Driving excellence

Helphire Group plc

Annual report & accounts
for the year ended 31 March 2004

Helphire Group plc Annual report & accounts for the year ended 31 March 2004

Helphire, founded in 1992, leads the market in providing assistance to motorists following accidents that were not their fault, currently providing over one million car hire days per annum.

The Group is positioned to provide a range of services from directly assisting individuals involved in accidents to offering partial or fully outsourced case handling facilities to insurers, brokers, leasing and fleet markets.

CONTENTS

Front cover: Helphire's new offices, Pinesgate, Bath

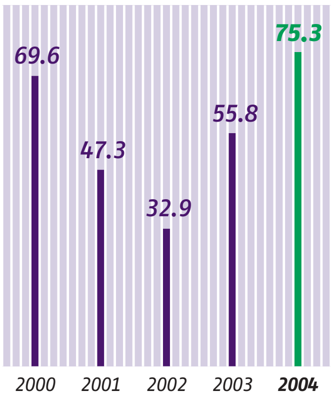
Mission Statement

The strategic objective of the Group is to position itself as the leading provider of services to non-fault accident victims in cooperation with the insurance industry and to generate additional revenue streams from the development of insurance related products.

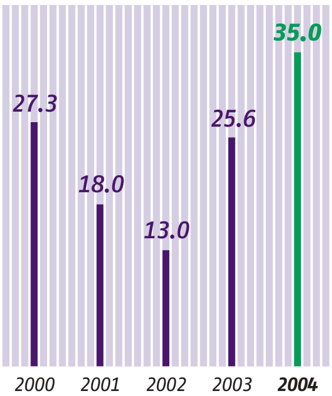
Highlights

- **Turnover up 35%**
- **Pre-tax profit on ordinary activities £7.1m** (2003: £5.3m)
- **Record earnings of 6.97p per share**
- **Enhancement of gross margin to 47%** (2003: 46%)
- **Key strategic business alliances continue to build volumes**
- **Proposed dividends of 4.5p (net) per share** (2003: 1.5p (net))

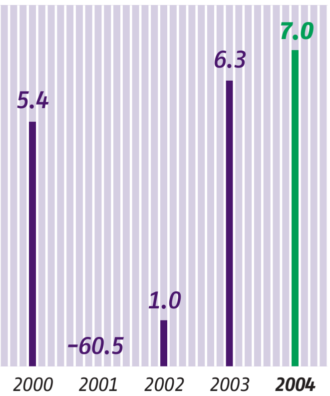
REVENUE £M



GROSS PROFIT £M



EARNINGS PER SHARE PENCE



"I would like to thank all the staff at Helphire who were involved with my claim and if I require your services in future (hopefully I won't) I would certainly use Helphire's services as first choice, once again thank you."
Mr Fry, Midsomer Norton

Chairman's Statement
MICHAEL J SYMONS

OVERVIEW
I am pleased to report a strong set of results that demonstrate the success of the business model which we have established. These results, showing the continued growth of Helphire, have been achieved at the same time as implementing major infrastructure developments to accommodate this growth. The investment in our physical and IT infrastructure will provide the Company with significant capacity to enable further increases in volumes and operational efficiency.

Growth in our business again resulted from greater levels of referrals from existing sources and the addition of a number of significant key accounts.

"With increasing numbers of organisations seeking the types of services offered by the Group, prospects for continuing to strenghten our market position are good."

Given the current market conditions, the flow of existing business, and the pipeline of business prospects currently in negotiation, the Board is optimistic about performance in the current year.

FINANCIAL RESULTS
Turnover for the year was £75.3m, an increase of 35% from the same period last year (2003: £55.8m) with the number of credit hire cases in the year increasing by 41% to c. 48,000 (2003: c. 34,000).

Gross profits of £35.1m were generated, an increase of 37% (2003: £25.6m) giving a margin of 47% (2003: 46%).

Operating profit of £8.3m (2003: £5.5m) reflects the increased depreciation charge and costs associated with the current infrastructure investments together with the investment in new accounts.

