Annual Report and Accounts 2014

Contents

Operational and financial headlines

The year to 30 June 2014 has seen much activity in the further progress of the Group. In December 2013 the Group raised £57.5 million net of expenses to fund its strategic development, including acquisitions, and in February 2014 acquired the NewLaw group of companies which has further expanded the scope of the Group's activities in legal services. In addition, the Group further developed its business model offering to facilitate sustainability in the light of impending regulatory changes. As a consequence of these activities and progress with its strategic plan, the Group ended the year with a new record low level of debtor days and significant cash balances. The strategy of the Board is to focus on Growth, Profitability and Sustainability whilst maintaining the significant progress made on key deliverables such as cash generation and debtor day reduction.

Highlights

- Adjusted* operating profit of £11.6m (2013: £8.0m)
- Adjusted* profit before taxation of £11.9m (2013: £4.3m)
- Adjusted* basic EPS of 7.47p (2013: 12.54p)
- Proposed final dividend of 3.50 pence per share for year ended 30 June 2014 making 6.85 pence for the year as a whole.
- Net operating activities cash flow of £24.8m (2013: £31.2m)
- Net cash flow to EBITDA ratio of 153.0% (2013: 197.7%)
- Debtor days reduced to a record 108 days from 126 days
- Total cash balances of £58.3m (2013: £21.1m)
- Net cash of £41.1m (2013: £1.1m)
- Open case count reduced by 7,000 cases to 32,000

	2014	2013	% movement
Operational KPIs			
Hire cases	**108,896**	128,739	(15.4)
Credit hire	**95,851**	100,373	(4.5)
Standard hire	**13,045**	28,366	(54.0)
Repair cases	**42,357**	41,419	2.3
% of credit hire cases	**44.2%**	41.3%	2.9pt
PI claims processed	**10,548**	–	n/a
Hire days	**1,877,349**	2,113,439	(11.2)
Average days hire	**17.2**	16.4	0.8
Average fleet revenue generating utilisation	**82.1%**	80.7%	1.4pt
Financial KPIs			
Revenue (£'000)	**197,419**	204,767	(3.6)
Gross profit (£'000)	**52,192**	46,131	13.1
Gross margin	**26.4%**	22.5%	3.9pt
Adjusted* profit before taxation	**11,878**	4,310	175.6
Adjusted* operating profit (£'000)	**11,608**	7,961	45.8
Adjusted* operating margin	**5.9%**	3.9%	2.0pt
EBITDA	**16,215**	15,761	2.9
Operating cash flow/EBITDA	**153.0%**	197.7%	(44.7)
Statutory debtor days	**108**	126	18

* Adjusted measures exclude the impact of those items described as exceptional in note 4.

Business profile

Founded in 1992, and working predominantly with insurance companies, insurance brokers and prestige motor dealerships, the Group provides a range of accident management and legal services. The Group also deals directly with large national fleets providing incident management and mobility continuity. In February 2014 the Group acquired the NewLaw group of companies, primarily based in Cardiff and Bristol, and the Group's activities now encompass a range of legal services designed to assist claimant parties in partnership with leading insurance companies, brokers and other bodies.

On 23 May 2014 the Group changed its name to Redde plc, which is associated in Latin with the concept of restoration, and more appropriately describes the Group's enlarged field of activities.

Our services

The Group offers a comprehensive package of motor claims accident management services, including vehicle replacement and repair management together with full claims-handling assistance as well as legal and other bespoke services. It is positioned to provide its key business partners with a range of services, from direct assistance to the non-fault motorist, through to partially or fully outsourced case-handling facilities.

The Company is a first tier supplier under the ABI General Terms of Agreement and aims to be the preferred claims outsourcing partner for UK motor insurers, by providing claims solutions which reduce internal expenditure and administration. Our claims are made upon the at-fault motorists' insurers who represent the majority of our receivables at any given point.

Our operations

The Group provides replacement vehicle, repair management and legal expenses insurance services from an operational call centre site in Peterlee, County Durham and solicitors' services through Principia from Northwich and NewLaw from Basingstoke, Bristol, Cardiff and an associated office in Glasgow.

Our business partners are insurance companies, brokers and other motoring organisations such as car dealerships, motor manufacturers and repair centres.

The Group also provides specialised accident and insurance claims management services through its smaller subsidiaries Total Accident Management Limited and Cab Aid Limited.

The Group manages a fleet of approximately 6,000 vehicles.

Our locations

Redde plc employs over 1,600 people across its head office in Bath and its operational sites in Peterlee and Croydon as well as representation at solicitor offices at Northwich, Cardiff, Bristol, Basingstoke and an associated office in Glasgow. With a national network of 25 branches and fleet of 6,000 vehicles, the Group is well-placed to ensure that replacement vehicles can be delivered to customers within four hours if required.

Operational sites

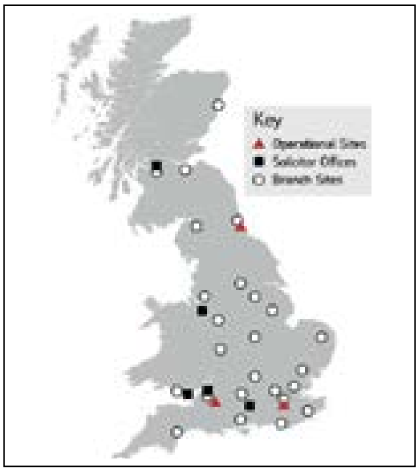
Bath (Head office)
London/Croydon
Peterlee

Solicitor Offices

Basingstoke
Bristol
Cardiff
Glasgow *
Northwich

Branch sites

Aberdeen
Ashford
Birmingham
Brentwood
Bridgend
Brighton
Bristol
Carlisle
Doncaster
Edinburgh
Exeter
Glasgow
Haydock
Leeds
Leicester
Lincoln
London/Acton
London/Croydon
Milton Keynes
Newcastle
Norwich
Oxford
Southampton
Stansted
Stoke



* Associated solicitor office

Chairman's statement

The year to 30 June 2014 has seen significant further progress in the Group and the establishment of a record of strong profitability and cash flow. In December 2013 the Group raised £57.5 million net of expenses to fund its strategic development including acquisitions, and in February 2014 acquired NewLaw which has further expanded the scope of the Group's activities in legal services. Following this acquisition the Group changed its name in May 2014 from Helphire Group plc to Redde plc. The Board considers that this new name, which is associated, in Latin, with the concept of restoration, more appropriately describes the Group's enlarged field of activities and now better reflects the strategic aims and wider business focus of the Group. At the same time the Group consolidated its ordinary share capital into 0.1p ordinary shares by way of a 1 for 10 consolidation. The Group has further developed its business model offering to facilitate sustainability in the light of impending regulatory changes. As a consequence of these activities and progress with its strategic plan the Group ended the year with new, record low debtor days and significant cash balances. The strategy of the Board is to focus on Growth, Profitability and Sustainability whilst maintaining the significant progress made on key deliverables such as cash generation and debtor day reduction.

I am pleased to be able to report to shareholders that the improvement in the Group's results has continued and that the Group achieved an adjusted profit before taxation of £11.9 million compared to £4.3 million last year; an increase of 176%.

Results

Revenue was £197.4m (2013: £204.8m) including £8.9m from four months' trading by NewLaw which was acquired on 28 February 2014. Revenue for last year included £13.9m of non-recurring referral fees in respect of personal injury cases which ceased from 1 April 2013, as a result of the effects of the ban on the receipt and payment of such fees that came into effect on that date. Excluding this revenue, on a like-for-like basis, turnover shows a reduction of £2.4m (1.3%) which is mostly due to the previously reported planned reduction in low margin direct hire business which was largely offset by increases in revenue from core credit hires, (reflecting improvements in components of the mix of business) and also greater throughput in our repair services.

The adjusted operating profit for the year was £11.6m which includes a £2.1m contribution from 4 months' trading by NewLaw. Overall the Group has been able to achieve a much improved total adjusted operating margin of 5.9% (2013: 3.9%). This increase principally reflects enhancement in the mix of hire cases handled, a number of improvements in our supply chain, a further 9.1% reduction in like-for-like Group overhead costs compared to last year and a maiden contribution from NewLaw. Excluding NewLaw the adjusted operating margin was 5.1%.

There was a net interest credit in the year of £0.2m compared to an adjusted net charge of £3.7m last year. The improvement is due to the restructuring and elimination of much of the Group's bank debt in March 2013, interest earned on residual placing monies and strong cash generation in the year.

Adjusted profit before tax for the year was therefore £11.9m (2013: £4.3m), an increase of 176%.

A pre-tax exceptional net charge of £1.4m (2013: credit of £28.1m) was recorded in the year (note 4) and after these exceptional items the statutory profit before tax was £10.5m (2013: £32.4m).

There was a net tax credit of £4.2m, (2013: £3.9m) which was principally in respect of the further recognition of a deferred tax asset relating to prior years' losses and unused allowances but also includes a tax rebate in respect of prior years of £0.4m and therefore the statutory profit after tax is £14.7m (2013: £36.3m).

Earnings per share ("EPS")

Statutory basic EPS is 6.84p (2013: 55.55p). Statutory diluted EPS is 5.93p (2013: 46.56p).

The adjusted EPS is 7.47p (2013: 12.54p). The adjusted diluted EPS is 6.48p (2013: 10.51p).

The adjusted figures exclude the impact of those items described as exceptional in note 4 and the 2013 comparatives have been adjusted to take into account the effects of the 1 for 10 share consolidation that was completed on 23 May 2014.

Dividends

Three interim dividends were paid in the year:

1. 27 September 2013 - 1.10 pence per share paid on 25 October 2013,

2. 28 November 2013 - 1.71 pence per share paid on 10 January 2014,

3. 27 February 2014 - 0.54 pence per share paid on 27 March 2014.

These dividends make a total of 3.35 pence paid for the year to date.

The Board is pleased to propose a final dividend of 3.50 pence per share, which if approved at the Annual General Meeting to be held on Thursday 30 October 2014 will be paid on Thursday 6 November 2014 to those shareholders on the register at the close of business on Friday 17 October 2014. Under the new Stock Exchange calendar the shares will be ex-dividend on Thursday 16 October 2014.

I am pleased to note that dividends declared or paid in respect of the 12 months to 30 June 2014 amount to 6.85 pence per share and total net dividends of £15.7 million.

As previously announced the Group intends to return to a more normal dividend calendar with any interim dividend for the year to 30 June 2015 being declared in February 2015 and paid in March 2015. The Group's dividend policy remains, in the absence of unforeseen circumstances, or other requirements or commitments to which the Directors should have regard, to distribute as much of the profits by way of dividend as it reasonably and legitimately can, provided sufficient cash is available to pay such dividends.

Where appropriate dividends already paid have been adjusted to take into account the effects of the 1 for 10 share consolidation that was completed on 23 May 2014.

Receivables

Trade and other receivables reduced to £63.8m, an improvement of £10.0m from 30 June 2013 after adjusting for the £2.8m trade receivables acquired with NewLaw. Statutory debtor days excluding NewLaw were a new record low of 118 days and compare to 126 days last year. Including the NewLaw group of companies statutory debtor days were 108 days based upon the past 12 month's turnover of the combined Group.

Cash and Debt

The Group has continued to over deliver on its targets for cash collections and improving cash inflow. Excluding the residual net proceeds from the placing that was completed on 24 December 2013, net working capital cash, net of financing loans, has been increased by £15.7m since 30 June 2013 to £16.8m notwithstanding dividends of £8.5m being paid during the year.

Outlook

On 12 June 2014 the Competition and Markets Authority ("CMA"), formerly the Competition Commission, issued its Provisional Decision on Remedies ("PDR") in respect of its investigation into the Private Motor Insurance Market. The Group has made changes to its business model in recent years in anticipation of market reforms and does not expect the CMA investigation to have a material financial impact on the Group.

On 24 December 2013 the Group completed a share placing raising £60 million before expenses in order to fund its strategic growth plans and £24.8m of these monies remain available for investment and we are reviewing opportunities in this regard. Our aims are:

(i) to develop a top tier UK personal injury legal services business that can provide a comprehensive range of services to our referral partners;

(ii) to build our base as one of the largest, longest established, replacement vehicle providers; and

(iii) to take opportunities for organic growth within our existing businesses as well as acquisitions that materially increase the Group's presence in those areas in which it operates.

The new financial year has started well with performance in the first two months in line with our expectations. The combination of strategic acquisitions as demonstrated above, as well as continuing to deliver organic growth and further improvements in operational efficiency from our new business model, gives the Board great encouragement for the future.

Our people

Once again we thank our employees for their support, hard work and loyalty during the year.

Annual General Meeting

The Group's Annual General Meeting will be held on Thursday 30 October 2014. The Notice of the Meeting accompanies this Annual Report and Accounts.

Avril Palmer-Baunack
Chairman
3 September 2014

Group Strategic Report

Market and business model

Business Review

Following the significant progress made in evolving its business model over the last few years, the Group has now embarked on a strategy to Grow its business Profitably and Sustainably - we call this our ‘GPS Strategy’ which was launched at the end of 2013. This strategy was supported by raising funds to support acquisitions that were both strategic and complementary. The first part of this was the purchase of NewLaw. This also supported our strategy to offer an effective and market-ready solution in anticipation of further regulatory changes. We intend to add to this acquisition with opportunities that offer a quality strategic fit and offer enhanced skill sets to our own. This process is well developed and we expect to make further progress in the current year.

In accordance with our GPS strategy our focus is on sustainable, profitable, cash generative business, if necessary at the expense of volume and we avoid low-margin, high-volume business which relies principally upon price in priority to service quality. Consequently, we have continued to employ our assets more effectively and improve our gross margin.

The continued improvement in the Group’s operational practices and systems has facilitated excellent working relationships with many insurers. This includes fitting 100% of our vehicle fleet with telematic technology so we can improve operational efficiency as well as reduce fraud and improve security of the asset. In turn, the improvement in our operational efficiency has led to lower costs, higher fleet utilisation and reduced leakage of hire days. This has contributed to a growing number of bi-lateral protocol agreements with insurers who have confidence in the representations made on claims to be settled. These in turn have lowered frictional costs and minimised handling costs. The protocol arrangements with insurers are effective ways to reduce their combined operating ratios which is a key performance measure for them. This activity has supported the improvements in cash collection cycles as well as benefitting all parties in reduced costs. This has contributed to debtor days in the historical Helphire business being reduced to a new record low of 118 days compared with 126 days last year. Including NewLaw statutory debtor days were 108 days based upon the past 12 months turnover of the combined Group.

Legal Services Acquisition

NewLaw has made an encouraging start during the four months since acquisition contributing £8.9m by way of turnover and £2.1m by way of profits including income from associates. This acquisition has been well received in the marketplace in which the Group operates and has given rise to a number of potential additional opportunities for the Group to pursue which gives the Board confidence for the future in this area. Partnerships with four insurer related brands have been established via ABS structures and more are in the pipeline. Principia Law, our other legal services business, has made good progress during its start up phase in the area of personal injury cases and has also provided the Group with additional opportunities in relation to credit hire recoveries, particularly those cases requiring more specialist attention.

Key performance Indicators

Key performance indicators can be found on page 2.

Information about the use of financial instruments by the Group is given in note 23 to the financial statements.

Competition and Markets Authority Investigation

On 12 June 2014 the CMA issued its PDR in respect of its investigation into the Private Motor Insurance Market.

Almost from the outset of the CMA investigation the Group anticipated changes that may be made to the regulatory framework in the industry and planned for them accordingly. Whilst the proposed changes, if ultimately adopted, are likely to take some time to be implemented, the Group has already adjusted its business model to reflect this new environment. Consequently, it is not expected that these changes will have a material impact on the Group’s business. The present position is that motorists who have non-fault accidents have a legal entitlement to restitution and can utilise the services offered by the Group and the PDR does not change this position. The PDR is subject to further consultation between the CMA and the industry.

Our analysis points to more opportunities to provide services on a broader basis that would significantly improve the customer journey; we have always been flexible as to the exact mechanism for supplying a replacement vehicle so long as there is an appropriate balance between the risk assumed and successful recovery.

Vehicle fleet

The Group continues to operate highly effective fleet services through a hybrid solution of ownership, contract hire and, during peak periods, cross-hiring from daily rental companies. This combination allows flexibility to dispose of excess fleet in the lower volume summer months or in the event of a downturn and to maximise fleet, without incurring ownership costs, in short peak periods.

The average age of the fleet continues to be maintained at less than 12 months with a broad spread of manufacturers and models. Our efforts to better balance the mix of the fleet to meet a changing demand profile continued and the average number of vehicles held was reduced by 8.5% from 6,488 to 5,938. This enabled fleet utilisation to be increased to 82.1% (2013: 80.7%) which is considered by the Board to be an excellent performance. Our fleet comprised 5,428 vehicles at 30 June 2014 compared to 5,836 at 30 June 2013.

Settlement provision and hire case management

The total number of open hire cases has been further reduced by 17% in the year to 32,000 cases (2013: 38,600 cases). Cases >120 days reduced by 29% to 15,500 cases (2013: 21,900 cases). The number of cases with solicitors has also been reduced to 4,600 cases (2013: 6,400 cases) reflecting (inter alia) the benefits of an increasing number of claims that are subject to non frictional protocol arrangements with insurers.

Recoveries during the year have been increasingly encouraging with an improvement from over 70% to over 75% of new claims being settled within 90 days of request for payment, which is continued testament to the better working relationships with at-fault insurers and improvements in procedures and processes that have been achieved over recent years. This has facilitated the increasing number of settlement protocols being put in place with certain insurers to remove frictional costs and accelerate settlement. At the end of the period over 50% of the Group's business was subject to bilateral protocol arrangements and this is likely to increase in future months providing further savings in frictional costs for both insurers and ourselves and further improvements to cash collections profiles.

Autofocus

In June 2014 the Group was finally given access to further data as granted by the High Court order nearly two years previously. Obtaining this information has been a slow process and has seen a series of objections and challenges by solicitors acting for the two intervening insurers. The Group is now evaluating the evidence provided that potentially supports the several thousand cases that have been identified that may have been compromised as a result of unreliable evidence used by defendant insurers.

Despite these delays and subject to being satisfied that we have identified the full extent of our losses, we still expect to begin settlement negotiations with insurers over the coming months and have recently concluded numerous settlements with certain self insured organisations liable for a small number of claims by value. Our discussions with larger insurers are now commencing and we still intend, where possible, to resolve matters with insurers without litigation.

It would not be appropriate to speculate on the outcome of any negotiations at this stage, but we will provide an update when we are able to do so.

Martin Ward
Chief Executive Officer
3 September 2014

Group Strategic Report continued
Financial Review

Performance and adjusted results
The exceptional financial items that have occurred during the year have been disclosed separately on the face of the consolidated income statement in order to provide clarity as to their nature and relative impact on the results for the financial year ended 30 June 2014. These exceptional items are commented upon separately in the review of financial performance and also in note 4 of the Accounts.

