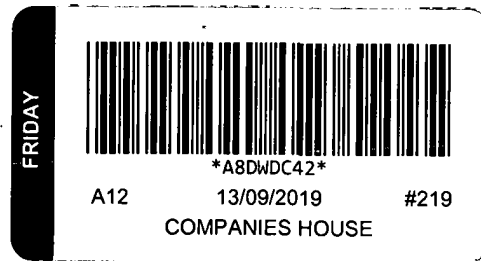


**COMPANY REGISTRATION NUMBER: 03259554**

**DIRECT ACCIDENT MANAGEMENT LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2018**



**DIRECT ACCIDENT MANAGEMENT LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

---

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>4</b>
Independent auditor's report to the members	<b>6</b>
Statement of comprehensive income	<b>9</b>
Statement of financial position	<b>10</b>
Statement of cash flows	<b>11</b>
Statement of changes in equity	<b>12</b>
Notes to the financial statements	<b>13</b>

---

**DIRECT ACCIDENT MANAGEMENT LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

---

**Directors**

V Slater  
J G Slater  
M A Bringloe

**Company secretary**

V Slater

**Registered office**

139 New Court Way  
Ormskirk  
Lancashire  
L39 2YT

**Auditor**

RSM UK AUDIT LLP  
Chartered accountant & statutory auditor  
3 Hardman Street  
Manchester  
M3 3HF

**Company number**

03259554

# **DIRECT ACCIDENT MANAGEMENT LIMITED**

## **STRATEGIC REPORT**

**YEAR ENDED 31 DECEMBER 2018**

---

### **Principal activity**

The principal activity of the company is the provision of non-fault accident management assistance.

### **Review of the business**

The business continued to provide services to the non-fault victims of road traffic accidents throughout the year ended 31 December 2018. The major source of income continues to be derived from the hire of replacement motor vehicles and motor cycles on a credit basis (credit hire) to these non-fault drivers whilst their own vehicle is off the road being repaired or until the fault driver's insurance company make payment to the client for the pre-accident value of their vehicle which has been deemed uneconomic to repair.

In order that the company can recover its costs for the services provided, particularly the hire costs of providing the client with a vehicle, it must satisfy itself that its client was not at fault for the accident. The company has, over many years, established extensive case vetting procedures relying on the skills of its own, trained work force so as to maximise recovery rates.

The company continues to take a prudent approach in the type of claims taken on as well as assessing the recoverability of the outstanding debts by reference to the period the claim has been outstanding and the particulars of each case.

The business reported a strong performance in both gross hire income and revenues in 2018 which reached £34.2m in that year (FY17: £24.8m), an increase of 38% over the previous year. This reflected the continued investment in our fleet, national infrastructure and our staff resources. Much of this growth has been driven following the company joining the Anexo Group Plc in June 2018 and the subsequent listing on AIM on 20 June 2018. The listing generated significant additional working capital balances so as to allow management to meet their ambitious growth targets for the company. In addition, in June 2019 we secured an increase in our current working capital funding with our existing provider to continue to fund growth, for further details on going concern see note 27.

With the company reporting an increase in revenues between 2017 and 2018, operating profits also increased, rising from £7.9m in 2017 to £11.6m, an increase of 47%. This reflects both the significant increase in activity noted above whilst maintaining strong control over both variance and fixed costs.

Total assets at year end amounted to £71.3m, compared to £51.3m last year end. The increase reflects further investment in our fleet of motorcycles as well as our recoverable hire debtors as activity levels have increased.

Having reported an increase in operating profitability in the year, further investment in our hire case portfolio which reached £15.5m in FY18 (FY17: £8.1m) a net cash inflow from operating activities was reported at £1.3m in FY18, representing an improvement on that seen in FY17 (cash outflow: £0.5m).

Whilst the level of assets has increased so has the level of liabilities and creditors falling due within one year increased from £14.8m at December 2017 to £26.9m at December 2018, this increase reflects additional working capital and asset funding secured to allow the company to continue to fund growth, an element of which has been funded within the group from funds raised as part of the flotation.

