group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES
The principal activity of the Group is the underwriting of legal expenses insurance and associated claims handling including first notification of loss, personal injury, medical reporting, rehabilitation, credit hire, credit repair and uninsured loss recovery. The Group also provides vehicle solutions for driving instructors and employment law solutions for small and medium sized enterprises.

DIVIDENDS
The total distribution of dividends for the year ended 31 December 2015 will be £1,562,462. The director does not recommend the payment of a final dividend.

DIRECTORS
N D Garner has held office during the whole of the period from 1 January 2015 to the date of this report.

Other changes in directors holding office are as follows:

D Garner - resigned 22 December 2015

POST BALANCE SHEET EVENTS
There are no matters to report as post balance sheet events.

DISCLOSURE IN THE STRATEGIC REPORT
The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the Group's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of future developments and financial risk management.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES
The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS
The auditors, Hurst & Company Accountants LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
N D Garner - Director

Date: ....23/9/16................

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ARETE COMMERCIAL HOLDINGS LIMITED

We have audited the financial statements of Arete Commercial Holdings Limited for the year ended 31 December 2015 on pages nine to thirty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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 director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page five, the director is 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Director to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ARETE COMMERCIAL HOLDINGS LIMITED

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

Hurst & Company Accountants LLP

Helen Besant-Roberts (Senior Statutory Auditor)
for and on behalf of Hurst & Company Accountants LLP
Chartered Accountants & Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
Cheshire
SK1 1TD

Date: 23 September 2016

ONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31/12/15 Continuing £	31/12/15 Discontinued £	31/12/15 Total £	31/12/14 Continuing £	31/12/14 Discontinued £	31/12/14 Total £
TURNOVER	3	7,319,308	3,460,434	10,779,742	6,638,077	6,529,329	13,167,406
Administrative expenses		(7,418,634)	(3,358,186)	(10,776,820)	(6,791,538)	(5,111,348)	(11,902,886)
		(99,326)	102,248	2,922	(153,461)	1,417,981	1,264,520
Other operating income		-	167,552	167,552	20,246	136,763	157,009
OPERATING (LOSS)/PROFIT	5	(99,326)	269,800	170,474	(133,215)	1,554,744	1,421,529
Loss on investment disposal	6	-	(1,261,375)	(1,261,375)	-	-	-
Loss on disposal of goodwill	6	-	(586,238)	(586,238)	-	-	-
		(99,326)	(1,577,813)	(1,677,139)	(133,215)	1,554,744	1,421,529
Interest receivable and similar income	7	1,071	10,456	11,527	435	25,194	25,629
Interest payable and similar charges	8	(133,111)	-	(133,111)	(62,918)	(636)	(63,554)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(231,366)	(1,567,357)	(1,798,723)	(195,698)	1,579,302	1,383,604
Tax on (loss)/profit on ordinary activities	9	(90,989)	(66,419)	(157,408)	(144,713)	(292,830)	(437,543)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(322,355)	(1,663,776)	(1,956,131)	(340,411)	1,286,472	946,061
OTHER COMPREHENSIVE INCOME				-			-
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR				(1,956,131)			946,061
(Loss)/Profit attributable to:							
Owners of the parent				(1,956,131)			946,061
Total comprehensive (loss)/ income attributable to:							
Owners of the parent				(1,956,131)			946,061

The notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2015

		31/12/15		31/12/14	
	Notes	£	£	£	£
[redacted] ASSETS					
Intangible assets	13		**550,543**		1,729,884
Tangible assets	14		**3,559,038**		4,288,432
Investments	15		**-**		-
			4,109,581		6,018,316
CURRENT ASSETS					
Debtors	16	**3,300,628**		17,015,219	
Investments	17	**-**		2,471,453	
Cash at bank and in hand		**674,807**		949,764	
		3,975,435		20,436,436	
CREDITORS					
Amounts falling due within one year	18	**5,001,674**		17,217,873	
NET CURRENT (LIABILITIES)/ASSETS			**(1,026,239)**		3,218,563
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,083,342**		9,236,879
CREDITORS					
Amounts falling due after more than one year	19		**(1,182,659)**		(1,765,354)
PROVISIONS FOR LIABILITIES	23		**(689,656)**		(2,119,905)
NET ASSETS			**1,211,027**		5,351,620
CAPITAL AND RESERVES					
Called up share capital	24		**900**		950
Share premium	25		**100,000**		2,487,800
Capital redemption reserve	25		**100**		50
Retained earnings	25		**1,110,027**		2,862,820
SHAREHOLDERS' FUNDS			**1,211,027**		5,351,620

The financial statements were approved by the director on ....23/9/16.............. and were signed by:

....