Pre-tax profits on ordinary activities were £7.1m, an increase of 35% (2003: £5.3m).

Bank borrowings at the year end were £23.8m (2003: £16.8m). Operational cash flow has been positive, the increased indebtedness being a result primarily of infrastructure investment.

OPERATIONAL PERFORMANCE
The Company continues to focus on the supply of services to non-fault accident victims and the generation of additional revenue streams from the development of these services. In addition, the Company is committed to cooperating more, and strengthening relationships, with insurers; this benefits the businesses of both parties and the service provided to the end-customers. It is encouraging to note that customer satisfaction levels, which are monitored on a monthly basis, have consistently been around 99% for the entire year.

Our customer base continues to expand, and we have added more high volume customers over the course of the year – over 70% of all core car hire business is now provided by 'key account' clients each referring over 100 cases per month to the Company.

The Company's core non-fault accident business continues to grow strongly, which is reflected in our Angel Assistance and Total Accident Management businesses.

The increasing trend of accident-linked services through the provision of pre-accident legal expenses insurance (LEI)

ACHIEVEMENTS

- 40% increase in credit hire cases
- Continued expansion in customer base
- New 60,000 sq ft call centre purchased
- Launch of Total Accident Management Ltd., the repair and claims fulfilment arm of the Group
- Consistent 99% satisfaction level amongst non-fault accident consumers
- Agreement with Avis to take over their accident management business

cover has been reflected in the growth of Angel Assistance, the LEI division of the Group. During the year, the Angel Assistance policyholder base grew by 53% to over 450,000 and hires provided to these policyholders grew by 121% to over 7,500.

Total Accident Management, the repair and claims fulfilment arm of the Group, launched in June 2003. It now has active clients across its key target groups of the fleet market, leasing companies, Insurers and brokers and currently provides services to a combined fleet of over 40,000 vehicles. In addition, the Company is in discussions with a significant number of prospective customers which should provide new opportunities in all sectors in the short and medium term.

During the course of the year, agreement was reached with AVIS Europe to absorb the residual business of Centrus, the AVIS non-fault accident subsidiary, in return for a contract for provision of cross hire vehicles to the companies' fleets.

e-register, the jewellery theft and loss claims-handling division is now fully operational with a comprehensive claims-handling service in place. Claims are already being handled for a number of clients and the jewellery database now contains information on over £420m worth of jewellery and has over 700 jeweller users.

THE MARKET PLACE AND STRATEGY

The Accident Management Association (AMA) has continued to play an important role in the development of the industry. On 22 April 2004 the Office of Fair Trading (OFT) ruled that the agreement with the insurance industry regulating the conduct and processing of non-fault accident claims (the ABI GTA protocol) was anti-competitive. The ruling, however, confirmed that if certain changes were made to the arrangements, including the appointment of an independent assessor to approve the rates recoverable for car hire under the scheme, the OFT would grant the scheme exempt status. The ABI have a limited time in which to appeal this ruling if they so choose.

The Company's market continues to develop and grow as more providers and retailers of motor insurance begin to utilise accident management services and as service providers, such as Helphire, and insurers cooperate to an increasing degree. The Board believes this environment will provide the Company with substantial opportunities over the medium term to extend and deepen the Company's service offering. It is anticipated that in addition to the organic growth of the business from increasing existing customer volumes and new referral sources, selective opportunities may arise to extend Helphire's customer base and service proposition through acquisition.

INFRASTRUCTURE DEVELOPMENT

Part of our ability to continue to grow rapidly is as a result of our continued investment in and development of our infrastructure.

The 60,000 square foot call centre facility purchased in 2003 is in the final stages of refurbishment. The facility consists of two 30,000 square foot blocks, the first of which is now fully operational. The second unit will be completed in September this year and the Group's head office and call centre function will all be located on the one site before the end of 2004.