The consolidated income statement captions excluding these exceptional items more properly reflect the comparable operational performance of the business and, for ease of reference; these are referred to as 'adjusted'.

For the year, the Group recorded an adjusted operating profit of £11.6m (2013: £8.0m) together with an adjusted profit before tax of £11.9m (2013: £4.3m) and a statutory profit before tax of £11.5m (2013: £32.4m).

Revenue
Group revenue was £197.4m (2013: £204.8m) including £8.9m NewLaw which was acquired on 28 February 2014. Revenue for last year included £13.9m of non recurring referral fees in respect of personal injury cases and other associated income which ceased from 1 April 2013 as a result of the effects of the ban on the receipt and payment of such fees that came into effect on that date. Excluding this revenue, on a like-for-like basis, turnover shows a reduction of £2.4m (1.3%) which is mostly due to the previously reported planned reduction in low margin direct hire business offset by increases in revenue from core credit hires reflecting improvements in components of the mix of business and also greater throughput in our repair services which also saw revenue improvements.

The total number of hire cases was 15.4% lower at 108,896 cases; a reduction of 19,843 cases of which 15,323 was in relation to the planned reduction in lower margin direct hire business. Hires in respect or our core credit hire business reduced by 4,522 cases, a reduction of 4.5% on last year's credit hires reflecting falls in national accident rates during 2013 although traffic volumes and accident frequency have increased during the 6 months to 30 June 2014.

As a result of changes in the mix of claims handled including the planned reduction in the number of short hire length direct hires, hire length, which is a major driver in the Group's profitability, increased to an average of 17.2 days for the year, compared to the average of 16.4 days reported for last year and an industry average of 19 days.

Gross margins
Gross profit was £6.1m higher than the corresponding period last year and overall a gross margin of 26.4% (2013: 22.5%) was achieved. Excluding NewLaw gross margin was 23.5%. On a like-for-like basis the improved margin percentage principally reflects the cessation of the low margin personal injury referral fee activity from 1 April 2013, better margins flowing from the changes in the mix of cases handled and a number of improvements seen in our supply chain.

Operating profit
Adjusted operating profit of £11.6m (2013: £8.0m) increased by £3.6m or 45% versus the corresponding period last year including a maiden contribution of £2.1m from NewLaw.

Adjusted operating profit margin was 5.9% and was 5.1% excluding NewLaw (2013: 3.9%).

EBITDA was £16.2m (2013: £15.8m) a pleasing increase despite the downward effect of the increased ratio of vehicles acquired under finance leases to those supplied under contract hire arrangements during the first half. The reduction in fleet depreciation and fleet finance lease interest from 2013 amounted to approximately £4.0m compared to an increase in the charge for contract hired vehicles compared to the same period last year of approximately £2.4m.

Income from associates
Income from associates represents the Group's share of the profits in relation to NewLaw's membership of several Limited Liability Partnerships operating legal services in association with certain business partners under the authority of the Solicitors Regulation Authority and amounted to £0.1m (2013: nil).

Net finance income
There was net finance income for the year of £0.2m (2013: charge of £3.7m) reflecting the full year effect of the elimination of all of the corporate debt during 2013 as well as interest receivable on cash balances generated from operating cash flow and un-invested placing monies.

Exceptional items
Pre-tax exceptional items resulted in a total net charge of £1.4m (2013: credit of £28.1m). Full details are included in note 4 to the accounts but can be summarised as:

- A net credit of £0.4m in respect of the benefits of surrendering onerous leases;
- Costs of acquisitions in the year and amounting to £0.9m that have been charged to profits in accordance with IFRS3; and
- A charge of £0.9m recorded under IFRS2 under share based payments on executive incentive share schemes.

The net credit of £28.1m in 2013 was principally in respect of a credit of £33.7m in accordance with IFRIC19 in relation to the difference in the fair value of shares issued to the Group's then lenders as part of the refinancing mentioned above compared to the associated debt extinguished partially offset by a charge of £4.9m in respect to the exit from surplus properties and a share based payment charge of £0.1m.

There was no tax effect on this net exceptional charge.

Profit before and after taxation

Adjusted profit before tax of £11.9m (2013: £4.3m) is an increase of £7.6m over last year and is due to the improvement of £3.6m in adjusted operating profit together with £0.1m income from associates and a £3.9m reduction in the net interest charge as detailed above.

After the exceptional items above and a net credit of £0.2m (2013: charge of £4.3m) in relation to interest receivable on cash balances of, the statutory profit before tax was £10.5m (2013: £32.4m).

There was a net tax credit of £4.2m, (2013: £3.9m) which was principally in respect of the further recognition of a deferred tax asset relating to prior years' losses and unused allowances but also includes a tax rebate in respect of prior years of £0.4m and therefore the statutory profit after tax is £14.7m (2013: £36.3m).

Earnings per share ("EPS")

Statutory basic EPS is 6.84p (2013: EPS 55.55p). Statutory diluted EPS is 5.93p (2013: EPS diluted 46.56p).

The adjusted EPS is 7.47p (2013: adjusted EPS 12.54p). The adjusted diluted EPS is 6.48p (2013: EPS diluted 10.51p).

Adjusted figures exclude the effect of those items described as exceptional in note 4 and the 2013 comparatives have been adjusted to take into account the effects of the 1 for 10 share consolidation that was completed on 23 May 2014.

Dividends

Three interim dividends were declared on 27 September 2013 (1.10 pence per share paid on 25 October 2013), 28 November 2013 (1.71 pence per share paid on 10 January 2014) and 27 February 2014 (0.54 pence per share paid on 27 March 2014). These dividends make a total of 3.35 pence paid for the year to date.

A final dividend of 3.50 pence per share has been recommended by the Board, which if approved at the Annual General Meeting to be held on 30 October 2014 will be paid on Thursday 06 November 2014 to those shareholders on the register at the close of business on Friday 17 October 2014 making a total dividend of 6.85 pence per share for the year as a whole.

Where appropriate dividends already paid have been adjusted to take into account the effects of the 1 for 10 share consolidation that was completed on 23 May 2014.

Balance sheet

The Group has continued its focus on the reduction of working capital. During the year net trade and other receivables have reduced by £10.0m to £63.8m adjusting for the inclusion on acquisition of £2.8m of receivables in respect of NewLaw. Debtor days within the historical Helphire businesses have continued to be reduced as a result of improved settlement levels and associated cash collection following an increase in the number of protocol arrangements and now stand at a record low of 118 days (2013: 126 days). Including NewLaw statutory debtor days were 108 days based upon the past 12 months turnover of the combined group.

Net assets at 30 June 2014 were £142.1m.

Cash flow

Cash generated from operating activities was £25.4m (2013: £35.4m). This is significantly ahead of profits, reflecting improvements in working capital management, albeit somewhat lower than last year, principally due to the exceptionally high levels of collection of outstanding receivables last year. After other net operating outflows of interest and taxation, net cash flow from operating activities was £24.8m (2013: £31.2m).

Net cash flow to EBITDA was 153% (2013: 197%).

Net cash and financing

Total net cash at 30 June 2014 (net of financing loans but excluding residual £24.8m net proceeds of the placing that was completed on 24 December 2013) was £16.8m (2013: net cash of £1.1m). Including the £24.8m residual cash representing un-invested net proceeds of the placing that was completed on 24 December 2013 total cash balances were £58.5m and total net cash balances were £41.6m.

Stephen Oakley
Chief Financial Officer
3 September 2014

Group Strategic Report continued

Principal Risks and Uncertainties

The Group faces a range of risks and uncertainties. The processes that the Board has established to safeguard both shareholder value and the assets of the Group are described in the Corporate Governance report. Set out here are those specific risks and uncertainties that the directors believe could have the most significant adverse impact on the Group's business together with the steps that the Board undertakes in order to mitigate against these risks. The risks and uncertainties described below are not intended to be an exhaustive list.

Economic conditions

The Group's operating and financial performance is affected by the economic conditions in the United Kingdom. Adverse changes in economic conditions in the United Kingdom and globally and the volatility of international markets could result in continued or further changes to driving patterns, car usage and ownership and this may result in lower miles driven and lower numbers of accidents and therefore reduced business volumes. Any such adverse effects on the Group's business might affect its relationships and/or terms of business with, and ultimately even the loss of, some key business partners. Economic uncertainty might also affect its key business partners and referrers and/or generally have an adverse impact on the insurance or other industries in which the Group's key trading partners operate. This in turn could lead to more onerous terms of business or the inability of the Group's debtors to pay monies due. Economic uncertainty may also have an adverse effect on the banking industry generally which may affect the Group's ability to obtain or maintain finance on suitable terms when needed.

The Group continually monitors government statistics as well as other external data as part of its ongoing financial and operational budgeting and forecasting processes. In addition regular communications take place with the Group's major insurance partners in order to monitor consumer insurance trends so that the group may plan its response to any potential changes. The Group also communicates with its existing and potential lenders regularly in order to maintain close relationships.

Competition

Barriers to entry into the general credit hire and credit repair markets at a local level are low. Although barriers to establishing a national or specialist business in this sector are higher, there is no certainty that these barriers will remain or will deter new entrants or existing competitors. In addition, there is the potential for local operators to overcome these barriers and establish national networks by forming alliances. Furthermore, competition could be intensified due to the activity of the Group's competitors or if insurance companies, brokers and/or providers of services to motorists or other consumer groups entered the market, either alone or in collaboration with existing providers. Increased competitive pressures such as these could result in a fall in the Group's revenues, margins and/or market share which could cause an adverse impact on its business, financial condition and operating results.

The Group monitors its competitive position closely with a view to ensuring that it is able to provide its customers with the best overall solution to their requirements taking into account commercial requirements. This is underpinned by a commitment to high quality service of its customers needs together with regular monitoring and feedback of actual performance against customers' expectations. The monitoring includes performance against agreed service levels with customers and regular meetings are held with referrer customers to discuss performance and requirements.

Customer and referrer relationships

Business is referred to the Group from a number of sources including insurance companies, insurance brokers, dealerships and body shops. The Group has agreements in place with many of these referrers which govern the flow of credit hire cases and the terms and commissions on which such cases are introduced. These agreements are subject to periodic review, and once out of initial term can be terminated with short notice periods of typically 3 to 6 months. In the past, commission rates for new credit hire business have risen sharply increasing the costs of acquiring such new business. Commission increases could adversely affect the Group's business and operating results. A significant proportion of the Group's business is referred from insurance companies. If insurance companies were to withhold business from the Group or credit hire providers generally or increase their credit hire referral commissions, whether alone or on a concerted basis, the operating results, business and prospects of the Group could be adversely impacted. Based upon profit contribution analysis, the Group may decide that renewal terms for certain existing contracts are uneconomic for the Group and consequently gross revenues may decline.

The Group seeks and develops long term relationships with Partners and secures these relationships with appropriate, long-term formal contracts. Where possible contracts are structured in such a way as to match income with corresponding costs and regular reviews take place of contribution from contracts in order to ensure that where such contributions become uneconomic a dialog is opened with the counterparty in an attempt resolve this.

Insurance industry protocols

The Group is a subscriber to voluntary protocols developed by accident management companies and the ABI known as the General Terms of Agreement (GTA). There is no guarantee that insurers and accident management companies will continue to subscribe to the GTA and they may seek alternative arrangements.

The Group takes an active part in all discussions within the industry in the maintenance and development of the GTA. In addition the Group is party to an increasing number of protocol arrangements with certain insurers which are outside of the GTA arrangements.

Regulation

Certain of the Group's activities and arrangements are subject to regulation. Whilst the Group seeks to conduct its business in compliance with all applicable regulations, there remains a residual risk that regulators will find that the Group has not complied fully with all such regulations. Failure by the Group to comply with regulations may adversely affect its reputation (which could in turn lead to fewer referrals), may result in the imposition of fines or an obligation to pay compensation or may prevent the Group from carrying on a part of its business and could have a materially adverse effect on the Group's business, financial condition and operating results.

The Group maintains a legal function and a regulatory risk and compliance function to monitor the management of these risks and compliance with relevant laws and regulations. Reputable external advisors are retained where necessary. Internal policies and practices are reviewed regularly to take account of any changes in obligations. Training and induction programmes ensure that staff receive appropriate training and briefings on the relevant policies and laws.

Legal

In the past, legal challenges have been brought on various grounds (mainly by insurance companies) seeking weaknesses in the legality of credit hire agreements and the hire rates and the periods of hire that can be recovered by credit hire companies. A number of historical legal cases relating to the provision of credit hire and related services have provided clarity and precedent. The majority of the Group's claims are now initially pursued under the terms of the GTA or bilateral protocols with individual insurers and the Group believes that it operates its business within the parameters laid down by the reported decisions of the courts such that its credit hire and repair arrangements are enforceable. Insurance companies may however bring further challenges to the legality of credit hire and repair arrangements or the rates payable.

The government continues to look at the overall costs of litigation. It may bring in legislation or amend or create new rules of court which further reduce the costs recoverable in certain types of actions and/or changing the criteria for litigation to fall within the small claims track (where legal costs (except the most basic) are not generally recoverable) which might have an impact on the profit costs of the Group's legal businesses and/or increase the cost of recovering credit charges.

The Group maintains a legal function and also monitors relevant legal developments and the development and outcome of test cases through its membership of the Credit Hire Organisation. The Group's contracts and documentation are reviewed and amended where appropriate to take into account legal developments and case law.

The Group's legal department and the Group's legal businesses monitor such matters and the Group will endeavour to adapt its business model to deal with such changes if and when they are introduced.

Recovery of receivables

The business of credit hire involves the provision of goods and services on credit. The Group generally receives payment for the goods and services it has provided after a claim has been pursued against the party at fault (and the relevant third party insurer). This can mean that the Group can endure a long period before payment is received. Whilst significant progress has been made recently in obtaining prompt settlement of claims there is a risk that the Group will not be able to improve or maintain the pace of settlement of claims. In addition, third party insurers may seek to delay payments further in an attempt to achieve more favourable settlement terms for outstanding claims or, ultimately, to force the Group and other credit-hire providers out of the market. If the Group is unable to maintain existing settlement periods, if there are further delays in the receipt of payments or if settlement terms with insurers worsen, its business, financial condition and operating results could be adversely impacted.

The Group manages this risk by ensuring that services are only provided to customers after a full risk assessment process and agreement to an appropriate contract.

Fleet costs and residual values

The cost to the Group of holding vehicles for hire is dependent upon a number of factors, including the availability of vehicle finance, the purchase price of those vehicles, the level of discounts available from dealers and manufacturers, financing costs (represented by LIBOR and applicable margins) and the expected residual value at the date of disposal. There is a risk that changes in any of these factors could mean that the Group's fleet costs are increased.

The Group's fleet management system enables the business to manage the fleet effectively and maximise the utilisation of its vehicles in order to minimise the cost to the business of holding vehicles. Risk is further mitigated by managing vehicle holding periods and note 23 to the consolidated financial statements details the steps that are taken in managing LIBOR risk.

Operational risks and systems

Operational risks are present in all of the Group's businesses, including the risk of direct and/or indirect loss resulting from inadequate or failed internal and external processes, systems, or infrastructure from fraud or human error or from external events. The Group's business is dependent on processing a large number of claims and vehicle hires. There could be a failure, weakness in, or security breach of, the Group's systems, processes or business continuity arrangements.

Group Strategic Report
continued

The Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately controlled. Preventative controls and back-up and recovery procedures are in place for key systems and all buildings. Changes to group systems are considered as part of a wider group business change management process and implemented in phases where possible. The Group has business recovery and business continuity plans in all of its operations.

Liquidity and Financial

The Group has made the decision not to have any committed working capital facilities at the present time and therefore manages its existing cash balances and operational cash flow surpluses to provide working capital headroom. The Group is also dependent upon the continued availability of both committed and uncommitted fleet finance facilities to finance replacement vehicle purchases. In addition the principal financial risks and uncertainties include capital risk, interest rate risk and credit risk.

Further details of these risks and their management are contained in note 23 to the consolidated financial statements.

CMA investigation into the private motor car insurance industry

The CMA is currently investigating the UK private motor insurance market, following a market referral by the OFT which was prompted by rising car insurance premiums over the last few years. On 12 June 2014 the CMA published its PDR which suggested a number of proposed changes to be made to the private car insurance market. The PDR is subject to further consultations with the industry (and possible amendments) and will be made final in September 2014. The CMA recognised the valuable role that credit hire provides to UK consumers and has sought to ensure sufficient incentives are retained to maintain the availability of credit hire services to consumers.

From the outset of the CMA investigation the Group anticipated changes that may be made to the regulatory framework in the industry and planned for them accordingly. Whilst the proposed changes, if ultimately adopted, are likely to be implemented in early 2015, the Group has already adjusted its business model to reflect this new environment. Consequently, it is not expected that there will be a material impact from these changes to the operating of our business. However until such time as the final report is published and the precise detail is known, there is no guarantee that any changes that do appear in the final report will not affect the way in which the Group supplies its credit hire services in the future. The CMA is seeking proposed remedies that will drive down the costs of providing replacement vehicles, particularly referral fees, which may have an impact on the Group's commercial offering. The present situation is that motorists who have a non-fault accident have a legal entitlement to restitution and can utilise the services offered by the Group and the PDR does not change this legal position. However, the CMA may seek to control certain aspects of the service provision by way of an Enforcement Order to remove any identified inefficiencies that it finds have an adverse effect on competition.

Going concern

The Group's business activities, analysis of its financial performance and position, and factors likely to affect its future development, are set out in the Operational and Financial Review above. The financial resources available to the Group are also discussed in detail in the Operational and Financial Review above. The forward risks faced by the Group are also discussed in the section on principal risks and uncertainties above.

The directors have assessed the future funding requirement of the Group and the Company, and have compared them to the sources and levels of working capital resources available including cash balances. The assessment included a review of current financial projections to 2016, and a review of the financial resources available by way of cash balances and facilities. Recognising the considerable uncertainty surrounding financial projections in the current economic environment, in particular with regard to the demand for the Group's services and the cash collection profiles from insurers, the directors considered a number of scenarios and the mitigating actions the Group could take to limit any adverse consequences.

Having undertaken this work, the directors are of the opinion that the Group has access to adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate for the financial statements to be prepared on a going concern basis.

Governance

Board of Directors

Avril Palmer Baunack

Chairman – Non Executive

Avril, 50, was appointed Chairman of Redde plc in September 2011. Avril was Chief Executive Officer of Autologic Holdings plc from October 2007 until its sale to Stobart Group. Avril held the position of Deputy Chief Executive Officer and Executive Chairman of Stobart Group until her resignation in April 2013. Prior to joining Autologic Avril was Chief Executive Officer of Universal Salvage plc. She has previously been Managing Director of FMG Support Ltd, the UK's largest independent provider of fleet management services and has held management positions at Europcar UK, Northgate Motor Holdings plc and the Caudwell Group. Avril is non-executive chairman at Molins PLC and was previously non-executive director at Alexon Group plc. She served as a non-executive director at Redde between April 2009 and December 2010.