N D Garner - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 DECEMBER 2015

	Notes	31/12/15 £	31/12/15 £	31/12/14 £	31/12/14 £
[redacted]D ASSETS					
Investments	15		**6,020,535**		12,501,202
			6,020,535		12,501,202
CURRENT ASSETS					
Cash in hand		**800**		800	
CREDITORS					
Amounts falling due within one year	18	**2,373,318**		53,404	
NET CURRENT LIABILITIES			**(2,372,518)**		(52,604)
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,648,017**		12,448,598
CAPITAL AND RESERVES					
Called up share capital	24		**900**		950
Share premium	25		**100,000**		2,487,800
Capital redemption reserve	25		**100**		50
Retained earnings	25		**3,547,017**		9,959,798
SHAREHOLDERS' FUNDS			**3,648,017**		12,448,598

The financial statements were approved by the director on ....23/9/16........ and were signed by:

....

N D Garner - Director

The notes form part of these financial statements

[redacted]RCIAL HOLDINGS LIMITED (REGISTERED NUMBER: 08197723)

[redacted]ONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2014	1,000	2,608,174	2,487,800	-	5,096,974
Changes in equity					
Dividends	-	(69,415)	-	-	(69,415)
Total comprehensive income	-	946,061	-	-	946,061
Purchase of own shares	(50)	(622,000)	-	50	(622,000)
Balance at 31 December 2014	950	2,862,820	2,487,800	50	5,351,620
Changes in equity					
Dividends	-	(1,562,462)	-	-	(1,562,462)
Total comprehensive loss	-	(1,956,131)	-	-	(1,956,131)
Purchase of own shares	(50)	(622,000)	-	50	(622,000)
Capital reduction	-	2,387,800	(2,387,800)	-	-
Balance at 31 December 2015	900	1,110,027	100,000	100	1,211,027

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Balance at 1 January 2014	1,000	9,002,798	2,487,800	-	11,491,598
Changes in equity					
Dividends	-	(69,415)	-	-	(69,415)
Total comprehensive income	-	1,648,415	-	-	1,648,415
Purchase of own shares	(50)	(622,000)	-	50	(622,000)
Balance at 31 December 2014	950	9,959,798	2,487,800	50	12,448,598
Changes in equity					
Dividends	-	(1,562,462)	-	-	(1,562,462)
Total comprehensive income	-	(6,616,119)	-	-	(6,616,119)
Purchase of own shares	(50)	(622,000)	-	50	(622,000)
Capital reduction	-	2,387,800	(2,387,800)	-	-
Balance at 31 December 2015	900	3,547,017	100,000	100	3,648,017

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	31/12/15 £	31/12/14 £
from operating activities			
generated from operations	1	**983,835**	1,397,297
Interest paid		**(38,843)**	(636)
Interest element of hire purchase payments paid		**(94,268)**	(62,918)
Tax paid		**(300,281)**	(604,484)
Net cash from operating activities		**550,443**	729,259
Cash flows from investing activities			
Purchase of tangible fixed assets		**(63,033)**	(150,584)
Sale of tangible fixed assets		**1,155,446**	753,154
Cash paid for Group		**-**	(957,000)
Cash and cash equivalents held by subsidiary on disposal		**(2,683,651)**	-
Interest received		**11,527**	25,629
Net cash from investing activities		**(1,579,711)**	(328,801)
Cash flows from financing activities			
Loan repayments in year		**-**	(1,914,842)
Related party loan received		**960,000**	-
Capital repayments in year		**(1,966,952)**	(1,099,795)
Amount introduced by directors		**-**	3,252
Amount withdrawn by directors		**(5,728)**	-
Share buyback		**(622,000)**	(622,000)
Equity dividends paid		**(82,462)**	(69,415)
Net cash from financing activities		**(1,717,142)**	(3,702,800)
Decrease in cash and cash equivalents		**(2,746,410)**	(3,302,342)
Cash and cash equivalents at beginning of year	2	**3,421,217**	6,723,559
Cash and cash equivalents at end of year	2	**674,807**	3,421,217