IT development is also continuing and a comprehensive review and prioritisation of development work was completed by the end of 2003, which included an evaluation of business benefits in terms of increased efficiency and cost savings. Work is also continuing on the major software development project in partnership with Oracle. It is anticipated that this will deliver a new operational system in the next twelve to eighteen months.

DIVIDEND

I am pleased to announce that the Board intends to recommend a final dividend for the year of 2.5p per share (2003: 1.5p), making a total dividend for the year of 4.5p (2003: 1.5p). Subject to shareholder approval, the dividend will be paid on 15 September 2004 to shareholders on the register at 25 June 2004.

EMPLOYEES AND SOCIAL RESPONSIBILITY

Our employees have worked very hard to contribute to the success of the Company over the last year and I would like to thank all of them for their efforts. I am pleased to announce that the Company has recently been informed that it has met the necessary criteria to be a constituent member of the FTSE4 Good Index Series. This is produced by the FTSE Group, and provides Socially Responsible Investors with the opportunity to gain exposure to companies that meet globally recognised corporate social responsibility standards. The index has been designed to apply criteria to identify companies that are working towards environmental sustainability, developing positive relationships with stakeholders and up-holding and supporting universal human rights.

OUTLOOK

With the expected completion of the infrastructure development necessary to support continued growth the Board is optimistic about the Company's ability to continue to take advantage of its market position. As Helphire is able to offer a truly national service to the increasing number of organisations seeking the types of service offered by the Group the prospects for continuing to strengthen this position are good.

I am also pleased to report that business volumes in the first two months of the current year were in line with management's expectations.

MICHAEL J SYMONS
Executive Chairman
14 June 2004

"I am overwhelmed by the help I have received and I am very happy about everything Helphire has done. The person who delivered the vehicle was very helpful and pleasant."
Ms Glover, South Shields

Finance Director's Review
DAVID E LINDSAY

TURNOVER
Turnover grew by 35% to £75.3m (2003: £55.7m) with credit hire volumes increasing by 40% – the differential being explained by the increase in contribution from hire-related income streams.

A significant proportion of this growth has been derived from key accounts such as insurance brokers and insurance companies. A number of these key account customers currently manage their own repairs and consequently, growth in repair volume at 28%, was less than the corresponding growth in hire.

As indicated in last year's Annual Report, it is expected that cost savings associated with Helphire's management of repairs will be recognised by insurers in the medium term and credit repair's contribution to Group turnover will consequently increase.

"A strong set of results that demonstrate the success of the business model which we have established."

GROSS MARGINS
Gross profit for the year was £35.1m (2003: £25.6m), an increase of 37%. The consolidated gross margin has increased to 47% (2003: 46%).

The enhanced margin is a function of three factors: enhanced yields from credit hires, a shift in the mix of credit hire and credit repair, and an enhanced contribution from other higher margin accident management services. It is expected that margins can be maintained at current levels in the medium term.

OPERATING MARGIN
Operating profit for the year was £8.3m (2003: £5.5m), an increase of 52%. The operating margin at 11.1% (2003: 9.8%) has improved due to the positive impact of operational gearing. However, the growth in profitability at this level has been suppressed somewhat by the investment in infrastructure and on new accounts. The Group's investment in capacity is now substantially complete and the positive impact from operational gearing should be more pronounced in future years.

FINANCIAL PERFORMANCE
Pre tax profits have reached record levels at £7.1m (2003: £5.3m) as have post tax profits of £8.1m (2003: £7.3m). Earnings per share on a diluted basis increased by 14% to 6.78p (2003: 5.94p).

DEBTORS
Debtors generated from business instigated prior to our entry into the Association of British Insurers General Term of Agreement (ABI GTA) for credit hire continues to reduce in line with regular monthly receipts. The net level of debt in this category has fallen from approximately £5m at 31 March 2003, to £2m at 31 March 2004. It is expected that this balance will fall to zero by the end of the current financial year.