Martin Ward

Chief Executive Officer

Martin, 47, joined Redde plc in August 2005 as Managing Director of its subsidiary business, Albany Assistance Limited. In February 2009 Martin became Managing Director of the Group's combined Accident Management Business and in April of the same year was appointed Group Managing Director. In October 2011 he became Chief Executive Officer.

Martin has extensive insurance industry experience, having jointly founded the Rarrigini & Rosso Group in 1994, a leading independent wholesale motor fleet, property and risk management insurance business, where he was commercial and operations director. This business built a membership network of over 500 leading commercial insurance brokers throughout the UK and marketed schemes on behalf of insurance companies. The business was acquired by THB plc in 2003. Martin has an MBA from Durham University.

Stephen Oakley

Chief Financial Officer

Stephen, 62, joined the Group as Chief Financial Officer in October 2011. Stephen is a Fellow of the Institute of Chartered Accountants having qualified in 1974 with Price Waterhouse, London and is also a member of the Chartered Institute of Taxation.

Stephen has significant experience having in the past been Group Finance Director of fully listed groups such as Macarthy plc and The Hartstone Group plc. He was also previously Group Chief Executive of AIM listed Loftus Road plc and Interim Chief Financial Officer of AIM listed Sira Business Services plc.

John Davies

Non-Executive Director

John, 65, joined the Board as non-executive director in December 2011 and brings a wealth of relevant experience to Helphire's Board having been, until he retired in 2006, Managing Director of Lloyds TSB's Asset Finance Division which, amongst other businesses, included the bank's motor-related operations. Prior to that John was Group Head of Consumer Finance for Standard Chartered Bank and Managing Director of their UK finance house subsidiary Chartered Trust. He has also held the positions of Managing Director of United Dominions Trust, a subsidiary of Lloyds TSB and a Director of the Finance and Leasing Association. In his career John has also been involved in a number of joint ventures with motor manufacturers and motor importers.

John was previously non-executive Chairman of Autologic Holdings PLC, and is currently a non-executive director of Molins PLC and Chairman of the Vehicle Remarketing Association.

Mark McCafferty

Non-Executive Director

Mark, 55, joined Helphire's Board as non-executive director and chairman of the Remuneration Committee, in March 2009. He brings extensive sector management and commercial experience, having spent six years as CEO of Avis Europe PLC. Prior to Avis, Mark was Managing Director of Thomas Cook's global travel businesses, and previous to that spent seven years with Midland Bank International in corporate finance and international operations. He is currently CEO of Premiership Rugby and has previously held non-executive directorships with HMV Group plc, UMBRO plc and Horserace Totalisator (Tote).

Directors' report

The directors present their Annual Report and the audited financial statements for the year ended 30 June 2014. The Corporate Governance section set out on pages 17 to 19 forms part of this report.

Principal activities

The principal activity of the Company is that of a holding company and its principal subsidiaries are set out in note 30. The principal activities of the Group are the provision of non-fault accident management assistance and related services including legal services exclusively in the United Kingdom. The main income is derived from replacement vehicle hire, the financing of vehicle repairs and providing solicitors' services (including pursuing personal injury claims) for the innocent parties involved in motor accidents.

Name change

By a Board resolution dated 30 April 2014 the Company changed its name to Redde plc with effect from 23 May 2014. The directors consider that this new name, which is associated, in Latin, with the concept of restoration, more appropriately describes the Group's enlarged field of activities following the acquisition of the NewLaw group of companies and now better reflects the strategic aims and wider business focus of the Group.

Placing and share consolidation

On 24 December 2013 the Company completed the placing of 1,153,846,160 ordinary shares of 0.01 pence each at a placing price of 5.2 pence raising £60 million before expenses to allow the group to continue its development. The proceeds were then in part used to fund the acquisition of the NewLaw group of companies in February 2014. A residual £24.8 million of the funds raised remained available at 30 June 2014 for further acquisitions.

On 23 May 2014 the Company consolidated all of the existing ordinary shares of 0.01 pence each by way of a ten for one conversion into ordinary shares of 0.1 pence each. There was also a consequential ten for one consolidation of the existing B shares on that date. Throughout this Annual Report and Accounts references to share price, earnings per share and dividends in respect of periods prior to this date have been adjusted where appropriate to reflect this share consolidation.

Environmental, employee and social community matters

The directors recognise the requirements of the Group to balance the interests of its stakeholder groups, particularly the impact of its day to day operations on the environment and matters relating to its employees and the community in which it operates.

Redde and the environment

It is recognised that the Group's business has an unavoidable impact on the environment and it is the Group's intention to minimise these effects wherever and whenever practicable.

People

The Company's employees continue to support and remain loyal to the business despite the challenges the Group has faced over recent years. The Company offers relevant training and development opportunities when it is able to do so.

Redde in the community

The Group continues to make a positive contribution to the local communities in which it operates, and has over the last financial year maintained its support for local communities and national causes, whilst minimising the associated financial impact on the Group.

Results and dividends

The profit before tax for the year ended 30 June 2014 was £10.5m (2013: £32.4m) and a profit after tax for the year of £14.7m (2013: £36.3m) was transferred to reserves.

Adjusted for the effects of the share consolidation that took place on 23 May 2014 the Company has already paid three interim dividends totalling 3.35 pence per share in respect of the year as follows:

- 1st interim dividend of 1.10 pence per share paid on 25 October 2013.
- 2nd interim dividend of 1.71 pence per share paid on 10 January 2014.
- 3rd interim dividend of 0.54 pence per share paid on 27 March 2014.

The Board has pleasure in recommending a final dividend of 3.50 pence per share making a total of 6.85 pence per share for the year as a whole which, if approved by shareholders at the forthcoming AGM on Thursday 30 October 2014, will be paid on Thursday 6 November 2014 to those shareholders on the register at the close of business on Friday 17 October 2014.

Directors

Details of the directors of the Company who served during the year, their dates of appointment and resignation, their titles, roles and committee memberships and chairmanships are set out in a table at page 17 of this Annual Report.

The names and biographies of the directors appear on page 13.

Directors' interests

At 30 June 2014, the following directors held the number of shares of the Company as shown below:

	Ordinary Shares	B Shares*
Martin Ward	138,280	6,940,606
Stephen Oakley	40,000	3,470,304
Mark McCafferty	30,000	–

* The B shares are held jointly with Helphire EBT Trustees Limited.

No changes took place in the interests of directors between 30 June 2014 and the date of this report.

Details of directors' share options and the B share incentive scheme are contained in the Directors' remuneration report on pages 20 to 23.

Directors' indemnities

The directors benefit from indemnities in the Company's articles (to the extent permitted by law) and from Directors and Officers insurance purchased by the Company.

Substantial shareholdings

As at 3 September 2014, the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules that the following persons are interested directly or indirectly in 3% or more of the issued share capital of the Company:

	Number of Ordinary Shares	% of voting rights and issued share capital
Invesco Limited	68,888,942	24.51
Aviva plc	47,488,901	16.89
Henderson Global Investors	30,752.736	10.94
Woodford Investments	30,412,363	10.82
Artemis	17,399,933	6.19
Schroders plc*	12,377,675	4.40

*Information obtained from the Company's share register analysis only.

Share capital and rights attaching to the Company's shares

As at 30 June 2014, the Company's issued share capital consisted of 272,663,740 ordinary shares with a nominal value of 0.1p each and 10,410,910 B shares of 0.1p each. Only the ordinary shares have rights to vote at a general meeting of the Company and every member holding ordinary shares has one vote on a show of hands and on a poll, one vote for each share held. The notice of general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting. Details of the authorised and issued share capital of the Company and details of the number of shares issued during the year can be found in note 20.

Under the Company's Articles of Association, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time determine by ordinary resolution.

Directors' report continued

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through presentations and the Company intranet. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Auditors
In accordance with section 485 of the Companies Act 2006, a resolution to reappoint KPMG LLP as auditors will be put to the forthcoming Annual General Meeting.

Disclosure of information to auditors
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 auditors are unaware; and each director has taken all the steps that he ought to have taken as director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Annual General Meeting
The Annual General Meeting will be held on Thursday 30 October 2014. The Notice convening the meeting and information about the proposed resolutions accompanies this Annual Report and Accounts.

By order of the Board

Nicholas Tilley
Company Secretary
3 September 2014

Governance continued

Corporate Governance Report

The application of the UK Corporate Governance Code ("Code") and corporate governance during the period 01 July 2013 to 30 June 2014 ("Year").

The Code does not apply directly to companies which are admitted to trading on AIM. The directors recognise, however, the importance of high standards of corporate governance and throughout the Year intended that the Company should observe requirements of the QCA Corporate Governance Guidelines for AIM companies or the Code to the extent directors consider appropriate having regard to the size, nature and resources of the Company.

An explanation of how these principles have been applied is set out both below and in the Directors' remuneration, Audit Committee and Internal control sections of this report.

The Board

The table below sets out details of all directors who have served during the Year and their membership of Board committees. There is a separate attendance statement at the end of this report in respect of directors' attendance at the 11 Board meetings and the committee meetings held during the Year.

Director	Date appointed	Role	Committees (C = current chairman)
Avril Palmer-Baunack	28/09/11	Non-executive Chairman	Nomination(C) Remuneration
Martin Ward	08/04/09	Chief Executive Officer	N/A
Stephen Oakley	18/10/11	Chief Financial Officer	N/A
Mark McCafferty	01/03/09	Senior Independent Director	Remuneration(C) Audit Nomination
John Davies	01/12/11	Non-executive	Audit (C) Remuneration Nomination

Board decisions are generally on matters of strategy, policy, people, performance and budgets. Each director receives detailed information on matters to be discussed well in advance of each Board meeting to ensure that there is a full debate at Board level and, in particular so that the non-executive directors can contribute fully.

The Board has formally reserved specific matters for determination and has approved terms of reference for all other Board committees; these are available on request and are published on the Group's web site at www.redde.com/investors/. The non-executive directors' terms and conditions of appointment are available for inspection.

There is a formal policy in place to ensure that all directors have access to independent professional advice, if they have the need to seek it. There is an induction process for new directors and training is available when required.

Chairman, Chief Executive Officer and Senior Independent Director

Avril Palmer-Baunack is Non Executive Chairman and the Chief Executive Officer is Martin Ward. There is a formal division of responsibilities between the Chairman and the Chief Executive Officer. The non-executive directors led by the Senior Independent Director Mark McCafferty meet regularly in the absence of executive directors.

Board balance

At all times during the year the Board has consisted of a majority of non executive directors including the Chairman. All of the non-executive directors are viewed as independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment. Avril Palmer-Baunack and John Davies both sit on the board of Molins plc. The Board has satisfied itself that this does not compromise their independence and that they demonstrate independence of action and judgment.

Governance continued

Corporate Governance Report continued

Nomination committee

Board appointments and succession planning are the responsibility of the Nomination Committee. This committee currently comprises Avril Palmer-Baunack (chairman), Mark McCafferty and John Davies. There were three meetings in the Year.

Performance evaluation

The Board and its committees have conducted a formal internal performance evaluation this Year and considers that its size is such that this can be assessed by informal discussions at Board and committee meetings. The non-executive directors also met during the Year without the presence of executive directors, during which the performance of executive directors was assessed.

Re-election

Avril Palmer-Baunack is retiring by rotation and seeks re-election to the Board. Her biographical details are to be found on page 13 of this Annual Report and Accounts. The Nomination Committee believes that Avril Palmer-Baunack continues to be effective and demonstrates commitment to her role.

Remuneration committee

The Remuneration Committee currently comprises Mark McCafferty (chairman), Avril Palmer-Baunack and John Davies. The committee held six meetings during the Year.

The committee's role is to set the Chairman's remuneration and to determine remuneration packages for executive directors to enable the Group to attract retain and motivate executives of the necessary calibre without paying more than is necessary for this purpose. Further information is given in the Directors' Remuneration Report and other parts of this Annual Report. The remuneration of the non-executive directors is a matter reserved for the whole Board.

Relations with shareholders

The Group is committed to maintaining good relations with all its shareholders through the provision of regular Interim and Annual Reports, other trading statements and the Annual General Meeting. The Company also maintains contact with its institutional shareholders. The views of analysts, brokers and major shareholders are relayed to the Board through the Chairman and the Senior Independent Director as appropriate.

Annual General Meeting

The Annual General Meeting provides an opportunity for all shareholders to be updated on the Group's progress and ask questions of the Board.

Financial reporting

The Board has ultimate responsibility for both the preparation of accounts and the monitoring of systems of internal financial control. The Board seeks to present a balanced and understandable assessment of the Group's position and its prospects and present price-sensitive information in an appropriate way. The Group publishes interim reports so that the Group's financial position can be monitored regularly by shareholders.

Internal control

The Board is responsible for the Group's system of internal control and has, during the period covered by this report maintained an ongoing and planned process, to identify, evaluate, report and manage the significant risks faced by the Group during this financial period up to the date of approval of this report.

The Group's key risks are identified, assessed and managed by senior management and supervised by a risk committee and/or subsidiary boards. Senior managers and compliance officers submit regular reports for discussion at the meetings. The Group's executive directors are members of the risk committee and subsidiary boards.

Strategic risks remain the sole responsibility of the Board which regularly assess such risks in discussions led by the Chief Executive Officer.

The Board, in seeking to achieve the Group's business objectives, cannot offer an absolute guarantee that the application of a risk management process will overcome, eliminate or mitigate all significant risks. However, by further developing and operating an annual and ongoing risk management process to identify, report and manage significant risks, the Board seeks to provide a reasonable assurance against material misstatement or loss.

The Board confirms that it has reviewed the effectiveness of the Group's system of internal controls for assessing significant operational and strategic risks. The Chief Executive Officer advises the Board on any significant risks. The controls reviewed cover the financial, operational, compliance, fraud and risk management systems that have been in operation during this reporting period. The review considered all significant aspects of the internal control process.

Consolidated accounts

The system of internal controls described above applies to all subsidiary undertakings. In addition the accounts of the Group's principal subsidiaries are combined with those of the Company to form the consolidated accounts each month. The head office finance team is responsible for producing the consolidated accounts, including the elimination of intra-group transactions and unrealised intra-group profits and there is a monthly review of key performance indicators by the commercial and financial management of each subsidiary.

Audit Committee

The Board has, through the Audit Committee, established formal and transparent arrangements for financial reporting, the review of formal announcements relating to the Company's financial performance, internal control and external auditing. The committee monitors (i) the financial reporting process, (ii) the effectiveness of the Group's internal financial control and internal audit functions, (iii) the statutory audit of the annual and consolidated accounts, and (iv) reviews the independence of the auditors including the provision of non-audit services to the Group. The operational risk management systems referred to above are monitored by the Board.

The Audit Committee currently comprises John Davies (Chairman) who is a director with recent and relevant experience in this role and Mark McCafferty. The committee held seven meetings in the Year. Further details about, and the qualifications of, the committee members can be found in their biographies on page 13 of this Annual Report.

The Company has a formal policy that the auditors are not used for other work unless it is both in the best interests of the Company to use that firm and the Audit Committee is satisfied that it will not affect the independence of the auditors. During the Year a separate team within KPMG LLP performed financial due diligence work in respect of the acquisition of the NewLaw group of companies and certain post completion matters. Appropriate safeguards have been put in place to ensure the independence of the audit and advisory work of the separate teams of KPMG LLP.

The committee has also reviewed the Company's arrangements to enable employees to raise concerns about possible improprieties confidentially. The Company uses a specialist, independent organisation to provide a confidential 'Whistleblowers' hotline'.

The committee receives reports from executive directors and also receives reports from, and periodically meets with, external auditors and internal auditors in the absence of management.

The committee has reviewed the interim and final results published during the Year. It receives quarterly reports from Internal Audit during which it reviewed the internal auditors' findings for the period under review and approved their programme of future work.

Board and Committee attendance

The attendance of directors at Board meetings during the year is shown below. Their attendance is listed first along with the actual number of meetings that they were eligible to attend. In total during the year there were 11 Board meetings and a number of scheduled committee meetings (seven Audit, six Remuneration and three Nomination).

Name of director	Main Board	Audit Committee	Remuneration Committee	Nomination Committee
Avril Palmer-Baunack	11/11	–	6/6	2/3
Martin Ward	11/11	–	–	–
Stephen Oakley	11/11	–	–	–
Mark McCafferty	11/11	7/7	6/6	3/3
John Davies	11/11	7/7	6/6	3/3

By order of the Board

John Davies
Chairman of the Audit Committee on its behalf
3 September 2014

Governance continued

Directors' remuneration report

Introduction

As an AIM listed company the Company is not obliged to prepare a directors' remuneration report and the information below does not therefore constitute a 'directors remuneration report' within the meaning of the Companies Act 2006. Notwithstanding this the Directors have decided, in accordance with best practice, to produce a report that deals with the remuneration of both executives and non-executive directors.

The report has been divided into separate sections for audited and un-audited information.

Information in this report relates to the 2014 financial year ('Year') unless otherwise stated.

Unaudited information

Remuneration committee

The Remuneration Committee operates under written terms of reference approved by the Board. It meets as and when required (but at least twice a year) and currently comprises Mark McCafferty (chairman), Avril Palmer-Baunack and John Davies, all of whom are independent non-executive directors.

No committee member has any personal financial interest, conflicts of interest arising from cross directorships or any day-to-day involvement in the running of the business. The committee makes recommendations to the Board. No director plays a part in any discussion about his or her remuneration.

Remuneration policy

The Company's remuneration policy remains that executive remuneration packages are designed to attract, motivate and retain the high calibre executives needed to maintain the Company's position as a leading accident management company in the current difficult trading environment. The performance evaluation of the executive directors and the determination of their annual remuneration packages is undertaken by the committee.

The committee has responsibility for the remuneration packages of the Chairman, the executive directors and executives immediately below Board level. The Board sets the remuneration of the non-executive directors.

The Company regards the executive directors as being its key management personnel. The main elements of the executive directors' remuneration packages for the Year (which are set out in more detail below) were:

1. Basic salary and benefits;

2. Annual bonus opportunity not to exceed 100% of basic salary;

3. Incentive Schemes; and

4. Pension arrangements

The Company's policy is, and it is intended that it shall continue to be, that a significant element of an executive director's remuneration is to be performance-related.

Whilst the committee has, as required, stated its remuneration policy for future years, it is conscious that any remuneration policy needs to be flexible. Any changes to this policy will be disclosed in subsequent reports.

Executive directors are entitled to accept appointments outside the Company so long as the Company's permission is sought. The Company's policy is that any fees payable to full-time executive directors are shared with the Company.

Basic salary

Executive directors' salaries are determined by the committee and generally take effect from the start of each financial year. Before setting such remuneration, the committee considers pay conditions in the Group as a whole, individual performance and research which gives up to date information on remuneration policies adopted by similar companies.