The notes form part of these financial statements

[redacted]ES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

[redacted]IATION OF (LOSS)/PROFIT AFTER TAXATION TO CASH GENERATED FROM [redacted]IONS

	31/12/15	31/12/14
	£	£
(Loss)/profit after taxation	(1,956,131)	946,061
Tax on (loss)/profit on ordinary activities	157,408	437,543
Depreciation charges	902,997	753,257
Profit on disposal of fixed assets	(79,938)	(69,667)
Amortisation charge	593,103	593,103
Loss on disposal of subsidiary	1,261,375	-
Loss on disposal of goodwill	586,238	-
Finance costs	133,111	63,554
Finance income	(11,527)	(25,629)
	1,586,636	2,698,222
(Increase)/decrease in trade and other debtors	(2,892,512)	8,117,642
Increase/(decrease) in trade and other creditors	2,289,711	(9,418,567)
Cash generated from operations	983,835	1,397,297

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2015

	31/12/15	1/1/15
	£	£
Cash at bank and in hand	674,807	949,764
Current asset investments	-	2,471,453
	674,807	3,421,217

Year ended 31 December 2014

	31/12/14	1/1/14
	£	£
Cash at bank and in hand	949,764	1,827,133
Current asset investments	2,471,453	4,896,426
	3,421,217	6,723,559

3. **DISPOSAL OF BUSINESS**

During the year the Group transferred the subsidiary Financial & Legal Insurance Company Limited to the Group's shareholders by way of dividend in specie, for the historic book value of £1,480,000.

The net assets of the subsidiary at the date of disposal amounted to £2,741,375.

4. **MAJOR NON-CASH TRANSACTIONS**

During the period the group entered into hire purchase arrangements in respect of assets totalling £1,193,941 (2014: £3,053,277).

[redacted]INFORMATION

[redacted]ommercial Holdings Limited is a company limited by share capital and is incorporated in England and [redacted]ales. The registered office address is No 1 Lakeside, Cheadle Royal Business Park, Cheadle, Cheshire, SK8 3GW.

The natures of the Group's operations and its principal activity is the underwriting of legal expenses insurance and associated claims handling including first notification of loss, personal injury, medical reporting, rehabilitation, credit hire, credit repair and uninsured loss recovery. The Group also provides vehicle solutions for driving instructors and employment law solutions for small and medium sized enterprises.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

This is the first year in which the financial statements have been prepared under FRS 102. The date of transition is 1 January 2014.

The transition to FRS 102 has resulted in no changes to the company's accounting policies and its figures are as previously reported.

The financial statements are presented in Sterling (£).

Going concern
After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Basis of consolidation
The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 December 2015.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated balance sheet immediately below goodwill.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

During the year the Group disposed of the subsidiary Financial & Legal Insurance Company Limited. Accordingly, the Group statement of income and the statement of cash flows include the results of this subsidiary up to the date of disposal.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

continued...

2. **ACCOUNTING POLICIES - continued**

Significant judgements and estimates
Preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses for the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Claims provisions
The Group uses a variety of techniques, both statistical and actuarial, to assess the likely run off of the policies on risk. Monthly management statistics utilised include average claim costs, loss ratios and expected contribution to profit and expenses as well as a number of other parameters.

Unearned premiums on insurance contracts
As unearned premium provisions are based on actual policies not settled at that date, there is no estimation uncertainty surrounding this.

Bad and doubtful debts
A key area involving management judgement and estimate is in determining the provision for bad and doubtful debts for medical, rehabilitation and completed hire debts due.

continued...