WORKING CAPITAL AND CASH FLOW
Since participating in the ABI GTA, the Group's business model has been cash generative. The increase in ABI debt from £29m to £40m is a function of the underlying growth of the business.

Approximately £1.65m of operating cashflow was generated in each half of the financial year to 31 March 2004. Given the net outflow in the second half of the year ending 31 March 2003 when, historically, growth and seasonality have impacted

OUR BRAND PORTFOLIO

Helphire

AFTER THE IMPACT WE SOFTEN THE BLOW!

Helphire ensures the party not at fault in an accident is able to remain mobile, while without their vehicle, by providing a replacement from their hire fleet. Repairs can also be managed through network bodyshops without the need to pay an insurance excess. Any costs for the hire and repair are passed to the insurer of the driver to blame for the accident.

Winner of 'Credit Hire and Repair Company of the Year' in the 2003 Institute of Transport Management Awards.

www.helphire.co.uk

Angel ASSISTANCE®

THE INDISPENSABLE INSURANCE UPGRADE

Angel, launched in 1998, offers market leading motor legal expenses policies through the broker and intermediary markets ensuring consumers can access their legal rights following road accidents, even if partly to blame. The product portfolio also offers expenses to cover home and family legal situations, as well as a new replacement vehicle policy, which provides transport in the event of theft or write-off.

Winner of 'ULR provider of the year' in the 2002 Insurance Times Awards.

www.angelassist.co.uk

"From being left to fend for myself by my insurance company, Helphire took away all the worry and hassle. I have since passed your details to a friend in similar circumstances."
Mr Porter, Westerham, Kent

negatively on cash flow, this year's cash result is encouraging.

Bank borrowings at 31 March 2004 stood at £23.8m (2003: £16.8m) of which £8.4m relates to the mortgage on our call centre in Bath with the balance funding working capital. Whilst operational cash flow has been positive, £2.2m has been spent on fixed assets and dividends of £4.1m have been paid out during the year.

Working capital is drawn from facilities amounting to £23.5m provided by the Bank of Scotland, whilst the mortgage on the Bath property is provided by the Allied Irish Bank. As at 31 March 2004, £11.4m was drawn under a Bank of Scotland facility. The Bank of Scotland's facilities are due to expire beyond the end of March 2008.

The Group's financial instruments comprised borrowings, some cash and liquid reserves and various items such as trade debtors and trade creditors which have arisen directly from operations. The main purpose of these financial instruments is to raise finance for the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments is undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing risks as summarised below. These policies have remained unchanged since 1 April 2003.

INTEREST RATE RISK

The Company finances its operations from a mixture of equity and bank borrowings. The Group borrows in Sterling at floating rates of interest. No interest rate caps or swaps are used to manage exposure to interest rate fluctuations.

LIQUIDITY RISK

During the year, the Group has sought to lengthen the maturity of its banking facilities. At the year-end, the Group's bank borrowings were renewable within 12 months.

CAPITAL EXPENDITURE

Capital expenditure during the year was £9.4m which primarily relates to refurbishing and equipping our new call centre in Bath. The site comprises two 30,000 square foot buildings. The first building is completely refurbished and was occupied by 1 December 2003 whilst the second building is due for completion and occupancy by 1 October 2004.

TAX

Due to the losses made in the year ended 31 March 2001, losses carried forward have generated a deferred tax asset of £3.1m which represents the value of the tax savings throughout the Group on expected profits in the year ended 31 March 2005.

SHARE CAPITAL

During the year the Group's capital reserves were increased by £1.0m as a result of the exercise of share options. The number of shares in issue at the year end was 115,994,891.

DAVID E LINDSAY
Group Finance Director
14 June 2004

OUR BRAND PORTFOLIO CONT...

Total ACCIDENT MANAGEMENT

CREATING MENU BASED MOTOR SOLUTIONS

Total is the repair and claims fulfilment arm of the Group providing a fully outsourced or modular, accident and risk management solution to fleets, insurers, brokers and contract hire companies. Differentiation is provided through the ability to balance the immediate needs and issues of a driver with the long-term programme objectives of the client.