Basic salaries for the current executive directors during the Year were: Chief Executive Officer £315,000 and the Chief Financial Officer £215,000. Further details of directors' remuneration appear in the audited part of this report.

The Committee resolved in July 2014 to review Executive directors' base salaries for the forthcoming financial year. Following this review it was accordingly resolved to increase the basic salaries for the current executive directors to the following: Chief Executive Officer £335,000 and the Chief Financial Officer £225,000. The next review is scheduled to take place in or around June 2015.

Executive directors' contracts of service (which include details of their remuneration) will be available for inspection at the Annual General Meeting.In addition to their basic salary, executive directors receive certain benefits comprising a car and fuel card (or cash allowance in lieu), private medical, life, critical illness and permanent health insurances and pension contributions (or cash in lieu of such contributions).

Annual bonus payments

All current executive directors are entitled to participate in the annual bonus scheme. The bonuses are payable subject to the achievement of challenging bonus targets which, for the current Year, were based on profit before taxation, operating cash flow, and ABI debtor days. The maximum bonus potential for meeting all of the targets is 100% of salary but the Remuneration Committee has discretion if some but not all targets are met. Bonus payments for the Year were paid in recognition of the attainment of all of the targets in relation to profit before taxation, operating cash flow and ABI debtor day targets.

The committee has set appropriately challenging bonus targets for the forthcoming year on adjusted profit before taxation, operating cash flow and ABI debtor days.

Share-based incentives

The Company's current share-based incentive arrangements under which it could make awards comprise only the 2013 Executive Share Incentive Scheme, the 2014 SAYE scheme and the B Share Incentive Scheme.

Details of share options granted to executive directors appear in the audited section of this report.

Pension arrangements

All current executive directors receive a fixed sum allowance (subject to annual review) to be used for personal money purchase schemes (or cash in lieu of such contributions).

Directors' contracts

In accordance with general practice, it is the Company's policy that all executive directors should have contracts with an indefinite term providing for a maximum notice period of up to one year. All executive directors have contracts which are subject to up to one year's notice.

Details of the executive directors' contracts are summarised below:

Name	Date of Appointment	Unexpired term
Martin Ward	08 April 2009	One year (rolling)
Stephen Oakley	18 October 2011	One year (rolling)

The executive directors' contracts have no express provision for the payment of compensation in the event of early termination. In the event of termination of an executive director's service contract, when determining the compensation payable to the executive director, it is the policy of the Committee to take account of the principles of mitigation of loss.

All non-executive directors have specific terms of engagement and are appointed subject to periodic re-election. Their fees are disclosed in the audited section of this report and are set by the Board as a whole. Non-executive directors cannot participate in any of the Company's share incentive schemes. Dates of the current non-executive directors' original letters of appointment are set out below:

Name	Date of appointment	Unexpired term
Avril Palmer-Baunack	28 September 2011	3 months notice (subject to re-election)
John Davies	01 December 2011	3 months notice (subject to re-election)
Mark McCafferty	01 March 2009	3 months notice (subject to re-election)

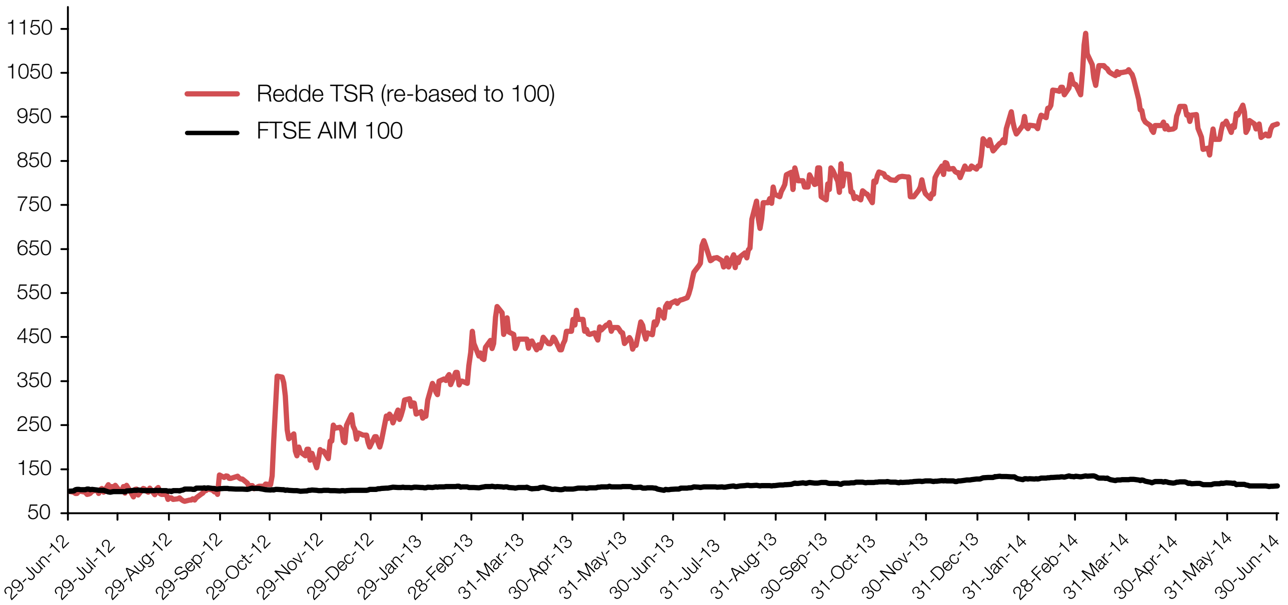
Governance continued

Directors' remuneration report continued

Performance graph

The following graph shows the Company's performance compared with the performance of the FTSE AIM 100 Index (measured by total shareholder return). This comparator has been selected as the most appropriate index of which the Company has been a constituent.

Redde's total shareholder return against the FTSE AIM 100 Index over the past 24 months



Audited information

Aggregate directors' remuneration

The total amounts for directors' remuneration and other benefits were as follows:

	2014 £'000	2013 £'000
Emoluments	**1,380**	1,553
Money purchase pension contributions	**114**	100
Total remuneration	**1,494**	1,653

Directors' emoluments

Executive Directors	**Fees/Basic salary £'000**	**Bonus £'000**	**Taxable benefits £'000**	**Sub-Total 2014 £'000**	**Pension 2014 £'000**	**Total 2014 £'000**	Sub-Total 2013 £'000	Pension 2013 £'000	Total 2013 £'000
M Ward	**315**	**315**	**15**	**645**	**68**	**713**	615	60	675
S Oakley	**215**	**215**	**12**	**442**	**46**	**488**	412	40	452
	530	**530**	**27**	**1,087**	**114**	**1,201**	1,027	100	1,127
Non-Executive Directors:									
A Palmer-Baunack	**200**	**–**	**–**	**200**	**–**	**200**	400	–	400
M McCafferty	**48**	**–**	**–**	**48**	**–**	**48**	48	–	48
S Poulton (resigned 9 November 2012)	**–**	**–**	**–**	**–**	**–**	**–**	33	–	33
J Davies	**45**	**–**	**–**	**45**	**–**	**45**	45	–	45
Total emoluments	**823**	**530**	**27**	**1,380**	**114**	**1,494**	1,553	100	1,653

All executive directors during the year were members of personal money purchase schemes. Payments made by the Group in respect of pensions for such directors were as above.

Directors' share options

The aggregate emoluments disclosed do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by directors. The directors do not hold any HM Revenue & Customs approved options. Details of the directors' options under the various share incentive schemes are as follows:

2013 Executive Incentive Scheme

Name	Options held at 01 July 2013 '000	Options granted in the year '000	Options exercised in the year '000	Options surrendered in the year '000	**Options held at 30 June 2014 '000**	Exercise price (pence)	Date from which exercisable	Expiry date
M Ward (2013 Scheme)	1,382	–	–	–	**1,382**	20.0*	See below	30/06/2017
S Oakley (2013 Scheme)	691	–	–	–	**691**	20.0*	See below	30/06/2017

*Present price is subject to future adjustments for events as defined under the scheme - see note 22.

The above numbers have been adjusted to take account of the 1 for 10 share consolidation that took place on 23 May 2014. The outstanding options are exercisable in tranches, on the achievement of various events as detailed in note 22.

B share Incentive Scheme

Martin Ward and Stephen Oakley have interests in 6,940,606 and 3,470,304 B Shares respectively under the B Share Incentive Scheme the terms of which are detailed in note 22. The number of shares have been adjusted to take account of the 1 for 10 share consolidation that took place on 23 May 2014.

Sharesave Scheme

Details of the directors' options under the 2014 SAYE Scheme are as follows:

Name	Options held at 01 July 2013 '000	Options granted in the year '000	Options exercised in the year '000	Options surrendered in the year '000	**Options held at 30 June 2014 '000**	Exercise price (pence)	Date from which exercisable	Expiry date
M Ward	–	37	–	–	**37**	48.3	01/08/2017	01/02/2018
S Oakley	–	37	–	–	**37**	48.3	01/08/2017	01/02/2018

By order of the Board

Mark McCafferty
Chairman of the Remuneration Committee on its behalf
3 September 2014

Statement of Directors' responsibilities

in respect of the Annual Report and financial statements

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

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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 Group and Parent Company and of their profit or loss for that period.

In preparing each of the Group and Parent Company 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent 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 Group and to prevent and detect 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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

to the members of Redde plc

We have audited the financial statements of Redde plc for the year ended 30 June 2014 set out on pages 26 to 67. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Statement of Directors' responsibilities set out on page 24, 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.

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 30 June 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Campbell-Orde, Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants,
100 Temple Street,
Bristol,
BS1 6AG,
United Kingdom
3 September 2014

Consolidated income statement

for the year ended 30 June 2014

Continuing Operations	Note	**Year ended 30 June 2014 Adjusted* £'000**	**Year ended 30 June 2014 Exceptional items £'000**	**Year ended 30 June 2014 £'000**	Year ended 30 June 2013 Adjusted* £'000	Year ended 30 June 2013 Exceptional items £'000	Year ended 30 June 2013 £'000
Revenue	3	**197,419**	**–**	**197,419**	204,767	–	204,767
Cost of sales		**(145,227)**	**–**	**(145,227)**	(158,636)	–	(158,636)
Gross profit		**52,192**	**–**	**52,192**	46,131	–	46,131
Administrative expenses	4	**(40,584)**	**(1,360)**	**(41,944)**	(38,170)	(4,925)	(43,095)
Group operating profit	5	**11,608**	**(1,360)**	**10,248**	7,961	(4,925)	3,036
Share of results of associates	13	**53**	**–**	**53**	–	–	–
		11,661	**(1,360)**	**10,301**	7,961	(4,925)	3,036
Other income	4	**–**	**–**	**–**	–	33,738	33,738
Net finance income / (costs)	4,7	**217**	**–**	**217**	(3,651)	(697)	(4,348)
Profit before taxation		**11,878**	**(1,360)**	**10,518**	4,310	28,116	32,426
Tax credit	8	**4,232**	**–**	**4,232**	3,891	–	3,891
Profit for the year		**16,110**	**(1,360)**	**14,750**	8,201	28,116	36,317
Profit for the year attributable to:							
Equity holders of the Company		**16,179**	**(1,360)**	**14,819**	8,201	28,116	36,317
Non controlling interests		**(69)**	**–**	**(69)**	–	–	–
Profit for the year		**16,110**	**(1,360)**	**14,750**	8,201	28,116	36,317
Earnings per share (p)							
Basic	10	**7.47**	**(0.63)**	**6.84**	12.54	43.01	55.55
Diluted	10	**6.48**	**(0.55)**	**5.93**	10.51	36.05	46.56

* Adjusted profit excludes the impact of those items described as exceptional, as set out in note 4.

The above earnings per share have been adjusted to take account of the effects of the 1 for 10 share consolidation that took place on 23 May 2014.

Consolidated statement of comprehensive income

for the year ended 30 June 2014

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Profit for the year	**14,750**	36,317
Other comprehensive income	**–**	–
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**14,819**	36,317
Non controlling interests	**(69)**	–
Total comprehensive income for the year	**14,750**	36,317

Consolidated statement of changes in equity

for the year ended 30 June 2014

	Share capital Note 20 £'000	Share premium account Note 20 £'000	Retained earnings £'000	Total £'000	Non Controlling Interest £'000	Total £'000
Balance at 01 July 2012	16,567	107,103	(113,164)	10,506	–	10,506
Profit for the year	–	–	36,317	36,317	–	36,317
Total comprehensive income for the year	–	–	36,317	36,317	–	36,317
Issue of Ordinary Shares	123	33,736	–	33,859	–	33,859
Issue of B Shares	10	–	–	10	–	10
Expenses on issue of Ordinary Shares	–	(3,808)	–	(3,808)	–	(3,808)
Transfer on exchange of debt for equity	–	33,738	(33,738)	–	–	–
Cancellation of Deferred Shares	(16,534)	–	16,534	–	–	–
Cancellation of share premium account	–	(170,769)	170,769	–	–	–
Credit to equity for equity settled share-based payments	–	–	124	124	–	124
Balance at 30 June 2013	**166**	**–**	**76,842**	**77,008**	**–**	**77,008**
Profit for the year	–	–	14,819	14,819	(69)	14,750
Total comprehensive income for the year	–	–	14,819	14,819	(69)	14,750
Issue of Ordinary Shares	117	60,253	–	60,370	–	60,370
Expenses on issue of Ordinary Shares	–	(2,449)	–	(2,449)	–	(2,449)
Dividends paid in the year	–	–	(8,468)	(8,468)	–	(8,468)
Credit to equity for equity settled share-based payments	–	–	883	883	–	883
Balance at 30 June 2014	**283**	**57,804**	**84,076**	**142,163**	**(69)**	**142,094**

Consolidated statement of financial position

as at 30 June 2014

	Note	2014 £'000	2013 £'000
Non-current assets			
Goodwill	*11*	**59,231**	18,950
Property, plant and equipment (including vehicles)	*12*	**20,075**	16,811
Interests in associates	*13*	**56**	–
Deferred tax asset	19	**9,200**	5,150
		88,562	40,911
Current assets			
Trade and other receivables	*14*	**82,766**	77,561
Assets held for sale		**–**	4,830
Cash and cash equivalents		**58,338**	21,199
		141,104	103,590
Total assets		**229,666**	144,501
Current liabilities			
Trade and other payables	*15*	**(56,939)**	(40,529)
Deferred consideration	*24*	**(6,679)**	–
Obligations under finance leases	*16*	**(7,912)**	(7,329)
Short-term borrowings	*17*	**(350)**	(2,919)
Short-term provisions	18	**(2,447)**	(2,005)
		(74,327)	(52,782)
Net current assets		**66,777**	50,808
Non-current liabilities			
Deferred consideration	*24*	**(3,200)**	–
Long-term borrowings	*17*	**–**	(4,712)
Obligations under finance leases	16	**(8,519)**	(5,108)
Deferred tax liability	19	**(297)**	–
Long-term provisions	18	**(1,229)**	(4,891)
		(13,245)	(14,711)
Total liabilities		**(87,572)**	(67,493)
Net assets		**142,094**	77,008
Equity			
Share capital	*20*	**283**	166
Share premium account	*20*	**57,804**	–
Retained earnings		**84,076**	76,842
Equity attributable to owners of the company		**142,163**	77,008
Non Controlling Interests		**(69)**	–
Total Equity		**142,094**	77,008

The notes on pages 30 to 57 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 3 September 2014. They were signed on its behalf by:

Stephen Oakley
Chief Financial Officer
3 September 2014
Company Number 03120010

Consolidated statement of cash flows

for the year ended 30 June 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Cash flows from operating activities					
Profit for the year		**14,750**		36,317	
Tax credit		**(4,232)**		(3,891)	
Income from associates		**(53)**		–	
Exceptional credit arising on debt for equity swap	*6*	**–**		(33,738)	
Finance (income) / costs	*7*	**(217)**		4,348	
Fleet finance lease interest	*7*	**772**		1,835	
Depreciation, amortisation and impairment charges	25	**3,898**		10,496	
Losses on sale of property, plant and equipment		**414**		270	
Share-based payment charges		**883**		124	
EBITDA		**16,215**		15,761	
Decrease in receivables		**10,522**		30,349	
Increase / (decrease) in payables		**1,847**		(8,955)	
Decrease in provisions		**(3,220)**		(1,751)	
Cash generated from operating activities			**25,364**		35,404
Bank interest received		**292**		20	
Bank and loan interest paid		**(93)**		(2,315)	
Fleet finance lease interest		**(733)**		(1,835)	
Interest element of non-fleet finance lease rentals		**(22)**		(38)	
			(556)		(4,168)
Taxation paid			**–**		(78)
Net cash from operating activities			**24,808**		31,158
Cash flows from investing activities					
Acquisitions of business combinations net of cash acquired		**(23,479)**		–	
Distributions from associates		**42**		–	
Purchase of property, plant and equipment		**(852)**		(2,511)	
Proceeds from sale of plant and equipment		**13,183**		31,502	
Net cash (outflow)/ inflow from investing activities			**(11,106)**		28,991
Cash flows from financing activities					
Proceeds from issue of share capital		**60,370**		25,648	
Expenses of share issue		**(2,449)**		(3,373)	
Dividends paid		**(8,468)**		–	
Repayment of borrowings		**(15,416)**		(25,776)	
Loan issue costs		**–**		(984)	
Finance lease principal repayments		**(10,600)**		(36,547)	
Net cash received /(used) in financing activities			**23,437**		(41,032)
Net increase in cash and cash equivalents	25		**37,139**		19,117
Cash and cash equivalents at beginning of year			**21,199**		2,082
Cash and cash equivalents at end of year	*25*		**58,338**		21,199
Cash and cash equivalents consist of:					
Cash at bank and in hand			**58,338**		21,199

Notes to the consolidated financial statements

1 Significant accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, in accordance with International Financial Reporting Standards (IFRSs) adopted in compliance with Article 4 of the EU IAS Regulation.

Adoption of new and revised Standards

There are no newly adopted standards that have a material impact upon the accounts.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 30 June each year.

The results of entities acquired or disposed of during the period are included in the Consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate. Where necessary, adjustments are made to the financial statements of controlled entities to bring the accounting policies used into line with those used by the Group. All intra Group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group has adequate resources to continue in operational existence for the foreseeable future. Full details can be found in the Group Strategic Report on page 12.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate 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 (for acquisitions prior to the implementation of IFRS3), any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS3 are recognised at their fair value at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Interest in Associates

The Group's interests in associates, being those entities over which it has significant influence and which are not subsidiaries, are accounted for using the equity method of accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Under the equity method, the interest in associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less distributions received and less any impairment in the value of individual investments. The Group income statement reflects the share of the associate's results after tax.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated losses for impairment. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, each cash generating unit is allocated goodwill and is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1 Significant accounting policies continued

Revenue recognition

Revenue relating to car hire, repair and claims management services is measured at the fair value of the consideration receivable (after expected discounts), net of VAT and other sales taxes. Revenue is recognised when services are provided, including an appropriate proportion of any services that are in progress at the reporting date. It is recognised only when it can be estimated reliably. Where more than one service is provided under a single arrangement, the consideration receivable is allocated to the identifiable services based on their relative fair values.