---

# **DIRECT ACCIDENT MANAGEMENT LIMITED**

## **STRATEGIC REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

---

### **Principal risks and uncertainties**

The company recognises that the main risks and uncertainties are as follows:

- Government actions and legal developments: Historically, the credit hire industry has been subject to a number of reviews from both the Government and more recently the Competition and Markets Authority, all of which have been supportive of our industry and practices, and at present we do not foresee any further pressures likely to impact the company.
- Competition: The company faces an element of regional competition from other companies that offer similar products and services in the broader credit hire sector, the risks being mitigated, as far as is possible, by employing a strong sales team.
- Recoverability of receivables: The company's business model involves the provision of credit hire vehicles, with payment normally being received once a claim has been pursued and settled or decided in court against the at-fault driver. We believe our stringent take on processes employed in each case, before providing a vehicle to an individual, minimise the risk to the company of non-payment.

### **Key Performance Indicators**

Management continue to monitor key performance indicators within the business which include the number of hire starts, average number of hire days, average hire charge per day, time taken to recover debt and percentage recovery rates. Those most impacting performance are the number of completed hires which increased from 4,665 in 2017 to 5,215 in 2018 and average days on hire which remained relatively consistent years on year reaching 69 and 68 respectively in 2017 and 2018.

### **Future developments**

Management are satisfied with the financial performance and position at the end of 2018 as well as the prospects for further growth into 2019.

This report was approved by the board of directors on 6 September 2019 and signed on behalf of the board by:



M A Bringloe  
Director

Registered office:  
139 New Court Way  
Ormskirk  
Lancashire  
L39 2YT

# **DIRECT ACCIDENT MANAGEMENT LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2018**

---

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is the provision of non-fault accident management assistance.

### **DIRECTORS**

The directors who served the company during the year were as follows:

V Slater  
J G Slater  
M A Bringloe

### **DIVIDENDS**

The directors do not recommend the payment of a dividend and no dividends have been paid post year end.

### **QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

### **FINANCIAL INSTRUMENTS**

The company is impacted by both credit risk, in relation to the credit hire provided to our customers as part of our ongoing service provision, managed as part of our stringent claims vetting process to ensure, as far as possible, we only provide a vehicle to a customer where recoverability of the hire charges are highly likely, and also liquidity risk, principally associated with the management of working capital and ensuring the company has sufficient facilities to continue to meet its obligations. The company has been successful in growing its available facilities in recent years with a number of lenders, all of whom continue to support the business.

The Company is in advanced discussions with a specialist legal assets funder to extend and increase existing facilities and secure additional funding from the Company's current asset base to support growth across all aspects of the business operations. This extends the current facilities which expire in November 2019. This funding is intended to support the Company's working capital as it continues to expand its legal capacity and increase the rate of cash conversion.

### **DISCLOSURE OF INFORMATION IN THE STRATEGIC REPORT**

In accordance with Section 414C of the Companies Act 2006 a review of the company's business and a description of the principal risks and uncertainties facing the company is included in the Strategic Report. The Strategic Report replaces the previous requirement under Section 417 of the Companies Act 2006 to disclose this information in the Directors Report.

## **DIRECT ACCIDENT MANAGEMENT LIMITED**

### **DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 DECEMBER 2017**

---

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### **AUDITOR**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 6 September 2019 and signed on behalf of the board by:



M A Bringle  
Director

Registered office:  
139 New Court Way  
Ormskirk, Lancashire, L39 2YT

---

# **DIRECT ACCIDENT MANAGEMENT LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRECT ACCIDENT MANAGEMENT LIMITED**

**YEAR ENDED 31 DECEMBER 2018**

---

### **OPINION**

We have audited the financial statements of Direct Accident Management Limited (the 'company') for the year ended 31 December 2018 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **DIRECT ACCIDENT MANAGEMENT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRECT ACCIDENT MANAGEMENT LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

---

#### **OTHER INFORMATION**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **OPINIONS ON OTHER MATTERS PRECIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **DIRECT ACCIDENT MANAGEMENT LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DIRECT ACCIDENT MANAGEMENT LIMITED *(continued)***

**YEAR ENDED 31 DECEMBER 2018**

---

#### **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **USE OF OUR REPORT**

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.