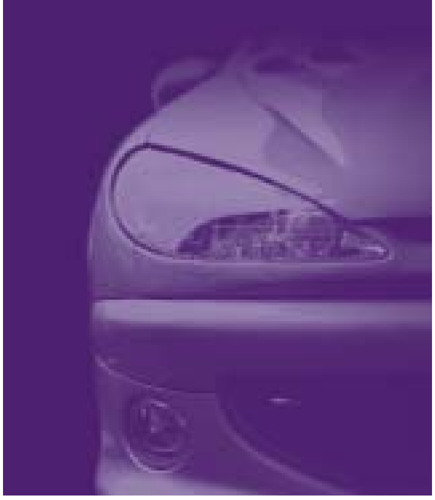
www.totalaccman.co.uk

e register

DEDICATED TO THE PROTECTION AND RECOVERY OF VALUABLE POSSESSIONS

Co-developed with IBM, e-register provides secure on-line registration for valuables aimed at increasing security, speeding up loss and theft claims, and reducing insurer costs by decreasing administration and fraud. With a database of over £420m worth of jewellery, the e-register claims handling division provides a comprehensive service to insurers and is also able, through secure Police access, to reunite recovered items with their owners.

www.gvj.org.uk



The Board

MICHAEL J SYMONS
Executive Chairman

Michael qualified as a solicitor in 1979 and spent 7 years developing a firm of solicitors in the Croydon area which he sold in 1987. From 1987 to 1992 he was a director of a number of property companies involved in residential and leisure developments.

He was co-founder of Helphire in 1992 and was Chief Executive until the end of September 2001.

MARK B JACKSON
Chief Executive

Mark qualified in medicine from Oxford University in 1980, and subsequently pursued a career in general medical practice with a period spent completing a doctorate in epidemiology.

He co-founded Helphire in 1992 and became a full time Executive Director and Deputy Chief Executive in 1998. He became Chief Executive in 2001.

Since November 2003 he has been Non-Executive Chairman of the Medical Property Investment Fund Ltd.

DAVID E LINDSAY ACA
Group Finance Director

David began his career in 1986 with ANZ Merchant Bank. He subsequently trained from 1991 to 1994 as a chartered accountant with Coopers & Lybrand. From 1995 to 1996 he was financial accountant at Telewest plc. He joined Helphire in October 1996.

DAVID A ROBERTSON
Group Operations Director

Prior to joining Helphire in August 1997, David's career encompassed senior management positions in the service sector before moving into management consulting. As a consultant, he advised some of the largest companies in Europe, both with Coopers & Lybrand and latterly as a director of his own consulting business.

PETER F HOLDING
Group Legal Director
Formerly a partner in Shoosmiths and Harrison Solicitors, Peter joined Helphire as Group Legal Director in December 1997. He is a member of the Association of Personal Injury Lawyers.

ROGER J TAYLOR
Deputy Chairman
Roger Taylor was appointed as a Non-Executive Director of Helphire in February 2000. Roger is currently Chairman of Amlin plc, prior to which, from 1986 to 1998, he was a director of Royal & Sun Alliance, where he also served as Deputy Chairman of the Group and Chairman of the management board. From 1997 to 1998 he was Chairman of the Association of British Insurers (ABI). He is currently a director of Yura International Holding B.V. and the White EnSign Association Ltd.

ALISTAIR H MATHERS FCA
Non-Executive Director
Alistair qualified as a chartered accountant in 1969 and since that date has held a number of finance positions in major international companies, including African Oxygen Limited, a subsidiary of B.O.C. plc, and Avon Cosmetics Limited.

From 1981 to 1995 he was the finance director of the pharmaceutical division of Fisons plc. He joined the Board of Helphire in February 1997. He currently runs his own management consultancy in Nottingham.

RICHARD C M BURRELL
Non-Executive Director
Richard Burrell was appointed as a Non-Executive Director of Helphire in January 2002. Richard is Chief Executive of Berrington Fund Management LLP.