Credit hire revenue is recognised from the date a vehicle is placed on hire. Vehicles are only supplied and remain on hire after a validation process that assesses to the Group's satisfaction that liability for the accident rests with another party. The rates used are based on daily commercial tariffs for particular categories of vehicles and are accrued on a daily basis, by claim, after adjustment on a portfolio basis for an estimation of the extent to which insurers are entitled or expected to take advantage of early settlement discounts afforded under the terms of the ABI GTA, and an estimation of the expected adjustment arising on the settlement of claims.

Revenue recognised initially equates to the amount payable to the Group at the completion of the hire transaction. The Group also has an entitlement to late payment charges where claims are not settled within the timeframes supported by the ABI GTA. Such charges are not recognised at the time of the hire transaction as they have not been earned; rather they are recognised when they can be reliably determined, which is normally on settlement of the related claim.

Credit repair revenue represents income from the recovery of the costs of repair of customers' vehicles carried out by third party body shops. Credit repair revenue is recognised based on an estimate of the stage of completion of the repair services at the reporting date. Credit repair revenue is reported net of an estimation of the expected adjustment arising on settlement of claims. The Group records credit repair revenue on a gross basis as this best reflects the economic benefits that are received or receivable by the Group on its own account.

Revenue in respect of legal services represents amounts chargeable, net of value added tax, in respect of legal services to customers. Turnover in respect of cases which are contingent upon future events which are outside the control of the Group, is not recognised until the contingent event has occurred. Accrued income in relation to legal services is valued at the lower of cost and net realisable value, after due regard to non recoverable time. Net realisable value is based on chargeable time less any anticipated write offs prior to completion. No value is placed on work in progress in respect of contingent fee cases where there is insufficient certainty as to the outcome of the cases to justify the recognition of an asset. Prior to 1 April 2013 legal income represented commission received by the Group for referral to a third party solicitor of cases where the customer has an apparent right to compensation, predominantly for personal injury. Legal commission was recorded, exclusive of VAT or other sales taxes, upon the provision of the referral to the third party. Following the ban on personal injury referral fees on 1 April 2013 the Group ceased to receive any referral fee income in respect of personal injury cases referred to solicitors.

Expected adjustment arising on settlement of claims

By their very nature, claims against motor insurance companies or self-insuring organisations can be subject to dispute. As described above, the Group records revenue net of the expected adjustment arising on the settlement of claims, which reflects the Group's estimate of the amounts claimed from insurers that it does not expect to be ultimately recoverable.

The Group's estimation of the expected adjustments arising on settlement of claims is calculated with reference to a number of factors, including the Group's historical experience of collection levels, its anticipated collection profiles and analysis of the current profile of the claims against insurance companies. Although in principle this is determined by reference to individual cases, in practice the homogenous nature of most claims means that the level of adjustment is calculated by reference to specific categories of claim.

Insurance policy income

Insurance policy income represents commission received by the Group for broking the sale of legal expenses insurance policies to its customers. Insurance policy commission income is recognised on completion of the sale of the policy to the customer.

Other accident management related activities

Other accident management activities represent ancillary revenue streams, including hire of vehicles other than on a credit hire basis and the provision of out-sourced fleet accident management services. Revenue for other accident management activities is recorded at the fair value of the consideration received or receivable, net of discounts, VAT and other sales related taxes.

Notes to the consolidated financial statements
continued

1 Significant accounting policies continued

Trade receivables and claims in progress

Credit hire and credit repair

Credit hire and credit repair trade receivables and claims in progress are stated at the expected net claim value, which is after allowance, on a portfolio basis, for an estimation of the extent to which insurers are entitled or expected to take advantage of settlement arrangements afforded under bi-lateral protocol agreements or the terms of the ABI GTA and an estimation of the expected adjustments arising on the settlement of claims. The estimation of the expected adjustment arising on settlement of claims is revised, on a portfolio basis, at each balance sheet date to reflect the Group's most recent estimation of amounts ultimately recoverable. Any adjustments arising from such subsequent revision of the Group's expected adjustments on the settlement of claims is recorded in the income statement against revenue.

Other trade receivables

Other trade receivables are stated at invoiced amount less any provision for impairment.

Operating profit

Operating profit is stated after charging administrative costs and costs of vehicle financing but before non-vehicle finance costs, so that the costs of vehicles are recognised consistently in the income statement, regardless of whether they are owned, subject to finance lease or short-term hire.

Exceptional items

Exceptional items are items which due to their size, incidence or non recurring nature have been classified separately in order to draw them to the attention of the reader of the accounts and, in the opinion of the Board, to show more accurately the underlying results of the Group. Such items are disclosed separately on the face of the consolidated income statement.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred. Associated funding costs relevant to the Group's borrowings are recognised as part of the effective interest calculation over the life of the financial liability.

Retirement benefit costs

The Group contributes to the personal pension plans of employees at a fixed percentage of basic earnings. The cost is charged to the income statement as the contributions fall due. The Group has no defined benefit arrangements.

Taxation

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes 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 balance sheet date.

1 Significant accounting policies continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Non-hire fleet

Freehold buildings	2%
Leasehold improvements	over the term of the lease
Fixtures and equipment	15% to 33.33%
Hire fleet	see below

Non-hire fleet assets held under finance leases are depreciated over the shorter of their expected useful lives on the same basis as owned assets or over the term of the relevant lease.

Hire fleet

Fleet vehicles are depreciated to write down the cost of the vehicles to their estimated residual value over the expected holding period which is typically between 12 and 24 months. Residual value is based on current estimates of the net disposal value of the vehicle as if the vehicle were already of the age and in the condition expected at the date of disposal. Management review these estimates at each reporting date by reference to publicly available data on second-hand vehicle sales. The depreciation charge is adjusted prospectively to reflect movements in the residual value.

Impairment of tangible and intangible assets

At each balance sheet date the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the assets.

Notes to the consolidated financial statements
continued

1 Significant accounting policies continued

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying 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 as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use and are measured at the lower of carrying amount and fair value less costs to sell. This condition is regarded as having been met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Financial instruments

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of financial assets is reduced by the impairment losses directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a doubtful debt or settlement provision. Subsequent recoveries of amounts previously written off are credited against these provisions. Changes in the carrying amount of these provisions are recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and any other short-term highly liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of changes in value.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

1 Significant accounting policies continued

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate risk where considered appropriate. Further details of derivative instruments are disclosed in note 23 to the financial statements. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently measured at their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees. These payments are measured at fair value (excluding the effects of non market-based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

For options, fair value is measured by use of the Black-Scholes option pricing model or another appropriate model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. For other long-term incentive schemes under which shares are awarded to directors and employees subject to performance conditions, the fair value is determined to be the market price of the shares at the date of grant. However, for awards that are subject to market-based performance conditions a Stochastic Model is used, which applies the performance condition to a large number of possible price movements and uses the average result to estimate the fair value of an award.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies described above, the directors are required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these 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 the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgments affecting the Group's financial statements are depreciation of the vehicle fleet (note 12), expected adjustments arising on settlement of insurance claims (note 14) and goodwill impairment (note 11).

2 Segmental information

The activities of the Group are managed by the executive board which is deemed to be the Chief Operating Decision Maker as a single operating platform. The entities within the Group contribute as part of the whole operation of the Group to provide services for the core business. The Board of Redde plc considers the performance of the business by reference to contributions from all activities of the Group as a whole, and reviews requirements of the total Group when determining allocations of resources. IFRS8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board in order to allocate resources to the segment and to assess its performance. The Group continues to identify that there is a single operating, and therefore reportable, segment being that of accident management and consequential related services, conducted in the United Kingdom.

Notes to the consolidated financial statements
continued

3 Revenue

	2014 £'000	2013 £'000
Revenue	**197,419**	204,767

As described in note 14, the estimation of the expected adjustment arising on settlement of claims is revised, where necessary, at each balance sheet date to reflect the Group's most recent estimation of amounts ultimately recoverable. Although in principle this is determined by reference to individual cases, in practice the homogenous nature of most claims means that the level of adjustment is calculated by reference to specific categories of claims. Adjustments arising from subsequent revision of the Group's expected adjustment arising on settlement of claims, including amounts received by way of late payment charges, are recorded in revenue in the income statement.

4 Exceptional items

Exceptional items are items which due to their size, incidence or non recurring nature have been classified separately in order to draw them to the attention of the reader of the accounts and, in the opinion of the Board, to show more accurately the underlying results of the Group. Such items are disclosed separately on the face of the consolidated income statement.

	2014 £'000	2013 £'000
Exceptional items comprise the following charges / (credits):		
a) Surplus property restructuring net (credit) / costs	**(462)**	4,210
b) Acquisition costs	**939**	–
c) Share-based payments charge	**883**	124
d) Financial and share restructuring costs	**–**	342
e) Operational restructuring costs and associated charges	**–**	249
Impact on operating profit	**1,360**	4,925
f) Other income - credit on capital restructuring	**–**	(33,738)
g) Finance costs	**–**	697
Impact on profit before tax	**1,360**	(28,116)
Tax effect of exceptional items	**–**	–
Impact on profit for the financial year	**1,360**	(28,116)

a) Surplus property restructuring net (credit) / costs

The net credit for 2014 of £0.5m is in respect of the reassessment of the liability and related provisions for onerous leases net of provisions no longer required in respect of leases disposed of during the year. In 2013 a charge of £4.2m was made to reflect the actual or anticipated costs of exit by way of disposal of a total of five freehold properties together with certain adjustments in respect of provisions for onerous leases. Freehold properties unsold at the 2013 year end were shown under the heading "Assets held for sale" in current assets on the statement of financial position. The tax effect of this exceptional charge is £nil (2013: £nil).

b) Acquisition costs

In accordance with the requirements of IFRS3, acquisition costs, mostly relating to legal and professional fees incurred during the acquisition of the NewLaw group of companies and amounting to £0.9m (2013: £nil) have been expensed.

c) Share-based payments charge

Ancillary to the share placing completed on 28 March 2013 certain new share incentive schemes were subsequently approved by shareholders and new options issued to certain directors and staff in April 2014 and July 2014 respectively. In accordance with IFRS2 the calculated charge in respect of these options amounts to £0.9m for the year (2013: £0.1m).

d) Financial and share restructuring costs

The charge of £0.4m for last year represents certain legal and professional costs and ancillary expenses incurred in respect of the share placing that was completed on 28 March 2013 that under the Companies Act could not be charged against share premium account and have consequently been expensed.

4 Exceptional items continued

e) Operational restructuring costs and associated charges

As part of the rationalisation of certain of the Group's operations undertaken last year consequential redundancy costs of £0.2m were incurred in 2013.

f) Other income - credit on capital restructuring

In 2013 the Company raised equity finance and used the net proceeds, together with an issue of new shares to the banks, to settle in full the Group's senior debt facilities. As required by accounting standards (IFRIC19) a credit of £33.7m was recognised in the income statement as the difference between the carrying value of the bank debt extinguished as a result of the share placing and debt conversion announced on 28 February 2013, and the fair value of the shares issued to the banks as part of these arrangements. To comply with the requirements of UK company law a reserves transfer of £33.7m in respect of this technical accounting gain was made between retained earnings into share premium account.

g) Finance costs

The elimination of much of the historical corporate debt of the Group consequential upon the completion of the share placing in March 2013 necessitated the write off in 2013 of bank fees paid and unamortised and amounting to £0.7m in relation to facilities that otherwise would have had expired after 30 June 2013.

5 Operating profit

	2014 £'000	2013 £'000
Operating profit has been arrived at after charging:		
Depreciation of property, plant and equipment		
owned	**1,101**	1,519
leased	**2,797**	5,531
Impairment of property, plant and equipment	**–**	3,446
Loss on sale of property, plant and equipment	**414**	270
Operating lease rentals		
vehicles	**15,101**	12,639
property	**1,822**	1,184

Details of auditors' remuneration is provided below:

	2014 £'000	%	2013 £'000	%
Audit services				
Statutory audit of Group and company financial statements	**70**	**17**	68	25
Statutory audit of Group subsidiaries pursuant to legislation	**80**	**20**	68	25
Additional fees related to the prior year statutory audit of Group subsidiaries pursuant to legislation	**–**	**–**	7	2
Audit-related regulatory reporting *	**25**	**6**	25	9
Other **	**1**	**0**	8	3
	176	**43**	176	64
Other services				
Working capital report in relation to share issue	**–**	**–**	99	36
Accounting and tax due diligence on acquisitions	**226**	**57**	–	–
Total auditor's remuneration	**402**	**100**	275	100

* Interim review
** Regulatory assistance and other assistance

Notes to the consolidated financial statements
continued

6 Staff costs

	2014 Number	2013 Number
The average number of full time equivalent employees (including Executive Directors) was:		
Operational	**925**	939
Office administration	**152**	150
Management	**105**	107
	1,182	1,196

	2014 £'000	2013 £'000
Their aggregate remuneration comprised:		
Wages and salaries	**27,094**	25,056
Social security costs	**2,142**	1,936
Other pension costs	**414**	349
	29,650	27,341
Share-based payments charge	**883**	124
	30,533	27,465

Wages and salaries includes £nil (2013: £0.2m) in respect of exceptional redundancy severance costs (note 4). The full time equivalent number of employees at the year end was 1,445 (2013: 1,124) the net increase being largely due to the acquisition of the NewLaw group of companies on 28 February 2014 (note 23). Key management personnel and their remuneration are discussed in the Directors' remuneration report.

7 Finance income and finance costs

	2014 £'000	2013 £'000
a) Finance income		
Interest receivable	**(292)**	(20)
b) Finance costs		
Interest on bank overdrafts and loans	**58**	2,888
Interest on obligations under finance leases	**755**	1,873
Loan issue costs charged in the year	**34**	745
	847	5,506
Reclassification of interest on obligations under finance leases and fleet facilities to cost of sales	**(772)**	(1,835)
Finance costs payable before exceptional costs	**75**	3,671
Net finance (income) / costs payable before exceptional costs	**(217)**	3,651
c) Exceptional Finance Costs		
Bank loan arrangement fees written off (note 4)	**–**	697
Total finance (income) / costs	**(217)**	4,348

8 Tax

	2014 £'000	2013 £'000
Current tax		
UK corporation tax on profit for the year	**–**	–
Adjustments in respect of prior years	**438**	270
Total current tax credit	**438**	270
Deferred tax		
Previously unrecognised tax losses	**4,722**	3,652
Origination and reversal of temporary differences	**(256)**	68
Adjustments in respect of prior years	**–**	–
Impact of change in tax rate	**(672)**	(99)
Tax credit on profit on ordinary activities	**4,232**	3,891

	2014 £'000	2013 £'000
Reconciliation of tax credit		
Profit for the year	**14,750**	36,317
Tax credit	**(4,232)**	(3,891)
Profit before tax	**10,518**	32,426
Tax at the weighted average UK corporation tax rate of 22.5% (2013: 23.75%)	**(2,362)**	(7,701)
Gain on debt for equity swap	**–**	8,013
Depreciation in excess of capital allowances	**1,090**	(1,638)
Recognition of deferred tax asset	**4,722**	3,720
Adjustment in relation to prior periods	**438**	270
Impact of change in tax rate on recognised deferred tax	**(672)**	(99)
Tax effect of expenses that are not deductible in determining taxable profit	**(602)**	(977)
Tax effect of utilisation of tax losses not previously recognised	**1,618**	2,303
Tax credit for the year	**4,232**	3,891

The weighted average tax rate of 22.5% reflects the reduction in the UK main corporation tax rate from 23.0% to 21.0% from 01 April 2014.

The tax credit for the year arises due to an increased recognition of the deferred tax asset relating to prior period losses and a refund due as a result of the resolution of prior period issues. The tax effect of exceptional items is detailed in note 4.

9 Dividends

	2014 £'000	2013 £'000
Special dividend for 2013 of 1.65 pence paid on 24 July 2013	**2,577**	–
First interim dividend for 2014 of 1.10 pence paid on 25 October 2013	**1,729**	–
Second interim dividend for 2014 of 1.71 pence paid on 10 January 2014	**2,690**	–
Third interim dividend for 2014 of 0.54 pence paid on 27 March 2014	**1,472**	–
Total dividends paid in the period	**8,468**	–

The above dividends per share have been adjusted to take account of the effects of the 1 for 10 share consolidation that took place on 23 May 2014.

Notes to the consolidated financial statements
continued

10 Earnings per share

Basic earnings per share

The earnings per share and average number of ordinary shares have been adjusted to take account of the effects of the 1 for 10 share consolidation that took place on 23 May 2014. The calculation of the basic earnings per share at 30 June 2014 is based on the profit attributable to ordinary shareholders of £14,819,000 (2013: £36,317,000) and a weighted average number of ordinary shares outstanding of 216,727,173 (2013: 65,380,834) calculated as follows:

Profit attributable to ordinary shareholders

	Year ended 30 June 2014 Adjusted * £'000	**Year ended 30 June 2014 Exceptional items £'000**	**Year ended 30 June 2014 £'000**	Year ended 30 June 2013 Adjusted * £'000	Year ended 30 June 2013 Exceptional items £'000	Year ended 30 June 2013 £'000
Profit for the year	**16,179**	**(1,360)**	**14,819**	8,201	28,116	36,317

* Adjusted profit excludes the impact of those items described as exceptional, as set out in note 4

Weighted average number of ordinary shares

	2014 Number	2013 Number
In issue at 01 July	**156,163,636**	33,134,767
Effect of shares issued for cash on 26 March 2013	**–**	26,972,158
Effect of shares issued in satisfaction of share placing fees on 28 March 2013	**–**	447,811
Effect of shares issued in satisfaction of extinguishment of bank debt on 28 March 2013	**–**	4,826,098
Effect of shares issued in satisfaction of broker fees on 4 October 2013	**754,521**	–
Effect of shares issued for cash on exercise of executive share options on 4 November 2013	**41,683**	–
Effect of shares issued for cash on exercise of executive share options on 11 November 2013	**20,231**	–
Effect of shares issued for cash on 24 December 2013	**59,747,102**	–
Effect of shares issued for cash on 1 May 2014	**–**	–
Weighted average number of ordinary shares at 30 June	**216,727,173**	65,380,834

Diluted earnings per share

There is no difference between profit attributable to ordinary shareholders for basic and diluted earnings for share calculations. The calculation of the diluted earnings per share at 30 June 2014 is based on the profit attributable to ordinary shareholders of £14,819,000 (2013: £36,317,000) and a weighted average number of ordinary shares outstanding of 249,734,148 (2013: 78,007,839) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2014 Number	2013 Number
Weighted average number of ordinary shares (basic)	**216,727,173**	65,380,834
Effect of 2013 executive share options scheme shares in issue	**4,853,739**	1,226,272
Effect of B shares in issue	**10,409,036**	10,380,733
Effect of shares to be issued in satisfaction of fees payable in respect of placing fees payable	**–**	1,020,000
Deferred consideration shares	**16,242,390**	–
Effect of 2014 SAYE share option scheme shares in issue	**1,501,810**	–
Weighted average number of ordinary shares (diluted) at 30 June	**249,734,148**	78,007,839

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options and B share conversions was based on quoted market prices for the period during which the options and shares were outstanding.