2. **ACCOUNTING POLICIES - continued**

Income recognition
Turnover is measured at fair value of the consideration receivable and represents the total amount receivable for services provided in the normal course of business, excluding Value Added Tax and trade discounts.

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract.

Basis of accounting for underwriting activities

All business is accounted for on an annual basis.

Gross written premiums

(i) Before the Event (BTE)

In accordance with accounting standards, BTE written premiums are accounted for net of surcharge commissions, and comprise the premiums on contracts entered into in the financial year under review, regardless of whether such amounts may relate in whole or in part to a later financial year.

(ii) After the Event (ATE)

Gross written premiums comprise the premiums on contracts incepting in the financial year. Written premiums are stated gross of commissions payable to intermediaries and reinsurance, but exclusive of taxes and duties levied on premiums.

Unearned premiums

(i) Before the event

The provision for unearned premiums comprises the amount representing that part of gross premiums written or paid which it is estimated that relate to the following or subsequent financial years. The provision is computed using the 1/24ths method.

(ii) After The Event

The premiums (including reinsurer's share) are wholly unearned until settlement of the case and are held on the balance sheet within "Provision for unearned premiums".

Other technical income

Other technical income comprises other income attributable to insurance operations.

Interest income

Interest income is recognised in the Statement of income using the effective interest method.

Goodwill
Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and written off on a straight line basis over its estimated useful life of 5 years. Provision is made for any impairment.

Following the disposal in the year of the subsidiary Financial & Legal Insurance Company Limited, all goodwill attributable to this business unit has been fully amortised.

continued...

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant & machinery	-	33% on cost and 25% on reducing balance
Fixtures & fittings	-	33% on cost, 20% on cost and 10% on reducing balance
Motor vehicles	-	25% to 30% on reducing balance, 25% on reducing balance, 20% on reducing balance and Straight line to its residual value
Computer hardware & software	-	33% on cost, 25% on cost and 20% on cost

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Debtors
Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method, less any impairment.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

Financial instruments
The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, together with loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable in one year), including loans and other accounts receivable and payable, are initially measured at present value of future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable in one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transactions, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence if impairment is found, an impairment loss is recognised in the Statement of Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

continued...

2. ACCOUNTING POLICIES - continued

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Creditors
Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Interest bearing borrowings
Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax charge.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on timing differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of the reporting period 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 assets and liabilities are measured at tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in the statement of income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

continued...

2. **ACCOUNTING POLICIES - continued**

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits
The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Claims provisions
Claims consist of claims paid to policyholders, changes in the valuation of liabilities arising on policyholder contracts, net of subrogation recoveries.

Provision is made for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the internal and external costs of handling the claims. Reinsurance recoveries are presented as assets. The methods used and estimates made are continually reviewed and any resulting adjustments are reported in the statement of income in the year in which claims are settled or re-appraised.

Although provisions for claims are based upon the information currently available, subsequent information and events may show the ultimate liability to be greater, or less, than the amount provided. The methods used and estimates made are continually reviewed and any resulting adjustments will be reported in the year of settlement or re-appraisal.

Commissions
Commission costs compromise all direct commission costs from the settlement and payment of insurance contracts. Deferred commission costs represent the proportion of these costs with the proportion of written premiums which are unearned at the balance sheet date and are therefore not yet due for payment. The amount of commissions not paid over at the year end is included within "Creditors arising out of direct insurance operations" - Note 18.

Dividends
Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

continued...

3. TURNOVER

The turnover and loss (2014 - profit) before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

	31/12/15	31/12/14
	£	£
Insurance activities	3,460,434	6,529,329
Vehicle hire and leasing	3,451,057	2,962,413
Claims handling	3,664,569	3,540,443
Employment law solutions	203,682	135,221
	10,779,742	13,167,406

Turnover is from fully within the United Kingdom and is wholly attributable to the rendering of services.

4. STAFF COSTS

	Year Ended 31/12/15	Year Ended 31/12/14
	£	£
Wages and salaries	2,661,909	2,277,282
Social security costs	246,060	222,623
Other pension costs	229,665	54,806
	3,137,634	2,554,711

The average monthly number of employees during the period was as follows:

Office and administration	77	76
Sales and marketing	24	24
Drivers	3	3
	104	103

continued...