*RSM UK Audit LLP*

Ian Wall (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
3 Hardman Street  
Manchester  
M3 3HF

11 September 2019

**DIRECT ACCIDENT MANAGEMENT LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2018**

		<b>2018</b>	<b>2017</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>TURNOVER</b>	<b>4</b>	34,177,230	24,814,086
Cost of sales		(14,113,653)	(9,564,138)
<b>GROSS PROFIT</b>		20,063,577	15,249,948
Administrative expenses		(8,478,670)	(7,334,758)
<b>OPERATING PROFIT</b>	<b>5</b>	11,584,907	7,915,190
Interest payable and similar expenses	<b>9</b>	(561,283)	(224,367)
<b>PROFIT BEFORE TAXATION</b>		11,023,624	7,690,823
Tax on profit	<b>10</b>	(2,116,669)	(1,401,156)
<b>PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME</b>		<u>8,906,955</u>	<u>6,289,667</u>

All the activities of the company are from continuing operations.

**The notes on pages 13 to 24 form part of these financial statements.**

**DIRECT ACCIDENT MANAGEMENT LIMITED****STATEMENT OF FINANCIAL POSITION****31 DECEMBER 2018**

		<b>2018</b>		<b>2017</b>
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>				
Tangible assets	11		2,695,425	1,349,063
<b>CURRENT ASSETS</b>				
Debtors	12	66,867,281		51,230,399
Cash at bank and in hand		4,468,280		33,113
		<u>71,335,561</u>		<u>51,263,512</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>26,948,119</u>		<u>14,830,749</u>
<b>NET CURRENT ASSETS</b>			<u>44,387,442</u>	<u>36,432,763</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>47,082,867</u>	<u>37,781,826</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15		869,556	475,470
<b>NET ASSETS</b>			<u><u>46,213,311</u></u>	<u><u>37,306,356</u></u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	21		100	100
Profit and loss account	22		<u>46,213,211</u>	<u>37,306,256</u>
<b>SHAREHOLDERS FUNDS</b>			<u><u>46,213,311</u></u>	<u><u>37,306,356</u></u>

These financial statements were approved by the board of directors and authorised for issue on 6 September 2019, and are signed on behalf of the board by:



M A Bringloe  
Director

Company registration number: 03259554

**The notes on pages 13 to 24 form part of these financial statements.**

# DIRECT ACCIDENT MANAGEMENT LIMITED

## STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2018

		2018	2017
	Note	£	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the financial year		8,906,955	6,289,937
<i>Adjustments for:</i>			
Depreciation of tangible assets		1,479,095	691,699
Interest payable and similar expenses		561,283	224,367
(Gains)/loss on disposal of tangible assets		10,176	(40,476)
Tax on profit		2,116,669	1,401,156
<i>Changes in:</i>			
Trade and other debtors		(15,542,976)	(8,064,586)
Trade and other creditors		6,681,254	327,240
Cash generated from operations		4,212,456	829,336
Interest paid		(561,283)	(224,367)
Tax paid		(2,362,268)	(1,105,356)
Net cash generated from/(used in) operating activities		<u>1,288,905</u>	<u>(500,386)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of tangible assets		(3,004,230)	(1,415,574)
Proceeds from sale of tangible assets		171,893	182,699
Net cash used in investing activities		<u>(2,832,337)</u>	<u>(1,232,875)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		1,990,870	397,769
New finance lease arrangements		2,590,237	1,205,555
Repayment of borrowings		(1,291,231)	-
Payments of finance lease liabilities		(1,366,634)	(415,747)
Net cash from financing activities		<u>1,923,242</u>	<u>1,177,577</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		379,810	(555,684)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		(7,506,408)	(6,950,724)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	13	<u>(7,126,598)</u>	<u>(7,506,408)</u>

The notes on pages 13 to 24 form part of these financial statements.

**DIRECT ACCIDENT MANAGEMENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2018**

	Share capital £	Retained earnings £	Total £
At 1 January 2017	100	31,016,589	31,016,689
Profit for the financial year and total comprehensive income	-	6,289,667	6,289,667
At 31 December 2017	100	37,306,256	37,306,356
Profit for the financial year and total comprehensive income	-	8,906,955	8,906,955
At 31 December 2018	100	46,213,211	46,213,311

**The notes on pages 13 to 24 form part of these financial statements.**

# **DIRECT ACCIDENT MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

---

### **1. GENERAL INFORMATION**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 139 New Court Way, Ormskirk, Lancashire, L39 2YT.

### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost and going concern basis, which assumes that the company has adequate resources to continue in operational existence for the foreseeable future.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Going concern**

The Company has secured and extended existing facilities from the Company's current asset base from a specialist asset funder to support growth across all aspects of the business operations. Terms were agreed and funds drawn in June 2019.