"Whether dealing with your telephone operators or the person that delivered the vehicle – all very helpful and provided an excellent service. Many thanks."
Mr Coram, High Wycombe

"The business has continued to grow throughout the year and customer service levels have been maintained despite all the challenges of infrastructure development. The prospects for the future growth of the company look very good."

MARK B JACKSON, Chief Executive

FINANCIAL CONTENTS

Advisors

COMPANY SECRETARY
N P Tilley

REGISTERED OFFICE
White Hart House
High Street,
Limpsfield,
Surrey RH8 0DT

AUDITORS
Deloitte & Touche LLP
Abbots House,
Abbey Street,
Reading RG1 3BD

SOLICITORS
Maclay, Murray and Spens
10 Foster Lane,
London EC2V 6HR

STOCKBROKERS
Collins Stewart Ltd
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88 Wood Street,
London EC2V 7QR

REGISTRARS
Capita IRG plc
Balfour House,
390-398 High Road,
Ilford,
Essex IGI INQ

BANKERS
Bank of Scotland
38 Threadneedle Street,
London EC2P 2EH

HSBC
45 Milsom Street,
Bath,
Avon BA1 1DU

Allied Irish Bank
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Cardiff CF24 0AB

FINANCIAL ADVISORS
UBS Investment Bank Limited
2 Finsbury Avenue,
London EC2M 2PP

COMPANY NUMBER
3120010

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the accounts and independent auditors' report, for the year ended 31 March 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of non-fault accident management assistance and related services, the main income being derived from replacement vehicle hire and the financing of vehicle repairs arising from insurance claims.

BUSINESS REVIEW

The Group continues to invest in the development of new products and services. The Directors expect the level of core business activity to increase in line with historic trading patterns and to be complemented by the contributions from higher margin products. Further details of the Group's performance during the year and ongoing strategy are contained in the Chairman's Statement and Group Finance Director's Review.

RESULTS AND DIVIDENDS

The audited accounts for the year ended 31 March 2004 are set out on pages 22 to 40. The Group's profit for the year after taxation was £8.1m (2003: £7.3m). An interim dividend of 2p (2003: Nil) per ordinary share was paid during the year. The Directors recommend a final dividend of 2.5p (2003: 1.5p) per ordinary share to be paid after approval at the AGM.

DIRECTORS

The Directors who served during the year were as follows:

M J Symons (Executive Chairman)
R J Taylor (Deputy Chairman)
M B Jackson
R C M Burrell
P F Holding
D E Lindsay
A H Mathers
D A Robertson

The interests of the Directors in the shares of Helphire Group plc are given in note 7 to the Accounts.

BIOGRAPHIES OF NON-EXECUTIVE DIRECTORS

Alistair H Mathers FCA, aged 59, is a Non-Executive Director. He qualified as a chartered accountant in 1969 and since that date has held a number of finance positions in major international companies. From 1972 to 1976 he was a finance manager with African Oxygen Ltd, a subsidiary of BOC PLC, and from 1976 to 1981 he was financial controller at Avon Cosmetics Limited. From 1981 to 1995 he was the finance director of the pharmaceutical division of Fisons PLC. He joined the Board of Helphire in February 1997. He currently runs his own management consultancy in Nottingham.

Roger J Taylor, aged 62, is the Deputy Chairman. He is currently chairman of Amlin plc and was previously a director, from 1986 to 1998, of Sun Alliance and subsequently Royal & Sun Alliance where he also served as deputy chairman of the Group and chairman of the management board. From 1997 to 1998 he was chairman of the Association of British Insurers (ABI). He is currently a director of Yura International Holding B.V. and the White EnSign Association Ltd.

Richard C M Burrell, aged 38, Non-Executive Director. Richard Burrell was appointed as a Non-Executive Director of Helphire Group plc in January 2002. He is Chief Executive of Berrington Fund Management LLP.