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Year Ended 31/12/15 £	Year Ended 31/12/14 £
Hire of plant and machinery	3,828	10,319
Depreciation - owned assets	116,659	171,047
Depreciation - assets on hire purchase contracts	786,338	582,209
(Profit)/loss on disposal of fixed assets	(79,938)	(69,667)
Goodwill amortisation	593,103	593,103
Auditors' remuneration:		
- Subsidiaries	50,227	51,151
- Audit of the parent company and the consolidated accounts	5,000	5,000
Auditors' remuneration for non audit work:		
- Subsidiaries	2,817	20,535
Operating lease rentals	329,733	345,433

Directors' remuneration	58,043	156,287
Directors' pension contributions to money purchase schemes	87,810	8,760

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	2

Auditors' remuneration:

		Year Ended 31/12/15 £	Year Ended 31/12/14 £
Audit Services:	Subsidiaries - Principal auditor	18,300	17,760
	Subsidiaries - Secondary auditors	34,733	33,391
	Parent company - Principal auditor	5,000	5,000
		58,033	56,151
Other services pursuant to legislation:	Principal auditor	7,020	6,840
	Secondary auditors	-	-
		7,020	6,840
Taxation compliance services:	Principal auditor	720	600
	Secondary auditors	-	-
		720	600
Other services:	Principal auditor	3,000	7,800
	Secondary auditors	2,817	5,295
		5,817	13,095

continued...

6. EXCEPTIONAL ITEMS

Group

On 22 December 2015 the Group, by way of dividend in specie, transferred the subsidiary Financial & Legal Insurance Company Limited to the shareholders of the Group at historic book value. This resulted in a loss on disposal of the investment for the Group of £1,261,375.

The loss on the disposal of goodwill attributable to this subsidiary amounted to £586,238.

Company

Following the disposal of the subsidiary Financial & Legal Insurance Company Limited, the Company undertook an impairment review of its investments, which ultimately resulted in a write down of £6,530,665 to leave investments carried forward at £6,202,535.

During the year, the Company wrote off a group loan of £2,694,414 due from MSL Business Group Limited as it was irrecoverable.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	31/12/15	31/12/14
	£	£
Corporation tax interest	1,071	435
FLI investment income	10,456	25,194
	11,527	25,629

8. INTEREST PAYABLE AND SIMILAR CHARGES

	31/12/15	31/12/14
	£	£
Loan interest	38,800	-
Corporation tax interest	43	636
Hire purchase interest	94,268	62,918
	133,111	63,554

9. TAXATION

Analysis of the tax charge
The tax charge on the loss on ordinary activities for the year was as follows:

	31/12/15	31/12/14
	£	£
Current tax:		
UK corporation tax	196,999	419,268
Adjustment in respect of prior years	(425)	5,661
Total current tax	196,574	424,929
Deferred tax	(39,166)	12,614
Tax on (loss)/profit on ordinary activities	157,408	437,543

continued...

9. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31/12/15	31/12/14
	£	£
(Loss)/profit on ordinary activities before tax	(1,798,723)	1,383,604
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014 - 21%)	(359,745)	290,557
Effects of:		
Expenses not deductible for tax purposes	500,840	136,198
Income not taxable for tax purposes	-	(4,252)
Capital allowances in excess of depreciation	(2,426)	(609)
Utilisation of tax losses	16,857	-
Adjustments to tax charge in respect of previous periods	(425)	5,661
Change in Corporation Tax rate	2,487	9,988
Marginal relief claimed	(180)	-
Total tax charge	157,408	437,543

Factors that may affect future tax charges

Following Budget 2016 announcements, there will be a reduction in the rate of corporation tax for future years, resulting in the following rates applying:

19% from 1 April 2017
17% from 1 April 2020

10. **LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(6,616,119) (2014 - £1,648,415 profit).