The Directors have prepared trading and cash flow forecasts for a period of one year from the date of approval of these financial statements. The Directors have a reasonable expectation that the Company will have adequate cash headroom. The Company continues to trade profitably and early indications for growth in the current year are positive. Accordingly, the directors continue to adopt the going concern basis in preparing the consolidated financial statements.

# DIRECT ACCIDENT MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

---

### 3. ACCOUNTING POLICIES *(continued)*

#### **Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the historical financial information are described below.

#### *Recoverability of trade receivables*

Due to the nature of the business, there are high levels of trade receivables at the year end, and therefore a risk that some of these balances may be irrecoverable. A review of the company's policy for accounting for bad debts is carried out by the finance director where debts are assessed and provided against when the recoverability of these balances is considered to be uncertain.

#### **Revenue recognition**

Revenue derived from the supply of credit hire vehicles is recognised over time from the date a vehicle is placed on hire, exclusive of VAT. Vehicles are only supplied and remain on hire after a strict validation process that assesses to the Company's satisfaction that liability for the accident rests with a third party. Revenue is accrued on a daily basis, after adjustment on a portfolio basis for an estimation of the recovery of those credit hire charges based on historical settlement rates. This adjustment is made to ensure that revenue is only recognised to the extent that it is highly probable that a significant reversal of revenue will not occur upon settlement of a customer's claim. Revenue recognised is updated on settlement once the amount of fees that will be recovered is known.

#### **Income tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.



# **DIRECT ACCIDENT MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

---

### **3. ACCOUNTING POLICIES** *(continued)*

#### **Income tax** *(continued)*

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

#### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Improvements to property	- 10% straight line
Fixtures, fittings and equipment	- 20% reducing balance
Motor vehicles	- 50% straight line
Computer equipment	- 20% straight line

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

#### **Finance leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

# **DIRECT ACCIDENT MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

---

### **3. ACCOUNTING POLICIES** *(continued)*

#### **Financial instruments**

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the underlying contractual arrangement. Financial instruments are recognised on the date when the company becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value. Financial instruments cease to be recognised at the date when the company ceases to be party to the contractual provisions of the instrument.

Financial assets are included on the balance sheet as trade and other receivables or cash and cash equivalents.

##### **(a) Trade receivables**

Trade receivables are stated at their original invoiced value, as the interest that would be recognised from discounting the future cash receipts over the short credit period is not considered to be material. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts. These estimates are derived from historical trends in settlement and recovery rates.

##### **(b) Accrued income**

Revenue from credit hire is accrued on a daily basis, after adjustment on a portfolio basis, for an estimation of the recovery of those credit hire charges. As a result of credit hire turnover being recognised in the period the hire is provided, accrued income is recognised for credit hire and associated services provided that it has not yet been invoiced or is still on hire at the year-end. Upon conclusion of an individual hire, the claim is invoiced and accrued income associated with that hire is written back to nil.

##### **(c) Trade payables**

Trade payables are stated at their original invoiced value, as the interest that would be recognised from discounting the future cash payments over the short credit period is not considered to be material.

#### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

**DIRECT ACCIDENT MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2018**

---

**4. TURNOVER**

Turnover arises from:

	2018 £	2017 £
Rendering of services	<u>34,177,230</u>	<u>24,814,086</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

**5. OPERATING PROFIT**

Operating profit or loss is stated after charging/crediting:

	2018 £	2017 £
Depreciation of tangible assets	1,479,095	691,699
Loss/(gains) on disposal of tangible assets	10,176	(40,476)
Operating lease expense	<u>3,960,508</u>	<u>2,506,575</u>

**6. AUDITOR'S REMUNERATION**

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>23,650</u>	<u>25,000</u>

**7. STAFF COSTS**

The average number of persons employed by the company during the year, including the directors, amounted to:

	2018 No.	2017 No.
Distribution staff	66	68
Administrative staff	103	92
	<u>169</u>	<u>160</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2018 £	2017 £
Wages and salaries	5,431,937	4,455,950
Social security costs	505,848	413,662
Other pension costs	48,470	25,695
	<u>5,986,255</u>	<u>4,895,307</u>

---

**DIRECT ACCIDENT MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2018**

---

**8. DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services was:

	2018 £	2017 £
Remuneration	291,670	380,111
Company contributions to defined contribution pension plans	1,405	773
	<u>293,075</u>	<u>380,884</u>

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

	2018 No.	2017 No.
Defined contribution plans	<u>2</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2018 £	2017 £
Aggregate remuneration	187,559	237,361
Company contributions to defined contribution pension plans	703	386
	<u>188,262</u>	<u>237,747</u>

The total aggregate remuneration paid to key management personnel was £414,431 in the year ended 31 December 2018 (2017: £570,576).