11 Goodwill

	£'000
Cost	
At 01 July 2012 and 30 June 2013	73,268
Additions on acquisitions of business combinations (note 24)	40,281
At 30 June 2014	**113,549**
Accumulated impairment losses	
At 01 July 2012, 30 June 2013 and 30 June 2014	**(54,318)**
Net book value	
At 30 June 2014	**59,231**
At 30 June 2013	18,950

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business acquisition.

The Group tests goodwill annually for impairment or more frequently if there are indications that the goodwill might be impaired.

The recoverable amounts of CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group.

For the periods prior to the acquisition of the NewLaw group of companies the directors consider that there is one single CGU within the Group. As at 30 June 2014 the NewLaw group had not been integrated into the operations of the Group and therefore the goodwill arising on acquisition has been allocated to its own separate CGU until such time as the business has been integrated. This is intended to be achieved during the next year.

The allocation of Goodwill allocated to the Group's CGUs, is shown in the table below:

	2014 £'000	2013 £'000
Redde Group (excluding NewLaw group of companies)	**18,950**	18,950
NewLaw group of companies	**40,281**	–
	59,231	18,950

For the purposes of testing the value of goodwill of all CGUs for impairment the Group has prepared forecasts, for periods of up to 5 years which have looked at short to medium term factors relevant to the CGUs in the Group, including macro economic issues, anticipated industry growth forecasts, changes to selling prices and direct costs. Due to the economic and political factors affecting the industry in which the Group operates, the forecast has assumed a growth rate in cash from operating activities averaging 1.0% per annum over the forecast period. This rate does not exceed the average long-term growth rate for the relevant markets.

The forecasts have been used as the basis for the value in use calculation since these forecasts are considered to be sufficiently detailed and represent the best available information. As required by IAS36, a terminal value has been added to the forecasts with 0% growth assumed for the future years.

The pre-tax rate used to discount the forecast cash flows is 10.0% (2013: 11.4%). This has decreased from the 11.4% used for the single CGU in the previous year following a review of the changing risks of the Group and external market expectations.

The values derived from these have been compared to the carrying values of all of the CGUs which exclude borrowings and cash, to test goodwill for impairment. After review of the results of this test, the directors consider that there has been no impairment to any of the CGUs during the year (2013: £nil) and that there is headroom of £72.0m. If a discount rate of 0.5% higher or lower were used, with all other variables being constant, the headroom would increase or decrease by £9.0m.

Decisions as to the impairment of goodwill are a key source of estimation uncertainty and a critical accounting judgment.

Notes to the consolidated financial statements
continued

12 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Vehicle hire fleet £'000	Fixtures and equipment £'000	Total £'000
Cost					
At 01 July 2012	11,626	3,900	76,957	19,808	112,291
Additions	–	81	11,978	68	12,127
Disposals	(819)	(868)	(69,591)	(7,048)	(78,326)
Transferred to assets held for sale	(10,369)	–	–	–	(10,369)
At 30 June 2013	438	3,113	19,344	12,828	35,723
Additions	–	10	14,648	371	15,029
Disposals	–	–	(12,186)	(498)	(12,684)
On acquisitions of business combinations	–	–	–	898	898
At 30 June 2014	**438**	**3,123**	**21,806**	**13,599**	**38,966**
Accumulated depreciation and impairment					
At 01 July 2012	(2,195)	(3,492)	(36,046)	(18,774)	(60,507)
Charge for the year	(211)	(50)	(6,275)	(514)	(7,050)
Impairment charge	(3,446)	–	–	–	(3,446)
Disposals	271	866	38,355	7,060	46,552
Transferred to assets held for sale	5,539	–	–	–	5,539
At 30 June 2013	(42)	(2,676)	(3,966)	(12,228)	(18,912)
Charge for the year	(20)	(58)	(3,325)	(495)	(3,898)
Disposals	–	–	3,421	498	3,919
At 30 June 2014	**(62)**	**(2,734)**	**(3,870)**	**(12,225)**	**(18,891)**
Carrying amounts					
At 30 June 2014	**376**	**389**	**17,936**	**1,374**	**20,075**
At 30 June 2013	396	437	15,378	600	16,811
Leased assets included above:					
At 30 June 2014	**–**	**–**	**16,491**	**294**	**16,785**
At 30 June 2013	–	28	12,089	235	12,352

In 2013 the Board implemented a strategic decision to dispose of all of the properties formerly occupied by the Group that were either empty, substantially empty or subject to sub-lets. As a result five freehold properties were reclassified to assets held for sale at their then estimated market value. Two properties were sold during the financial 2013 year and the remaining three sold during the 2014 financial year. The impairment charge for the financial year 2013 is included in the exceptional expenses disclosed in note 4.

The depreciation on the vehicle hire fleet represents a critical judgment made by the directors. The Group operates a large fleet of hire vehicles. Depreciation on these vehicles is intended to reduce the carrying value of the vehicles to their expected residual value at disposal. However, the residual value attributable is dependent on conditions present in the future and is subject to movements in the market for nearly-new vehicles. As such, this area is inherently judgmental and is a key source of estimation uncertainty.

The cost of the land element of freehold property is not separable from the cost of the freehold buildings.

13 Associates

The Group's interest in associates comprises of minority participations in four Limited Liability Partnerships ("LLP") registered and situated in the United Kingdom. All of the LLPs are engaged in the processing of legal claims and are regulated by the Solicitors Regulation Authority. The LLPs are businesses over which the Group is deemed to have significant influence over but does not control.

	2014 £'000	2013 £'000
Carrying amount of interests in associates	**56**	–
Group's share of:		
Profit from continuing operations	**53**	–
Other Comprehensive Income	**–**	–
Total share of profits	**53**	–

The accounting period ends of the associated companies consolidated in these financial statements range from 30 September to 31 December. The accounting period end dates of the associates are different from the Group as they are more aligned to the accounting reference dates of the majority partners. The above information has been obtained from management accounts of the entities concerned for the period ending 30 June 2014.

14 Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables – claims due from insurance companies and self insuring organisations	**59,311**	67,092
Trade receivables – amounts invoiced for services	**3,326**	2,068
Trade receivables	**62,637**	69,160
Other receivables including amounts due from associates	**177**	87
Accrued income	**999**	1,713
Total receivables for purposes of calculating debtor days	**63,813**	70,960
Disbursements recoverable in legal businesses	**11,964**	–
Amount due from associates	**24**	–
Taxation recoverable	**214**	–
Prepayments	**6,751**	6,601
	82,766	77,561

The Group's debtor days at 30 June 2014 were 108. Excluding debtors relating to the NewLaw group of companies that were acquired on 28 February 2014, debtor days at 30 June 2014 were 118 days (2013: 126 days). This measure is based on net trade receivables, other receivables and accrued income as a proportion of the related revenue multiplied by 365 days.

a) Claims due from insurance companies

Claims due from insurance companies are stated at the expected net claim value, which is stated after allowance, for an estimation of the extent to which insurers are entitled or expected to take advantage of settlement arrangements afforded under the ABI GTA, and an estimation of other expected adjustments arising on settlement of claims.

Where necessary the estimation of the expected adjustment arising on settlement of claims is revised, at each balance sheet date, to reflect the Group's most recent estimation of amounts ultimately recoverable. The estimation of the expected adjustment arising on settlement of claims represents a critical judgment made by the directors.

The Group's estimation of the expected adjustment arising on settlement of claims is calculated with reference to a number of factors, including the Group's historical experience of collection levels, its anticipated collection profiles and analysis of the current profile of the portfolio of cases.

14 Trade and other receivables (continued)

Settlement risk arises on claims due from insurance companies due to their magnitude and the nature of the claims settlement process. The Group recovers its charges for vehicle hire and the cost of repair of customers' vehicles from the insurer of the at-fault party to the associated accident or, in a minority of claims, from the at-fault party direct where they are a self-insuring organisation. However, by their very nature, claims due from motor insurance companies can be subject to dispute which may result in subsequent adjustment to the Group's original estimate of the amount recoverable.

The Group manages this risk by ensuring that vehicles are only supplied and remain on hire and repairs to customers' vehicles are carried out after a validation process that ensures to the Group's satisfaction that liability for the accident rests with another party. In the normal course of its business the Group uses three principal methods to conclude claims: through the use of bi-lateral protocol agreements, by negotiation with the insurer of the at-fault party mainly under the terms of the ABI General Terms of Agreement and where a claim fails to settle and negotiations have been fruitless, by litigation. The vast majority of these claims settle before or on the threat of litigation, but where they do not, formal proceedings are issued.

In view of the tripartite relationship between the Group, its customer and the at-fault party's insurer and the nature of the claims process, claims due from insurance companies do not carry a contractual 'due date', nor does the expected adjustment arising on settlement of trade receivables represent an impairment for credit losses. The circumstances of the insurance companies with which the Group deals are currently such that no provision for credit risk is considered necessary and so the disclosures required by IFRS7 on provision for credit loss are not provided.

Instead the directors review claims due from insurance companies according to the status of the claim through the Group's in-house and solicitor panel processes. In particular, for claims sent to solicitors, management consider whether proceedings have formally been issued. The Group's strategy is that trade receivables should be transferred from the in-house to the solicitor process as early as appropriate in all the circumstances. Consideration is usually first given to this at around 120 days. An analysis of claims due from insurance companies based on these circumstances is given below.

	2014 £'000	**%**	2013 £'000	%
Pending claims	**10,598**	**100**	7,933	100
Between 1 and 120 days old				
In-house	**18,523**	**100**	24,637	97
At solicitors				
Pre-issue	**58**	**–**	879	3
Proceedings issued	**–**	**–**	37	–
	18,581	**100**	25,553	100
More than 120 days old				
In-house	**20,585**	**69**	20,419	61
At solicitors				
Pre-issue	**7,321**	**24**	8,589	25
Proceedings issued	**2,226**	**7**	4,598	14
	30,132	**100**	33,606	100
Total				
Pending claims	**10,598**	**18**	7,933	12
In-house	**39,108**	**66**	45,056	67
At solicitors				
Pre-issue	**7,379**	**12**	9,468	14
Proceedings issued	**2,226**	**4**	4,635	7
	59,311	**100**	67,092	100

14 Trade and other receivables (continued)

Risk is spread primarily across the major UK based motor insurance companies in proportion to their respective share of the market. No credit insurance is taken out given the regulated nature of these entities. The Group does not have a significant concentration of credit risk, with exposure spread across a large number of counterparties as show in the table below:

Counterparty by size	2014 £'000	%	2013 £'000	%
Insurer 1	**4,331**	**7**	4,187	6
Insurer 2	**3,901**	**7**	3,999	6
Insurer 3	**3,897**	**7**	3,682	5
Insurer 4	**3,259**	**5**	3,639	5
Insurer 5	**2,869**	**5**	3,238	5
Other insurers	**41,054**	**69**	48,347	73
	59,311	**100**	67,092	100

b) Amounts invoiced for services

No interest is charged on receivables. The Group has provided for expected irrecoverable amounts specifically based on past default experience. The Group assesses the credit worthiness for each customer prior to commencing to trade with them. The largest customer represented 9% of the receivables at 30 June 2014 (2013: 15%). The most significant five customers represented 19% (2013: 51%) of receivables.

Included in this category of the Group's trade receivables balance are debtors with a carrying amount of £1.1m (2013: £1.0m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The cash collection period for these balances is normal for the industry.

Ageing of past due but not impaired receivables.

	2014 £'000	2013 £'000
30-60 days	**512**	58
60-90 days	**173**	84
90-120 days	**199**	123
More than 120 days	**243**	717
Total	**1,127**	982

The movement in the allowance for doubtful debtors was as follows:

	2014 £'000	2013 £'000
At beginning of year	**2,111**	2,145
Provision at acquisition	**308**	–
Impairment losses released	**(991)**	(34)
At end of year	**1,428**	2,111

The carrying amount of trade and other receivables is denominated in sterling. The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Notes to the consolidated financial statements
continued

15 Trade and other payables

	2014 £'000	2013 £'000
Trade payables	**20,893**	21,033
Other taxation and social security	**3,003**	3,889
Accruals and deferred income	**22,482**	15,344
Disbursements payable in legal businesses	**9,876**	–
Other creditors	**685**	263
	56,939	40,529

Trade payables represent amounts payable for goods and services. The average credit period taken for trade purchases is 34 days (2013: 32 days). The directors consider that the carrying amount of trade payables approximates to their fair value.

16 Obligations under finance leases

	2014 £'000	2013 £'000
Amounts payable under finance leases		
Within one year	**8,549**	7,482
In the second to fifth years inclusive	**8,909**	5,761
Less future finance charges	**(1,027)**	(806)
Present value of lease obligations	**16,431**	12,437
Present value of lease obligations		
Within one year	**7,912**	7,329
In the second to fifth years inclusive	**8,519**	5,108
Present value of lease obligations	**16,431**	12,437
Analysed as:		
Amounts due for settlement within 12 months	**7,912**	7,329
Amounts due for settlement after 12 months	**8,519**	5,108
Shown in current/non current liabilities	**16,431**	12,437

It is the Group's policy to lease certain of its fixtures, equipment and motor vehicles under finance leases. The average lease term is 2.3 years (2013: 2.3 years). For the year ended 30 June 2014 the average effective borrowing rate was 5.41% (2013: 6.36%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All lease obligations are denominated in sterling. The fair value of the Group's finance lease obligations approximates to their carrying value. The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

17 Other borrowings

	2014 £'000	2013 £'000
Bank loans	**–**	7,631
Other unsecured loans	**350**	–
	350	7,631

	2014 £'000	2013 £'000
The borrowings are repayable as follows:		
Within one year		
Bank loans	**–**	2,919
Other unsecured loans	**350**	–
Amount due for settlement within 12 months	**350**	2,919
In the second year		
Bank loans	**–**	4,712
Amount due for settlement after 12 months	**–**	4,712

The weighted average rates paid in interest were as follows:

	2014 %	2013 %
Bank loans	**4.10**	5.87
Other loans	**nil**	–

The Group, through its acquisition of the NewLaw group of companies, has an available £4.95 million revolving credit facility with Santander UK plc committed through to 6 March 2015. This facility, which is secured upon the assets of NewLaw, was undrawn at 30 June 2014 and bears interest at 3.0% over LIBOR.

Other borrowings are in relation to an interest free unsecured loan facility in connection with a commercial trading agreement and is repayable no later than 30 June 2015.

The directors consider that the fair value of the Group's borrowings is equal to their book value. All obligations under finance leases are disclosed in note 16.

18 Provisions

	Onerous lease provision £'000
At 01 July 2012	8,647
Additional provision in the year	445
Provision released in the year	(379)
Utilised during the year	(1,817)
At 30 June 2013	6,896
Additional provision in the year	465
Provision released in the year	(1,181)
Utilised during the year	(2,504)
At 30 June 2014	**3,676**
Included in current liabilities	2,447
Included in non-current liabilities	1,229
	3,676

Notes to the consolidated financial statements
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18 Provisions continued

As part of its restructuring programme in prior years, the Group vacated certain properties in whole or in part. To the extent that these properties remain empty at the year-end they have been treated as onerous leases. The amount provided above is stated after taking into account both the anticipated and actual sub-lets achieved on the properties and any other mitigating actions including a planned redevelopment by the landlord.

19 Deferred tax

Deferred tax charge is calculated in full on temporary differences under the liability method using a tax rate of 21% for the 9 months to 31 March 2014 and 20% thereafter (2013: 23%).

	(Liability) Accelerated tax depreciation £'000	Asset Total £'000
At 01 July 2012	(131)	1,659
Credit to income	131	3,491
At 30 June 2013	–	5,150
On acquisition of business combinations	(41)	–
(Charge) / credit to income	(256)	4,050
At 30 June 2014	**(297)**	**9,200**

At the balance sheet date the Group has unused trading losses and other timing differences of £106.9m (2013: £108.2m) available for offset against future trading profits. A deferred tax asset has been recognised in respect of £46.0m (2013: £22.4m) of this amount to reflect the foreseeable forecast utilisation of tax losses and capital allowances carried forward. No deferred tax asset has been recognised in respect of the remaining £60.9m (2013: £85.8m) due to the risks associated with the generation of the requisite future taxable profits.

Deferred tax asset not provided in full on temporary differences under the liability method using a tax rate of 20% (2013: 23%):

	Asset Tax losses Carried forward £'000	Asset Accelerated tax depreciation £'000	Asset Total £'000
At 30 June 2014	**3,532**	**8,638**	**12,170**
At 30 June 2013	2,485	17,254	19,739

20 Share capital and Share premium

a) Share capital

	Ordinary Shares of 0.01p		Ordinary Shares of 0.1p		B Shares of 0.01p		B Shares of 0.1p	
	Number	£'000	Number	£'000	Number	£'000	Number	£'000
In issue at 01 July 2012*	331,347,667	33	–	–	–	–	–	–
Issued for cash	1,025,503,935	102	–	–	104,109,091	10	–	–
Debt for equity satisfaction	187,396,364	19	–	–	–	–	–	–
Issued in satisfaction of fees	17,388,398	2	–	–	–	–	–	–
In issue at 30 June 2013	1,561,636,364	156	–	–	104,109,091	10	–	–
Issued for cash	1,164,046,167	117	–	–	9	–		
Exercise of executive share options	954,869	–	–	–	–	–	–	–
Share consolidation	(2,726,637,400)	(273)	272,663,740	273	(104,109,100)	(10)	10,410,910	10
In issue at 30 June 2014 fully paid	**–**	**–**	**272,663,740**	**273**	**–**	**–**	**10,410,910**	**10**

* Shares at 01 July 2012 adjusted to take into account the conversion from ordinary shares of 5p each on 25 March 2013

The following share transactions took place during the year:

- The issue on 4 October 2013 of a total of 10,200,000 ordinary shares of 0.01p at a value of 3.38p per share in respect of placing fees payable to the company's brokers under the terms of the March 2013 placing agreement.
- On 4 November 2013 and 11 November 2013 a total of 636,579 and 318.290 Ordinary shares of 0.01p were issued for cash at an average of 2.65p per share respectively as a result of the exercise of options by certain members of staff under the terms of the 2013 executive share option schemes.
- On 24 December 2013 following a general meeting of the company a total of 1,153,846,160 ordinary shares of 0.01p were then issued for cash of 5.2p per share to fund the strategic growth plans of the Company.
- On 12 May 2014 a total of 7 ordinary shares of 0.01p were issued at 6.16p per share and on 22 May 2014 a total of 9 B shares of 0.01p were issued for a total consideration of 2p in order to eliminate fractions resulting from the imminent share consolidation.
- On 23 May 2014 the entire ordinary share capital comprising of 2,726,637,400 ordinary shares of 0.01pence each were converted into 272,663,740 ordinary shares of 0.1 pence each and the entire issued B shares comprising 104,109,100 B shares of 0.01 were converted into 10,410,910 B shares of 0.1 pence each.