11. **DIVIDENDS**

	31/12/15 Interim	31/12/15 In specie	31/12/14 Interim	31/12/14 In specie
	£	£	£	£
Ordinary 'B' shares of £0.01 each	-	148,000	-	-
Ordinary 'C' shares of £0.01 each	82,462	1,332,000	69,415	-
	82,462	1,480,000	69,415	-

During the year, the subsidiary Financial & Legal Insurance Company Limited was transferred to the Group's shareholders by way of dividend in specie at its historic cost of £1,480,000.

continued...

12. PENSION COMMITMENTS

The Group operates a defined contributions scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. During the year the Group contributed £229,665 (2014: £54,806) to the fund. Contributions totalling £Nil (2014: £1,840) were payable to the fund at the balance sheet and are included within creditors.

13. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 January 2015	2,965,515
Disposals	(1,529,315)
At 31 December 2015	1,436,200
AMORTISATION	
At 1 January 2015	1,235,631
Amortisation for year	593,103
Eliminated on disposal	(943,077)
At 31 December 2015	885,657
NET BOOK VALUE	
At 31 December 2015	550,543
At 31 December 2014	1,729,884

The disposal of goodwill above is the element of goodwill directly attributable to the subsidiary, Financial & Legal Insurance Company Limited, which was disposed of in the year by the Group.

continued...

14. **TANGIBLE FIXED ASSETS**

Group

	Plant & machinery	Fixtures & fittings	Motor vehicles	Computer hardware & software	Totals
	£	£	£	£	£
COST					
At 1 January 2015	10,099	82,219	5,026,814	82,298	5,201,430
Additions	-	19,382	1,228,127	9,581	1,257,090
Disposals	-	(1,999)	(1,598,962)	(20,789)	(1,621,750)
At 31 December 2015	10,099	99,602	4,655,979	71,090	4,836,770
DEPRECIATION					
At 1 January 2015	4,741	50,807	833,195	24,255	912,998
Charge for year	1,390	7,565	877,861	16,181	902,997
Eliminated on disposal	-	(1,999)	(523,338)	(12,926)	(538,263)
At 31 December 2015	6,131	56,373	1,187,718	27,510	1,277,732
NET BOOK VALUE					
At 31 December 2015	3,968	43,229	3,468,261	43,580	3,559,038
At 31 December 2014	5,358	31,412	4,193,619	58,043	4,288,432

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles	Computer hardware & software	Totals
	£	£	£
COST			
At 1 January 2015	4,238,872	64,915	4,303,787
Additions	1,194,057	-	1,194,057
Disposals	(1,067,993)	-	(1,067,993)
Transfer to ownership	(24,098)	-	(24,098)
At 31 December 2015	4,340,838	64,915	4,405,753
DEPRECIATION			
At 1 January 2015	540,467	12,983	553,450
Charge for year	773,355	12,983	786,338
Eliminated on disposal	(261,615)	-	(261,615)
Transfer to ownership	(8,927)	-	(8,927)
At 31 December 2015	1,043,280	25,966	1,069,246
NET BOOK VALUE			
At 31 December 2015	3,297,558	38,949	3,336,507
At 31 December 2014	3,698,405	51,932	3,750,337

continued...

15. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
COST	
At 1 January 2015	12,501,202
Additions	1,529,998
Disposals	(1,480,000)
At 31 December 2015	12,551,200
PROVISIONS	
Impairments	6,530,665
At 31 December 2015	6,530,665
NET BOOK VALUE	
At 31 December 2015	6,020,535
At 31 December 2014	12,501,202

The Group or the Company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

The Shareholding Company Limited
Nature of business: Holding company

Class of shares:	% holding
Ordinary	100.00

	31/12/15 £	31/12/14 £
Aggregate capital and reserves	311,287	1,841,285
Profit for the year	1,078,962	1,648,415

Direct shareholding.

MSL Business Group Limited
Nature of business: Holding company

Class of shares:	% holding
Ordinary	100.00

	31/12/15 £	31/12/14 £
Aggregate capital and reserves	2,984,950	290,536
Profit for the year	3,194,414	89,661

Direct shareholding - investment formerly held by The Shareholding Company Limited until December 2015.

continued...