**9. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2018 £	2017 £
Interest on banks loans and overdrafts	187,404	120,649
Interest on obligations under finance leases and hire purchase contracts	161,387	95,373
Other interest payable and similar charges	212,492	8,345
	<u>561,283</u>	<u>224,367</u>

**DIRECT ACCIDENT MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2018****10. TAX ON PROFIT****Major components of tax expense**

	2018 £	2017 £
<b>Current tax:</b>		
UK current tax expense	2,191,709	1,438,467
Adjustments in respect of prior periods	18,866	(9,433)
Total current tax	<u>2,210,575</u>	<u>1,429,034</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(94,708)	(27,878)
Adjustments in respect of prior periods	802	-
Total deferred tax	<u>(93,906)</u>	<u>(27,878)</u>
<b>Tax on profit</b>	<u>2,116,669</u>	<u>1,401,156</u>

**Reconciliation of tax expense**

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19%).

	2018 £	2017 £
Profit on ordinary activities before taxation	11,023,624	7,691,093
Profit on ordinary activities by rate of tax	2,095,839	1,461,308
Effect of expenses not deductible for tax purposes	2,956	9,977
Effect of group relief surrendered / (claimed)	(15,414)	-
Effect of capital allowances and depreciation	-	29,862
Rounding on tax charge	13,620	(27,878)
Effect of change in tax rate	-	(62,680)
Under provision of tax charge in prior year	19,668	(9,433)
<b>Tax on profit</b>	<u>2,116,669</u>	<u>1,401,156</u>

# DIRECT ACCIDENT MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

### 11. TANGIBLE ASSETS

	Improvements to property £	Fixtures, fittings and equipment £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>					
At 1 January 2018	319,945	98,046	2,233,675	268,391	2,920,057
Additions	-	-	2,944,296	59,934	3,004,230
Disposals	-	-	(720,849)	-	(720,849)
<b>At 31 December 2018</b>	<b>319,945</b>	<b>98,046</b>	<b>4,457,122</b>	<b>328,325</b>	<b>5,203,438</b>
<b>Depreciation</b>					
At 1 January 2018	248,146	88,309	1,007,782	226,757	1,570,994
Charge for the year	9,921	1,947	1,441,373	25,854	1,479,095
Disposals	-	-	(542,076)	-	(542,076)
<b>At 31 December 2018</b>	<b>258,067</b>	<b>90,256</b>	<b>1,907,079</b>	<b>252,611</b>	<b>2,508,013</b>
<b>Carrying amount</b>					
<b>At 31 December 2018</b>	<b>61,878</b>	<b>7,790</b>	<b>2,550,043</b>	<b>75,714</b>	<b>2,695,425</b>
At 31 December 2017	71,799	9,737	1,225,893	41,634	1,349,063

### Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Motor vehicles £
<b>At 31 December 2018</b>	<b>2,550,043</b>
At 31 December 2017	979,073

### 12. DEBTORS

	2018 £	2017 £
Trade debtors	56,926,012	41,760,386
Prepayments and accrued income	9,374,428	4,666,486
Directors loan account	-	409,101
Shareholder loan account	-	2,791,306
Other debtors	465,235	1,595,420
Deferred tax asset	101,606	7,700
	<b>66,867,281</b>	<b>51,230,399</b>

**DIRECT ACCIDENT MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2018****13. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following:

	2018 £	2017 £
Cash at bank and in hand	4,468,280	33,113
Bank overdrafts	(11,594,878)	(7,539,521)
	<u>(7,126,598)</u>	<u>(7,506,408)</u>

**14. CREDITORS: Amounts falling due within one year**

	2018 £	2017 £
Bank loans and overdrafts	11,594,878	8,298,958
Trade creditors	852,855	596,149
Accruals and deferred income	750,034	500,054
Corporation tax	3,491,924	3,643,617
Social security and other taxes	321,388	703,928
Obligations under finance leases and hire purchase contracts	1,640,096	825,343
Other borrowings	1,477,136	-
Inter-group balances	6,445,072	-
Other creditors	374,736	262,700
	<u>26,948,119</u>	<u>14,830,749</u>

The company uses an invoice discounting facility which has a current expiry date of 25 April 2020, which is classified within the balance for bank loans and overdrafts, is secured by way of a fixed and floating charge over all assets of the company.