BIOGRAPHIES OF DIRECTORS FOR RE-ELECTION

Peter F Holding, aged 40, formerly a partner in Shoosmiths and Harrison Solicitors, Peter joined Helphire as Group Legal Director in December 1997. He is a member of the Association of Personal Injury Lawyers.

Alistair H Mathers FCA, aged 59, is a Non-Executive Director. He qualified as a chartered accountant in 1969 and since that date has held a number of finance positions in major international companies. From 1972 to 1976 he was a finance manager with African Oxygen Ltd, a subsidiary of BOC PLC, and from 1976 to 1981 he was financial controller at Avon Cosmetics Limited. From 1981 to 1995 he was the finance director of the pharmaceutical division of Fisons PLC. He joined the Board of Helphire in February 1997. He currently runs his own management consultancy in Nottingham.

Roger J Taylor, aged 62, is the Deputy Chairman. He is currently chairman of Amlin plc and was previously a director, from 1986 to 1998, of Sun Alliance and subsequently Royal & Sun Alliance where he also served as deputy chairman of the Group and chairman of the management board. From 1997 to 1998 he was chairman of the Association of British Insurers (ABI). He is currently a director of Yura International Holding B.V. and the White EnSign Association Ltd.

SUPPLIER PAYMENT POLICY

The Company's policy, which is also applied by the Group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by those terms.

At 31 March 2004, the Group's trade creditors, expressed as a number of days, was 39 days (2003: 66 days). The Company had no trade creditors at either year end.

Directors' Report continued

FIXED ASSETS

In the opinion of the Directors the current open market value of the Group's interests in freehold land and buildings is equal to its fair value.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the Group made charitable donations of £1,000 (2003: £1,000). There were no political donations.

SUBSTANTIAL SHAREHOLDINGS

As at 1 June 2004, the Company had been informed that the following persons are interested directly or indirectly in three per cent or more of the issued share capital of the Company:

	Number of ordinary shares	Percentage of issued share capital
Amvescap PLC	33,737,058	29.08%
M and G Investment Management Limited	9,618,314	8.29%
Schroders Investment Management Limited	8,489,477	7.32%
Artemis Investment Management	7,312,023	6.31%
Legal and General	4,164,691	3.59%
HSBC	3,564,776	3.07%

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, informal meetings and company notice boards. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully since its inception in 1997. It is open to all employees after completion of one year of service and has enabled a large number of employees to participate in the significant growth in share price since flotation. In 2002 the Group commenced a share save scheme which was widely supported by all levels of staff.

AUDITORS

On 1 August 2003 Deloitte & Touche transferred their entire business to Deloitte & Touche LLP, a limited liability partnership formed pursuant to the Limited Liability Partnership Act 2000. The Company gave its consent to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of s26(5) Companies Act 1989. Accordingly the accounts have been signed in the name of Deloitte & Touche LLP. A resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

By order of the Board
N P Tilley
Secretary

White Hart House, Limpsfield, Surrey RH8 0DT

Corporate Governance

The Company is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance which is appended to the Listing Rules of the Financial Services Authority (FSA) and for which the Board is accountable to shareholders.

STATEMENT OF COMPLIANCE WITH THE CODE OF BEST PRACTICE

The Company is not required to have complied with the revised Combined Code during the year under review. Unless otherwise stated all references to the Combined Code hereafter refer to the Combined Code as existed before July 2003. The Company has complied throughout the year with the provisions of Section 1 of the Combined Code in the manner set out below.

STATEMENT ABOUT APPLYING THE PRINCIPLES OF GOOD GOVERNANCE

The Company has applied the Principles of Good Governance set out in section 1 of the Combined Code by complying with the Code of Best Practice as reported above. Further explanation of how the Principles have been applied is set out below and, in connection with Directors' remuneration, in the Directors' Remuneration Report.