15. **FIXED ASSET INVESTMENTS - *continued***

Financial & Legal Insurance Company Limited
Nature of business: Insurance services

Class of shares:	% holding
Ordinary	0.00

	31/12/15	31/12/14
	£	£
Aggregate capital and reserves	-	3,071,849
Profit for the year	-	995,928

Investment acquired from The Shareholding Company Limited at nominal value in December 2015 and immediately distributed to shareholders, again at nominal value, by way of Dividend in Specie.

MSL Vehicle Rental Limited
Nature of business: Vehicle hire

Class of shares:	% holding
Ordinary	100.00

	31/12/15	31/12/14
	£	£
Aggregate capital and reserves	1,970,251	2,007,725
Profit for the year	262,526	455,399

Indirect holding - investment held by MSL Business Group Limited.

MSL Legal Expenses Limited
Nature of business: Motorist legal services

Class of shares:	% holding
Ordinary	100.00

	31/12/15	31/12/14
	£	£
Aggregate capital and reserves	974,705	1,085,919
Profit for the year	88,786	175,618

Indirect holding - investment held by MSL Business Group Limited.

Opsium Limited
Nature of business: HR and employment services

Class of shares:	% holding
Ordinary	100.00

	31/12/15	31/12/14
	£	£
Aggregate capital and reserves	(223,240)	(108,026)
Loss for the year	(115,214)	(108,026)

Direct holding (investment formerly held by MSL Legal Expenses Limited).

continued...

15. FIXED ASSET INVESTMENTS - continued

The results of all subsidiary companies are included within these consolidated accounts.

Disposal of subsidiary

On 22 December 2015, the Group transferred full control of the subsidiary Financial & Legal Insurance Company Limited to the Group's shareholders. The disposal is analysed as follows:

	£
Net assets disposed of:	
Tangible fixed assets	**7,863**
Current asset investments	**1,752,186**
Debtors	**16,607,103**
Cash at bank	**931,465**
Creditors	**(15,455,822)**
Provisions	**(1,101,420)**
	2,741,375
Loss on disposal	**(1,261,375)**
	1,480,000
Satisfied by:	
Dividend in specie	**1,480,000**

The loss attributable to members of the parent company includes losses of £1,633,776 attributable to Financial & Legal Insurance Company Limited up to its date of disposal.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	31/12/15	31/12/14
	£	£
Trade debtors	**2,982,561**	2,305,543
Debtors arising out of direct insurance operations	-	9,679,555
Deferred commission costs	-	4,622,389
Other debtors	**19,661**	23,452
Prepayments and accrued income	**298,406**	384,280
	3,300,628	17,015,219

Movements on provisions for doubtful debts resulted in a charge of £216,308 (2014: £260,988) to the statement of income.

17. CURRENT ASSET INVESTMENTS

	Group	
	31/12/15	31/12/14
	£	£
Fixed term deposits	-	2,471,453

continued...

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31/12/15	31/12/14	**31/12/15**	31/12/14
	£	£	**£**	£
Hire purchase contracts (see note 20)	**1,292,485**	1,482,801	-	-
Trade creditors	**1,304,352**	772,386	-	-
Creditors arising out of direct insurance operations	-	3,582,318	-	-
Amounts owed to group undertakings	-	-	**2,319,916**	2
Corporation Tax	**36,415**	157,427	-	-
Social security and other taxes	**56,701**	259,218	-	-
VAT	**215,909**	5,811	-	-
Other creditors	**976,717**	8,183	-	-
Directors' current accounts	**58,734**	64,462	**53,402**	53,402
Accruals and deferred income	**1,060,361**	548,751	-	-
Provision for unearned premiums	-	10,336,516	-	-
	5,001,674	17,217,873	**2,373,318**	53,404

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	31/12/15	31/12/14
	£	£
Hire purchase contracts (see note 20)	**1,182,659**	1,765,354

20. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Hire purchase contracts	
	31/12/15	31/12/14
	£	£
Net obligations repayable:		
Within one year	**1,292,485**	1,482,801
Between one and five years	**1,182,659**	1,765,354
	2,475,144	3,248,155

	Non-cancellable operating leases	
	31/12/15	31/12/14
	£	£
Within one year	**88,034**	199,443
Between one and five years	**1,097,924**	38,568
	1,185,958	238,011

continued...

21. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	31/12/15	31/12/14
	£	£
Hire purchase contracts	**2,475,144**	3,248,155

Hire purchase contracts are secured against the specific assets to which they relate.

22. FINANCIAL INSTRUMENTS

Group	**2015**	2014
	£	£
Financial assets		
Financial assets measured at amortised cost	**3,002,222**	14,480,003
Financial liabilities		
Financial liabilities measured at amortised cost	**4,756,213**	7,611,042

Financial assets measured at amortised cost comprise trade debtors, debtors arising out of direct insurance and other sundry debtors of a contractual nature.

Financial liabilities measured at amortised cost comprise hire purchase liabilities, trade creditors, creditors arising out of direct insurance operations and other sundry creditors of a contractual nature.

Company	**2015**	2014
	£	£
Financial liabilities		
Financial liabilities measured at amortised cost	**2,319,916**	2

Financial liabilities measured at amortised cost comprise group loans.

23. PROVISIONS FOR LIABILITIES

	Group	
	31/12/15	31/12/14
	£	£
Deferred tax		
Accelerated capital allowances	**86,209**	125,374
Other provisions		
Insurance claims reserve	**603,447**	1,994,531
Aggregate amounts	**689,656**	2,119,905

continued...

23. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £	Other *provisions* £
Balance at 1 January 2015	125,374	1,994,531
Credit to Statement of Comprehensive Income during year	(39,165)	(289,664)
Disposal of subsidiary	-	(1,101,420)
Balance at 31 December 2015	86,209	603,447

Please see note 2 for details given in respect of the accounting basis for other provisions.

24. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31/12/15 £	31/12/14 £
NIL	Ordinary 'A'	£0.01	-	50
10,000	Ordinary 'B'	£0.01	100	100
80,000	Ordinary 'C'	£0.01	800	800
			900	950

On 21 December 2015, the company undertook a purchase of own shares, acquiring the entire shareholding (5,000 Ordinary 'A' shares of £0.01 each) held by the former director, Mr D Garner, for total consideration of £622,000. Immediately after the purchase the shares were cancelled.

The shares carry differential rights to dividends, but in all other respects rank pari passu.

Ordinary shares	2015 Number
At 1 January 2015	95,000
Ordinary 'A' shares re-purchased and cancelled	(5,000)
At 31 December 2015	90,000

25. RESERVES

Retained earnings - includes all current and prior period retained profit and losses.

Share premium account - this reserve includes any premiums received on issue of share capital. Any transactions costs associated with the issuing of shares are deducted from share premium.

Capital redemption reserve - this reserve includes the nominal value of share capital re-purchased by the company and subsequently cancelled.

continued...

26. RELATED PARTY DISCLOSURES

The Company has taken advantage of exemption, under the terms of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year, total dividends of £82,462 (2014: £69,415) were paid to the director N D Garner.

Total key management compensation, including social security and pension contributions, was £893,017

Transactions with related parties to the Group are as follows:

	31/12/15	31/12/14
	£	£
Transactions		
Sales (1)	342,040	176,339
Loan interest & fees (2)	38,800	-
Recharged expenditure (1)	-	23,221
Balances		
Loan due to director	58,734	64,462
Other loans repayable (2)	960,000	-

(1) A company in which the former director D Garner is a director.

(2) Spouse of a director and shareholder. The loan is repayable on demand and carries a fixed interest rate of 10.5%.

The loan due to the director is interest free and repayable on demand.

Transactions with related parties to the Company are as follows:

	31/12/15	31/12/14
	£	£
Balances		
Loan due to director	53,402	53,402

The loan due to the director is interest free and repayable on demand.

27. CONTROLLING PARTY

Group and company

The ultimate controlling party of the Company is the director, N D Garner.

28. FIRST YEAR ADOPTION OF FRS 102

This is the first year the Group has prepared financial statements in accordance with Financial Reporting Standard 102. There are no material differences between the previously reported financial position, or profit reported, and therefore there are no reconciling items to present under section 35.13 of FRS 102.