**15. CREDITORS: Amounts falling due after more than one year**

	2018 £	2017 £
Bank loans and overdrafts	-	37,555
Other borrowings	18,370	-
Obligations under finance leases and hire purchase contracts	851,186	437,915
	<u>869,556</u>	<u>475,470</u>

**16. FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2018 £	2017 £
Not later than 1 year	1,640,096	825,343
Later than 1 year and not later than 5 years	851,186	437,915
	<u>2,491,282</u>	<u>1,263,258</u>

# DIRECT ACCIDENT MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

YEAR ENDED 31 DECEMBER 2018

---

### 17. PROVISIONS

	Deferred tax (note 18) £
At 1 January 2018	(7,770)
Additions	(93,836)
At 31 December 2018	<u>(101,606)</u>

### 18. DEFERRED TAX

The deferred tax included in the statement of financial position is as follows:

	2018 £	2017 £
Included in debtors (note 12)	<u>101,606</u>	<u>7,700</u>
Included in provisions (note 17)	<u>-</u>	<u>-</u>

### 19. EMPLOYEE BENEFITS

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £48,470 (2017: £25,695).

### 20. FINANCIAL INSTRUMENTS

In common with other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 3.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.



**DIRECT ACCIDENT MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS** *(continued)***YEAR ENDED 31 DECEMBER 2018****20. FINANCIAL INSTRUMENTS** *(continued)*

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

**Loans and receivables - Held at amortised cost**

	2018 £	2017 £
Cash at bank and in hand	4,468,280	33,113
Trade and other receivables	66,512,199	51,185,487
	<u>70,980,479</u>	<u>51,218,600</u>

**Financial liabilities - Held at amortised cost**

	2018 £	2017 £
Trade and other payables	8,449,697	1,562,777
Borrowings	15,581,666	9,599,771
	<u>24,031,363</u>	<u>11,162,548</u>

**21. CALLED UP SHARE CAPITAL****Issued, called up and fully paid**

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

**22. RESERVES**

Profit and loss reserve account records retained earnings and accumulated losses.

**23. OPERATING LEASES**

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than 1 year	3,456,086	1,651,758
Later than 1 year and not later than 5 years	1,960,981	733,170
	<u>5,417,067</u>	<u>2,384,928</u>

# **DIRECT ACCIDENT MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**YEAR ENDED 31 DECEMBER 2018**

---

### **25. RELATED PARTY TRANSACTIONS**

The following related party transactions were undertaken during the year:

A director, withdrew amounts totalling £15,000 (2017: withdrew amounts totalling £111,691) and repaid amounts totalling £424,101 (2017: repaid amounts totalling £nil). The balance receivable at the year-end was £Nil (2017: £409,101).

A director, charged for services and recharged expenses totalling £307,229 and received payments totalling £319,726 (2017: charged for services and recharged expenses totalling £189,692 and received payments totalling £182,358). The balance payable at the year-end was £Nil (2017: £12,497). All amounts are exclusive of VAT.

A company related by common control, paid £Nil and recharged expenses of £Nil (2016: paid £Nil and recharged expenses of £Nil). The balance payable at the year-end was £37,318 (2017: £37,318).

No further transactions with related parties were undertaken such as are required to be disclosed in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

### **26. ULTIMATE CONTROLLING PARTY**

The company's immediate parent undertaking is Edge Vehicles Rentals Group Limited, a company registered in Jersey. The ultimate parent undertaking is Anexo Group Plc, a company registered in England, and whose registered office is 5th Floor, 100 Old Hall Street, The Plaza, Liverpool, L3 9QJ. The ultimate controlling party of Anexo Group Plc is A Sellers by virtue of his shareholding, which is held in consort with his wife.

### **27. SUBSEQUENT EVENTS**

In July 2019 the company secured the renewal of its existing facilities for a further period of 12 months, the next renewal date being 31 July 2020.