The following share transactions took place during the previous financial year:

- On 25 March 2013 at a general meeting of the company the existing 331,347,667 Ordinary Shares of 5p each then in issue were subdivided into 331,347,667 Deferred Shares of 4.99p each and 331,347,667 Ordinary Shares of 0.01p each.
- On 26 March 2013 a total 1,025,503,935 Ordinary Shares of 0.01p were then issued for cash of 2.5p per share and 17,388,398 Ordinary Shares of 0.01p each were issued in satisfaction of fees payable of £434,710 (being the number of shares to satisfy the fee at 2.5p per share).
- On 28 March 2013 a further 187,396,364 Ordinary Shares of 0.01p were issued in satisfaction of the extinguishment of Bank debt of £41,524,358.
- On 9 April 2013 a total of 104,109,091 B Shares of 0.01p each were issued for cash at par.
- On 19 June 2013 the entire number of Deferred Shares then in issue and the entire balance on Share Premium account were cancelled by the granting of an order upon application to the High Court and the resulting reserve applied toward cancelation of the deficit on profit and loss account.

Notes to the consolidated financial statements
continued

20 Share capital and Share premium continued

	2014 £'000	2013 £'000
Total share capital at 30 June		
Nil (2013: 1,561,636,364) Ordinary Shares of 0.01p each	**–**	156
272,663,740 (2013: nil) Ordinary Shares of 0.1p each	**273**	–
Nil (2013: 104,109,091) B Shares of 0.01p each	**–**	10
10,410,910 (2013: nil) B Shares of 0.1p each	**10**	–
	283	166

The Company has one class of Ordinary Share which carries no right to fixed income. The B Shares are unquoted and do not entitle their holders to receive notice of, to attend, to speak or to vote at any general meeting of the Company and do not entitle their holders to receive any dividend or other distribution declared or paid by the company. The B Shares will entitle their holders on a winding up of the Company to receive a sum equal to £1 in aggregate (as a class). The B Shares in issue will automatically convert into Ordinary Shares and, in certain circumstances, B Deferred Shares upon the "B Share Hurdle" (as detailed in note 22) being met before 28 March 2028.

b) Share premium
The share issues shown above during the year were issued at a total premium of £60.3m to par value and incurred costs of £2.5m which were both transferred to the Share Premium account.

21 Operating lease arrangements
At the balance sheet date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014 Vehicles £'000	2014 Properties £'000	2014 Total £'000	2013 Vehicles £'000	2013 Properties £'000	2013 Total £'000
Within one year	**8,368**	**2,544**	**10,912**	10,607	2,533	13,140
In the second to fifth years inclusive	**2,234**	**8,071**	**10,305**	3,401	6,961	10,362
After five years	**–**	**7,812**	**7,812**	–	9,002	9,002
	10,602	**18,427**	**29,029**	14,008	18,496	32,504

Operating lease payments represent rentals payable by the Group for certain of its motor vehicles, plant and equipment and properties. Leases have a weighted average term of 4.5 years (2013: 4.5 years). The onerous lease provision of £3.7m (2013: £6.9m) (note 17) has been included within the above amounts.

22 Share-based payments
Equity settled share option plans
The Group has granted options in the form of mainstream options and options under the 2014 Sharesave scheme to certain directors and employees.

Mainstream options
For options granted prior to 2009 under the 'Executive Share Option Scheme 2002', the vesting period was generally three years and if the options remain unexercised after a period of ten years from the date of grant the options expire.

For options granted on 2 May 2013 and 22 July 2013 under the 2013 Executive Incentive Scheme the options will vest and become exercisable in three equal tranches. The exercise price will be reduced by the total dividend per Ordinary Share paid from 1 March 2013 to the date of exercise (subject to the exercise price not being less than the nominal value of an Ordinary Share). The first tranche has vested in full.

22 Share-based payments continued

The second tranche will vest in full if the total dividend paid to Shareholders covered by free cash flow in respect of the financial year ending 30 June 2014 is at least £7.1m with a straight line sliding scale down to zero vesting if the dividend is £4.7m or less, provided that there will be no vesting if the adjusted profit before tax for the financial year ending 30 June 2014 is less than £5m.

The third tranche will vest in full if the total dividend paid to Shareholders covered by free cash flow in respect of the financial year ending 30 June 2015 is at least £7.4m with a straight line sliding scale down to zero vesting if the dividend is £5.0m or less, provided that there will be no vesting if the adjusted profit before tax for the financial year ending 30 June 2015 is less than £5.3m.

The remuneration committee shall determine whether any relevant tranche vests. In exceptional circumstances the remuneration committee may (after consulting with major shareholders) allow vesting to occur where the dividend paid is not covered by free cash flow. Provided that the conditions described above are met, no minimum holding period is required for the vesting of options under the 2013 Executive Incentive Scheme but the remuneration committee has imposed a minimum holding period of 6 months following exercise subject to certain exceptions. Options are conditional on the employee remaining in service until the options vest. No options may vest after 31 December 2015, although options which have already vested remain exercisable until 30 June 2017. In the event of a change of control of the Company before 31 December 2015, unvested options will vest in full and may be exercised within an appropriate period set out in the 2013 Executive Incentive Scheme rules. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The remuneration committee consider that the targets for the year 30 June 2014 will have been met and that the second tranche will vest in full upon payment of the recommended final dividend for the year on 6 November 2014.

Details of the options outstanding during the year are as follows:

	2014 Number of options 000s	**2014 Weighted average exercise price (pence)**	2013 Number of options 000s	2013 Weighted average exercise price (pence)
Outstanding at beginning of period	**4,456**	**26.13**	509	366.79
Granted during the period	**763**	**45.00**	4,530	25.00
Forfeited or surrendered during the period	**–**	**–**	(502)	314.61
Exercised during the period	**(96)**	**26.49**	–	–
Expired during the period	**(1)**	**1,983.10**	(81)	314.61
Outstanding at end of period	**5,122**	**23.99**	4,456	26.13
Exercisable at the end of the period	**1,645**	**25.39**	3	2,090.00

The above numbers have been adjusted to take into account the 1 for 10 share consolidation that took place on 23 May 2014. The options outstanding at 30 June 2014 had a weighted average exercise price of 23.99p (2013: 26.13p) and a weighted average remaining contractual life of 3.0 years (2013: 4.0 years).The range of exercise prices was from 20.00p to £21.45; the highest and lowest value of shares during the year were 73.50p and 37.50p respectively. The value of shares as at 30 June 2014 was 60.25p.

B Share Incentive Scheme

The B Shares in issue will automatically convert into Ordinary Shares and, in certain circumstances, B Deferred Shares if the "B Share Hurdle" (as described below) is met before 28 March 2028.

The B Share Hurdle will be achieved upon a cumulative total amount of 25.0 pence (as adjusted to take into account the 1 for 10 share consolidation that took place on 23 May 2014), being returned on each Ordinary share in issue from 28 March 2013 (Relevant Shares), in cash or in kind, either: (i) as a result of the payment of dividends or other distributions or returns of capital; and/or (ii) as a result of an "Exit Event" (broadly meaning a takeover of the Company resulting in a person acquiring control of the Company).

The B Share Hurdle or, if applicable, the portion not achieved from time to time, shall increase from 28 March 2018 at a rate equal to the United Kingdom Retail Prices Index plus three per cent per annum (compounded annually).

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continued

22 Share-based payments continued

Where the B Share Hurdle is reached wholly by payment of dividends or other distributions or returns of capital, all of the B Shares will convert into Ordinary Shares on a one-for-one basis. Where the B Share Hurdle is met wholly or partly as a result of an Exit Event, some, but not all, of the B Shares then in issue will convert on a one-for-one basis into Ordinary Shares. The proportion of the B Shares that will convert into Ordinary Shares will be determined by the proportion of the consideration payable in connection with such Exit Event that, when added to all other amounts received by holders of Relevant Shares in respect thereof since 28 March 2013, exceeds the B Share Hurdle. The remainder of the B Shares will automatically convert into B Deferred Shares on a one-for-one basis at such time. A valuation of the B Shares was performed in 2013 by reference to an estimate of possible dividends and with regard to other risk factors judged inherent to the likelihood and timing of the B Share Hurdle being achieved. On this basis, a value of 0.1p per B Share was calculated (as subsequently adjusted to take into account the 1 for 10 share consolidation that took place on 23 May 2014).

Sharesave schemes

Under the Sharesave scheme, employees are granted options to acquire shares in the Company with funds deducted from their salaries on a monthly basis. Participation was open to all eligible employees employed at the date of commencement of the scheme. All participants agreed to save a fixed amount monthly into the scheme and in return received an option to purchase shares in the Company at a discounted price at the conclusion of the scheme. The discounted share price is calculated as the market price at the commencement of the scheme less 20%. The options vest after three years following the date of grant and must be exercised within 6 months of that date. The options generally lapse if the employee leaves within the three-year period.

	2014 Number of options 000s	**2014 Weighted average exercise price (pence)**	2013 Number of options 000s	2013 Weighted average exercise price (pence)
Outstanding at beginning of period	**24**	**296.0**	46	296.0
Granted during the period	**1,514**	**48.3**	–	–
Forfeited or lapsed during the period	**(24)**	**296.0**	(22)	296.0
Outstanding at end of period	**1,514**	**48.3**	24	296.0
Exercisable at the end of the period	**–**	**–**	–	–

The options outstanding at 30 June 2014 had a weighted average exercise price of 48.3p (2013: 296.0p) and a weighted average remaining contractual life of 3.1 years (2013: 0.4 years). The numbers in the table above have been adjusted to take into account the 1 for 10 share consolidation that took place on 23 May 2014.

The Group recognised total expense of £0.9m related to equity-settled share-based payment transactions in 2014 (2013: £0.1m).

Assumptions used in the valuation of share based payments

The Group engaged a third party to determine the fair value of the share based payments for the options granted during the year. For options granted prior to the current year the valuation methodology remains unchanged from previous periods. The assumptions used in the valuations are as follows:

	2013 Executive Scheme	**2014 Executive Scheme**	**2014 SAYE Scheme**
Fair value of share option	26.1p	**27.3p**	**19.0p**
Share price on date of grant	35.3p	**42.6p**	**59.5p**
Exercise price	25.0p	**45.0p**	**48.3p**
Share options granted in year	4,530,086	**771,508**	**1,513,947**
Vesting period (years)	0.7 - 2.7	**0.4 - 2.4**	**3.1**
Expected volatility	135%	**125%**	**75%**
Expected life (years)	4.2	**3.9**	**3.6**
Risk free rate of return	0.22% - 0.37%	**0.34% - 0.59%**	**1.37%**
Fair value model used	Binomial	**Binomial**	**Binomial**

23 Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 17, finance leases disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

Categories of financial instruments

	2014 £'000	2013 £'000
Financial assets		
At amortised cost:		
Loans and receivables	**62,637**	69,160
Cash and cash equivalents	**58,338**	21,199
Financial liabilities		
At amortised cost:		
Trade payables	**20,893**	21,033
Obligations under finance leases	**16,431**	12,437
Other borrowings	**350**	7,631
At fair value:		
Deferred consideration	**9,879**	–

Financial risk management objectives

The Group monitors and manages its financial risks, which include interest rate risk, credit risk and liquidity risk. Interest rate swaps are used to manage interest rate risk. The use of financial derivatives is governed by the Group's policies, approved by the Board of Directors, which provide written rules on the use of financial derivatives. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group does not have any significant foreign currency risk exposure.

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and where considered appropriate by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the balance sheet date. For floating rate liabilities a 0.5% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's profit for the year ended 30 June 2014 would have increased/decreased by £0.2m (2013: £0.3m). This is mainly attributable to the Group's exposure on variable rate borrowings and deposits.

Interest rate swap contracts

There were no outstanding interest rate swap contracts in existence at 30 June 2014 (2013: nil).

Credit risk management

The Group is exposed to credit risk in connection with the possible default by insurance companies. Following an assessment of the counterparties, the directors have concluded that there is no requirement for an impairment provision for credit loss against trade receivables arising from claims against insurance companies.

Notes to the consolidated financial statements
continued

23 Financial instruments continued

The provision for expected adjustments arising on settlement of claims does not represent an impairment provision under IFRS7. Nevertheless, for normal commercial reasons the Group ensures that vehicles are only placed on hire and repairs to vehicles are only carried out after the validation process has provided assurance that the liability for the accident rests with another party. As trade receivables for credit hire and credit repair carry no contractual 'due date', the term 'past due' used in IFRS7 is not considered to be relevant to the Group's trade receivables or the way in which the Group manages credit risk. Trade receivables relating to amounts invoiced to customers for services provided are subject to credit risk in that a counterparty may default on its obligation to the Group. Customers represent primarily legal firms and the Group's policy is to deal with an approved panel of such firms. The carrying value of these financial assets, net of impairment provisions, represents the Group's maximum exposure to credit risk. Credit risk for cash placed on deposit is controlled by the use of appropriate financial institutions.

Liquidity risk management

Liquidity risk arises primarily from the nature of the claims settlement process, which can prolong the period of collection of trade receivables. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecast and actual cash flows.

Fair value of financial instruments

The fair value of financial assets and liabilities held at amortised cost is considered by the directors not to be materially different from their carrying amounts at the balance sheet date.

Maturity of financial assets

As explained in note 14, trade receivables for claims on insurers do not carry a contractual due date. As in previous years, the majority of our receivables relate to claims which are payable upon presentation and maturity should be expected within a month but settlement can be delayed following a period of negotiation with the relevant counter-party.

Maturity of financial liabilities

The following tables analyse the Group's remaining contractual maturity of its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2014							
Non-interest bearing	**–**	**25,946**	**–**	**1,626**	**3,536**	**–**	**31,108**
Variable interest rate instruments:							
Finance lease liability	**5.4**	**72**	**226**	**319**	**665**	**–**	**1,282**
Fixed interest rate instruments	**5.4**	**915**	**2,849**	**4,167**	**8,244**	**–**	**16,175**
		26,933	**3,075**	**6,112**	**12,445**	**–**	**48,565**
2013							
Non-interest bearing	–	21,033	–	–	–	–	21,033
Variable interest rate instruments:							
Finance lease liability	6.4	270	596	1,916	1,908	–	4,690
Other	4.5	29	855	2,341	4,765	–	7,990
Fixed interest rate instruments	6.4	495	1,098	3,494	3,466	–	8,553
		21,827	2,549	7,751	10,139	–	42,266

23 Financial instruments continued

Finance lease facilities are also in existence with a wide variety of different funders and in general do not represent committed facilities, but rather are provided on a rolling basis.

Externally imposed capital requirements

The Group is not subject to any externally imposed capital requirements.

24 Business Combinations

The Group made a significant acquisition in the year.

NewLaw group of companies

On 26 February 2014 the Group agreed to acquire the entire share capital of NewLaw Legal Limited ("NewLaw") and various associated companies and partnership interests (together the "NewLaw group") and completion took effect on 28 February 2014. The NewLaw group is a group of high quality legal services firms operating primarily in the area of road traffic personal injury and providing other consumer-related services including wills and probate. The NewLaw group also includes companies involved in costs drafting and advice in relation to employment law. NewLaw has entered into a number of ABS arrangements with various partners in the insurance and fleet management markets and the Group intends that this part of the business model will continue to be expanded in conjunction with its own strategy to develop its legal services offering to a larger customer group. In the four months since acquisition the NewLaw group of companies contributed £2.1m of profit before interest on turnover of £8.9m.

The aggregated provisional fair value of the identifiable assets and liabilities of the NewLaw Group at the acquisition date are set out below:

	Carrying Value £'000	Fair Value £'000
Tangible fixed assets	898	898
Investments in associates	45	45
Intangible assets (including acquired Goodwill)	23,158	–
Trade and other receivables	15,581	15,526
Cash and cash equivalents	523	523
Trade and other payables	(14,555)	(14,569)
Unsecured Loans	(8,135)	(8,135)
Finance leases	(415)	(415)
Deferred tax liabilities	(272)	(272)
Net assets acquired	16,828	(6,399)
Consideration:		
Cash		21,950
Deferred cash		2,053
Deferred consideration payable in shares		9,879
Total consideration		33,882
Goodwill arising from the acquisition		**40,281**

The deferred cash consideration represents cash held in an interest bearing escrow account by a third party against any possible warranty and indemnity claims against the vendors. The deferred share consideration is subject to the achievement of certain performance related conditions and the amounts shown represent the maximum additional consideration that might be payable. All shares to be issued as part of the acquisition are subject to lock in and/or orderly market arrangements for up to 24 months from issue and have been discounted at cost of equity to factor in the time value of the consideration. In addition the Group incurred acquisition costs of £0.9m and these have been expensed as exceptional costs within administrative expenses (see note 4).

Notes to the consolidated financial statements
continued

24 Business Combinations continued

The goodwill of £40.3m arising from the acquisition consists of the enhanced capability that the Group now has in the provision of legal services and the cross selling opportunities that exist within the wider group to drive increased revenues and economies of scale and as a result improved profitability together with the workforce, which is not separately recognised.

The deferred consideration is payable in shares in two tranches and is due as follows:

	2014 £'000	2013 £'000
Within 12 months	**6,679**	–
After 12 months but before 24 months	**3,200**	–
	9,879	–

The first tranche amounting to £5,131,000 before discount was satisfied by the issue on 29 July 2014 of a total of 8,425,860 ordinary shares at a price of 60.9 pence each. The balance of the deferred consideration representing the second tranche is subject to the attainment of warranted profits for the 12 months ended 31 December 2014 and, subject to certain conditions, is payable in nine equal instalments commencing in April 2015. The second tranche is payable in shares based upon the volume weighted average price of the Group's shares over the 20 dealing days running up to the dealing day prior to allotment save that if this price is less than 66.5 pence the instalment in question may, at the Group's option, be paid in cash.

25 Cash flow information

a) Analysis and reconciliation of net cash

	01 July 2013 £'000	Acquisitions £'000	Cash flow £'000	Non cash changes £'000	**30 June 2014 £'000**
Net cash and cash equivalents	21,199	523	36,616	–	**58,338**
Debt due within one year	(2,919)	(8,135)	10,704	–	**(350)**
Debt due after more than one year	(4,712)	–	4,712	–	**–**
	(7,631)	(8,135)	15,416	–	**(350)**
Finance leases	(12,437)	(415)	10,600	(14,179)	**(16,431)**
	(20,068)	(8,550)	26,016	(14,179)	**(16,781)**
Net cash	1,131	(8,027)	62,632	(14,179)	**41,557**

	2014 £'000	2013 £'000
Increase in cash and cash equivalents in the year	**37,139**	19,117
Cash inflow from decrease in borrowings and lease financing	**26,016**	63,307
Change in net debt resulting from cash flows	**63,155**	82,424
New finance leases	**(14,179)**	(9,617)
Net debt acquired on acquisitions	**(8,550)**	–
Bank indebtedness converted to equity	**–**	41,524
Amortisation of loan issue costs	**–**	(2,374)
Movement in net cash in the year	**40,426**	111,957
Net cash / (debt) at start of the year	**1,131**	(110,826)
Net cash at end of the year	**41,557**	1,131

25 Cash flow information continued

b) Depreciation, amortisation and impairment charges

	2014 £'000	2013 £'000
Depreciation of property, plant and equipment (Note 12)	**3,898**	7,050
Impairment of property, plant and equipment (Note 12)	**–**	3,446
	3,898	10,496

c) Cash impact of exceptional items

The cash flow impact of the exceptional items explained in note 4 was a cash outflow of £0.9m comprising of acquisition costs (2013 £1.2m comprising redundancy severance payments of £0.2m, financial and share restructuring expenses of £0.3m and finance costs of £0.7m).

Company statement of changes in equity
for the year ended 30 June 2014

	Share capital Note 19 £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance at 01 July 2012	16,567	107,103	(112,408)	11,262
Profit for the year	–	–	34,661	34,661
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	34,661	34,661
Issue of Ordinary Shares	123	33,736	–	33,859
Issue of B Shares	10	–	–	10
Expenses on issue of Ordinary Shares	–	(3,808)	–	(3,808)
Transfer on exchange of debt for equity	–	33,738	(33,738)	–
Cancellation of Deferred Shares	(16,534)	–	16,534	–
Cancellation of share premium account	–	(170,769)	170,769	–
Debit to equity for equity settled share based payments	–	–	124	124
Balance at 30 June 2013	166	–	75,942	76,108
Profit for the year	–	–	14,049	14,049
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	–	–	14,049	14,049
Issue of Ordinary Shares	117	60,253	–	60,370
Expenses on issue of Ordinary Shares	–	(2,449)	–	(2,449)
Dividends paid	–	–	(8,468)	(8,468)
Debit to equity for equity settled share based payments	–	–	883	883
Balance at 30 June 2014	283	57,804	82,406	140,493

Company statement of financial position

as at 30 June 2014

	Note	2014 £'000	2013 £'000
Non-current assets			
Property, plant and equipment	29	**683**	728
Investments in subsidiaries	30	**68,454**	55,248
Deferred tax asset	34	**600**	–
		69,737	55,976
Current assets			
Trade and other receivables	31	**70,618**	20,039
Assets held for sale		**–**	3,330
Cash and cash equivalents		**54,780**	20,390
		125,398	43,759
Total assets		**195,135**	99,735
Current liabilities			
Trade and other payables	32	**(41,087)**	(11,686)
Deferred consideration	24	**(6,679)**	–
Borrowings	33	**–**	(333)
Provisions	18	**(2,447)**	(2,005)
		(50,213)	(14,024)
Net current assets		**75,185**	29,735
Non-current liabilities			
Deferred consideration	24	**(3,200)**	–
Borrowings	33	**–**	(4,712)
Long-term provisions	18	**(1,229)**	(4,891)
		(4,429)	(9,603)
Total liabilities		**(54,642)**	(23,627)
Net assets		**140,493**	76,108
Equity			
Share capital	20	**283**	166
Share premium account	20	**57,804**	–
Retained earnings		**82,406**	75,942
Total equity		**140,493**	76,108

The notes on pages 61 to 67 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 26 September 2014. They were signed on its behalf by:

Stephen Oakley
Chief Financial Officer
3 September 2014
Company Number 03120010

Company statement of cash flows
for the year ended 30 June 2014

	Note	£'000	Year ended 30 June 2014 £'000	£'000	Year ended 30 June 2013 £'000
Cash flows from operating activities					
Profit/(loss) for the year		**14,049**		34,661	
Tax credit		**(1,038)**		(270)	
Exceptional credit arising on debt for equity swap		**–**		(33,738)	
Finance (income)/costs including exceptional costs		**(395)**		4,231	
Depreciation and impairment (credits)/charges		**(13,161)**		6,483	
Share-based payment charges		**883**		124	
(Increase)/decrease in receivables		**(17,222)**		9,975	
Increase in payables		**29,840**		4,004	
Decrease in provisions		**(3,220)**		(1,751)	
Cash generated from operating activities			**9,736**		23,719
Finance interest received			**410**		–
Bank and loan interest paid			**(15)**		(2,306)
Taxation paid			**–**		(78)
Net cash from operating activities			**10,131**		21,335
Cash flows from investing activities					
Purchase of subsidiary undertakings		**(23,479)**		–	
Purchases of property, plant and equipment		**3,330**		–	
Net cash from investing activities			**(20,149)**		–
Cash flows from financing activities					
Proceeds from issue of share capital		**60,370**		25,648	
Net expenses of share issue		**(2,449)**		(3,373)	
Repayment of borrowings		**(5,045)**		(23,662)	
Loan issue costs		**–**		(984)	
Dividends paid		**(8,468)**		–	
Net cash from financing activities			**44,408**		(2,371)
Net increase in cash and cash equivalents			**34,390**		18,964
Cash and cash equivalents at beginning of year			**20,390**		1,426
Cash and cash equivalents at end of year			**54,780**		20,390
Cash and cash equivalents consist of:					
Cash at bank and in hand			**54,780**		20,390
			54,780		20,390

Notes to the Company financial statements

26 Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been presented in accordance with International Financial Reporting Standards (IFRSs) adopted in compliance with Article 4 of the EU IAS Regulation. The parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements.

The financial statements have been prepared on a historical cost basis. The principal accounting policies adopted are the same as those set out in note 1 to the consolidated financial statements except that investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

27 Operating profit

The auditors' remuneration for audit services to the Company was £10,000 (2013: £10,000).

28 Finance income and finance costs

	2014 £'000	2013 £'000
a) Finance income		
Interest receivable	**(410)**	(8)
b) Finance costs		
Interest on bank overdrafts and loans	**15**	2,887
Loan issue costs charged in the year	**–**	745
	15	3,632
Total finance (income)/costs	**(395)**	3,624

29 Property, plant and equipment

	Freehold property £'000	Leasehold improvements £'000	Total £'000
Cost			
At 01 July 2012	7,216	2,816	10,032
Transferred to assets held for sale	(6,778)	–	(6,778)
At 30 June 2013 and 30 June 2014	**438**	**2,816**	**3,254**
Accumulated depreciation and impairment			
At 01 July 2012	(789)	(2,459)	(3,248)
Charge for the year	(145)	(25)	(170)
Impairment charge	(2,556)	–	(2,556)
Transferred to assets held for sale	3,448	–	3,448
At 30 June 2013	(42)	(2,484)	(2,526)
Charge for the year	(20)	(25)	(45)
At 30 June 2014	**(62)**	**(2,509)**	**(2,571)**
Carrying amounts			
At 30 June 2014	**376**	**307**	**683**
At 30 June 2013	396	332	728

The cost of the land element of freehold property is not separable from the cost of the freehold buildings.

Notes to the Company financial statements
continued

30 Subsidiaries

Details of the Company's and Group's principal subsidiaries at 30 June 2014 are as follows:

Subsidiary undertaking	Shares held by Company or Group	Principal activity during the year	Ownership interest %
Helphire Limited	Company	Non-fault accident management and Financing vehicle repairs	100
RunmyCar Limited	Company	Internet marketing	100
Albany Assistance Limited	Company	Sale of legal expenses insurance	100
HHFS Limited	Company	Fleet management	100
Total Accident Management Limited	Company	Accident management services	100
Cab Aid Limited	Company	Vehicle rental	100
Helphire EBT Trustees Limited	Company	Corporate trustee	100
Helphire Legal Services Limited	Company	Provision of claims handling service	100
Principia Law Limited	Group	Solicitors	75
NewLaw Legal limited	Group	Solicitors	100
Group Legal Limited	Group	Employment Law Advice	100
CIQ Limited	Group	Legal Costs Draftsmen	100
NLS Trustees Limited	Group	Corporate trustee	100
NewLaw Trustees Limited	Group	Corporate trustee	100

All subsidiaries are incorporated in England and Wales (with the exception of NLS Trustees Limited which is incorporated in Scotland) and operate in the United Kingdom and are fully consolidated within the Group results. All shares are ordinary.

The movement in investments in subsidiaries during the year was as follows:

	£'000
Cost	
At 01 July 2012	159,972
Loans to subsidiaries converted to equity	49,000
At 30 June 2013	208,972
Additions	33,882
Transfers to other group companies	(33,882)
At 30 June 2014	**208,972**
Impairment	
At 01 July 2012	149,967
Charge for the year	3,757
At 30 June 2013	153,724
Credit for the year	(13,206)
At 30 June 2014	**140,518**
Net book value	
At 30 June 2014	**68,454**
At 30 June 2013	55,248

In line with its review of goodwill, discussed in note 11, the Company reviewed its investments in subsidiaries. The Company has applied the same cash flows to its main trading entity (Helphire Limited) with the same assumptions as in note 11 on the basis that this entity represents materially all the future cash flows of the Group. A credit of £13.2m (2013: charge of £3.8m) has been booked to investments during the year. Alongside this, previously held provisions for impairments of subsidiary intercompany balances of £30.9m have been increased to £34.9m (2013: £38.3m - decreased to £30.9m), see note 36, leading to a net impairment credit to the Company income statement of £9.2m for the year (2013: credit of £3.7m).

31 Trade and other receivables

	2014 £'000	2013 £'000
Amounts owed by subsidiary undertakings	**68,461**	17,704
Other debtors	**471**	–
Prepayments	**1,352**	1,818
VAT recoverable	**334**	517
	70,618	20,039

32 Trade and other payables

	2014 £'000	2013 £'000
Trade payables	**748**	1,057
Other taxation and social security	**467**	467
Accruals and deferred income	**2,573**	3,666
Amounts owed to subsidiary undertakings	**37,299**	6,496
	41,087	11,686

Trade payables represent amounts payable for goods and services. The average credit period taken for trade purchases is 46 days (2013: 129 days).

33 Borrowings and overdrafts

	2014 £'000	2013 £'000
Bank loans	**–**	5,045
	–	5,045
The borrowings are repayable as follows:		
On demand or within one year		
Bank loans	**–**	333
Amount due for settlement within 12 months	**–**	333
In the second year		
Bank loans	**–**	4,712
In the third to fifth years inclusive		
Bank loans	**–**	–
Amount due for settlement after 12 months	**–**	4,712

Further details relating to borrowings and overdrafts and the applicable interest rates are given in note 17 to the consolidated financial statements. The directors consider that the fair value of the Group's borrowings was equal to their book value.

Notes to the Company financial statements
continued

34 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 21% for the 9 months to March 2015 and 20% thereafter (2013: 23%).

	(Liability) Accelerated tax depreciation £'000	Asset tax losses £'000
At 01 July 2012	(59)	59
Credit/(charge) to income	59	(59)
At 30 June 2013	–	–
Credit to income	–	600
At 30 June 2014	**–**	**600**

35 Financial instruments

The Company follows the same accounting policies and manages its capital and risks in the same way as the Group. Please refer to note 23 for further details.

Categories of financial instruments

	2014 £'000	2013 £'000
Financial assets		
At amortised cost:		
Amounts owed by subsidiary undertakings	**68,461**	17,704
Cash and cash equivalents	**54,780**	20,390
Financial liabilities		
At amortised cost:		
Trade payables	**748**	1,057
Amounts owed to subsidiary undertakings	**37,299**	6,496
Other borrowings and overdrafts	**–**	5,045
At fair value:		
Deferred consideration	**9,879**	–

Financial risk management objectives

The Company monitors and manages its financial risks, which include interest rate risk, credit risk and liquidity risk. Interest rate swaps are used to manage interest rate risk where considered appropriate. The use of financial derivatives is governed by the Company's policies, approved by the Board of Directors, which provide written rules on the use of financial derivatives. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk management

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings and where considered appropriate by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative financial instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole year. A 0.5% increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's profit for the year ended 30 June 2014 would have increased/decreased by £0.2m (2013: £0.3m). This is mainly attributable to the Company's exposure on variable rate borrowings.

35 Financial instruments continued

Interest rate swap contracts

There were no outstanding interest rate swap contracts in existence at 30 June 2014 (2013: nil).

Credit risk management

Credit risk for cash placed on deposit is controlled by the use of approved financial institutions.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continually monitoring forecast and actual cash flows.

Maturity of financial assets

The expected maturity for all the Company's non-derivative financial assets is less than one month, which remains unchanged from previous year. This has been based on the undiscounted contractual maturities of the financial assets. No material interest is expected to accrue on the interest bearing instruments, which represent cash deposits.

Maturity of financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2014						
Non-interest bearing	**43,100**	**–**	**1,626**	**3,200**	**–**	**47,926**
Variable interest rate instruments	**–**	**–**	**–**	**–**	**–**	**–**
	43,100	**–**	**1,626**	**3,200**	**–**	**47,926**
2013						
Non-interest bearing	11,686	–	–	–	–	11,686
Variable interest rate instruments	19	826	2,253	2,150	–	5,248
	11,705	826	2,253	2,150	–	16,934

Fair value of financial instruments

The fair value of financial assets and liabilities held at amortised cost is considered by the directors not to be materially different from their carrying amounts at the balance sheet date.

Notes to the Company financial statements
continued

36 Related party transactions

Related Party Transactions to 30 June 2014

Subsidiary undertaking	2014 Management Charges £'000	2014 Interest charges £'000	2014 Charges to Group from subsidiaries £'000	2014 Payments/ (receipts) against working capital £'000
Helphire Limited	**18,178**	**584**	**209**	**(50,477)**
Albany Assistance Limited	**7,740**	**625**	**–**	**(259)**
HHFS Limited	**–**	**7**	**–**	**–**
Helphire Legal Services Limited*	**37,696**	**298**	**–**	**26**
Total Accident Management Limited	**1,583**	**–**	**–**	**5**
Principia Law Limited	**257**	**–**	**77**	**(37)**
Helphire (Pinesgate Reversion) Limited	**–**	**–**	**–**	**(1,500)**
Cab Aid Limited	**1,053**	**–**	**4**	**1**
Runmycar Limited	**–**	**1**	**60**	**–**
HAS Accident Management Solutions Limited	**–**	**–**	**–**	
NewLaw Legal Limited	**–**	**–**	**–**	**–**
Group Legal Limited	**–**	**–**	**–**	**–**
CIQ Limited	**–**	**–**	**–**	**–**
	66,507	**1,515**	**350**	**(52,241)**

* Management charges for Helphire Legal Services are inclusive of £33,882k in relation to the purchase of the NewLaw group from Redde plc

Related Party Transactions to 30 June 2013

Subsidiary undertaking	2013 Management charges £'000	2013 Interest charges £'000	2013 Charges to Group from subsidiaries £'000	2013 Payments/ (receipts) against working capital £'000
Helphire Limited	14,462	3,853	812	(60,701)
Albany Assistance Limited	12,768	537	–	(23)
HHFS Limited	–	6	–	135
Helphire Legal Services Limited	3,436	244	–	(149)
Total Accident Management Limited	1,931	204	–	–
Helphire (Pinesgate Reversion) Limited	192	101	–	(1,649)
Cab Aid Limited	861	–	25	8
Runmycar Limited	–	2	77	–
	33,650	4,947	914	(62,379)

36 Related party transactions continued

Receivables and Payables:

Subsidiary undertaking	**2014 Amounts owed by subsidiary Receivables £'000**	**2014 Amounts owed by subsidiary Payables £'000**	2013 Amounts owed by subsidiary Receivables £'000	2013 Amounts owed by subsidiary Payables £'000
Helphire Limited	**–**	**(34,902)**	–	(3,396)
Swift Finance (GB) Limited	**–**	**(1)**	–	(1)
Albany Assistance Limited(1)	**12,399**	**–**	6,932	–
HHFS Limited(2)	**80**	**–**	73	–
Helphire Legal Services Limited(3)	**46,800**	**–**	6,878	–
Total Accident Management Limited(4)	**1,104**	**–**	2,321	–
Helphire (Pinesgate Reversion) Limited	**–**	**–**	1,500	–
Cab Aid Limited(5)	**283**	**–**	–	(703)
HAS Accident Management Solutions Limited	**–**	**(2,396)**	–	(2,396)
Runmycar Limited(6)	**–**	**–**	–	–
Principia Law Limited(7)	**–**	**–**	–	–
NewLaw Legal	**6,394**	**–**	–	–
Group Legal Limited	**1,401**	**–**	–	–
	68,461	**(37,299)**	17,704	(6,496)

(1) Albany Assistance Limited in 2014 is shown as £12,399k, being £31,242k less provision of £18,843k (2013: £6,932k, being £23,136k less provision of £16,204k)

(2) HHFS Limited in 2014 is shown as £80k, being £275k less provision of £195k (2013: £73k, being £268k less provision of £195k)

(3) Helphire Legal Services Limited debt in 2014 is shown as £46,800k, being £48,519k less provision of £1,719k (2013: £6,878k, being £10,499k less provision of £3,621k)

(4) Total Accident Management Limited debt in 2014 is shown as £1,104k, being £14,572k less provision of £13,468k (2013: £2,321k, being £12,984k less provision of £10,663k)

(5) CabAid Limited in 2014 is shown as £283k, being £355k less provision of £72k. (2013: £nil, being £nil less £nil)

(6) Runmycar Limited debt in 2014 is shown as £nil, being £295k less provision of £295k (2013: £nil, being £234k less provision of £234k)

(7) Principia Law debt in 2014 is shown as £nil, being £297k less provision of £297k (2013: £nil, being £nil less £nil)

Shareholder information, financial calendar and advisors

Company enquiries
General shareholder enquiries about the Company and requests for copies of the Group's literature, Annual Report or Interim Statements should be directed to the Company Secretary at the Company's head office at:

Pinesgate
Lower Bristol Road
Bath
BA2 3DP

Internet
Visit the Company's website at www.redde.com for:

- Current share Price
- Latest news
- Additional information about the Company
- Latest Annual and Interim Reports

Shareholding enquiries
Queries about personal shareholdings (e.g. lost certificates, dividend payments or change of personal details) should be directed to the Company's registrars, Capita IRG plc, whose details are set out in the Advisors section opposite.

Registered office
Redde plc
Pinesgate
Lower Bristol Road
Bath
BA2 3DP

Company number
03120010

Financial calendar
2014
27 February – Interim results announcement
26 March – Interim dividend for 2014
04 September – Final results announcement
30 October – Annual General Meeting
06 November – Final dividend for 2014

2015
February – Interim results announcement
March – Interim dividend for 2015
September – Final results announcement
October – Annual General Meeting
November – Final dividend for 2015

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