THE BOARD

The Directors' wide range of expertise and experience and their biographical details are summarised on page 7. The Board meets at least six times a year. There was full attendance save at one re-arranged meeting which one Director could not attend. The Board has formally reserved specific matters to itself for determination and has approved terms of reference for other Board committees; these have all been recently updated following publication of the revised Combined Code and are available on the Company's web site at www.helphire.co.uk/investor_relations.htm.

CHAIRMAN AND CHIEF EXECUTIVE

The offices of Executive Chairman and Chief Executive are held separately. The Executive Chairman, M J Symons takes responsibility for ad hoc executive matters regarding the Company's business. Apart from the Chief Executive no executive reports to him other than through the Board. Due to his executive duties, the Executive Chairman's responsibility for running the Board and its committees has, since his appointment, been delegated to the Non-Executive Deputy Chairman and Senior Independent Director, R J Taylor. The Chief Executive, M B Jackson is responsible for running the business and chairs the Executive Committee. Since 28th April 2004 there has been a formal statement recording these divisions of responsibilities.

SENIOR NON-EXECUTIVE DIRECTOR

The Deputy Chairman, Roger Taylor has been recognised as the Company's senior independent Non-Executive Director since 24 April 2002.

BOARD BALANCE

The Board comprises four full-time and one part-time Executive Directors and three Non-Executive Directors. The three Non-Executive Directors, R J Taylor, A M Mathers and R C M Burrell 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. R C M Burrell is the Chief Executive of Berrington Fund Management Limited which is the appointed Investment Manager to the Medical Property Investment Fund Limited of which M B Jackson is the Non-Executive Chairman. The Board, having considered the individuals' respective roles, has concluded that the relationship is sufficiently remote so as not to interfere materially with Mr Burrell's independence.

SUPPLY OF INFORMATION

Prior to each Board Meeting each Director receives detailed information on matters to be discussed.

APPOINTMENTS TO THE BOARD

Board appointments and succession planning is the responsibility of the Nominations Committee which comprises the three Non-Executive Directors, R J Taylor, A H Mathers and R C M Burrell and two Executive Directors, M J Symons (committee chairman) and M B Jackson. In the year under review the Committee met once.

RE-ELECTION

All Directors must submit themselves for re-election at least every three years.

REMUNERATION COMMITTEE

The Remuneration Committee met four times in the year under review and comprises exclusively Non-Executive Directors, R J Taylor (committee chairman), A H Mathers and R C M Burrell. Its objective is to develop 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. A public statement regarding the use of remuneration consultants is available on the Company's web site at www.helphire.co.uk/investor_relations.htm.

RELATIONS WITH SHAREHOLDERS

The Company is committed to maintaining good relations with its shareholders through the provision of regular Interim and Annual Reports and other trading statements and the Annual General Meeting. The Company also arranges individual and Group meetings with its institutional shareholders.

CONSTRUCTIVE USE OF THE ANNUAL GENERAL MEETING

The Company holds its Annual General Meeting once a year in Bath providing an opportunity for all shareholders and particularly private investors to ask questions of the Board.

FINANCIAL REPORTING

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

Corporate Governance continued

INTERNAL CONTROL

The Board of Directors is responsible for the Group's system of internal control and confirms that during the period coved by this report and up to the date of its approval it has applied principle D2 of the Combined Code by maintaining a continuous process for identifying, evaluating, reporting and managing the significant risks the Group faces.

The Board confirms that the risk management process in operation is in accordance with the guidance Internal Control: Guidance for Directors on the Combined Code, which links internal control to the management of risks that are significant and relevant to the achievement of business objectives.

The Board, in seeking to achieve the Group's business objectives, cannot offer an absolute guarantee that the use of a risk management process has been able to overcome or eliminated all significant risks. However, by linking an established risk-management process to relevant business objectives the Board is able to provide a reasonable assurance against material misstatement or loss.

In accordance with provision D2.1 of the Combined Code, the Board confirms that it has regularly reviewed the effectiveness of the Group's system of internal controls which has been in operation during this financial year. The Board's monitoring covers all controls, including financial, operational, compliance and risk management.

The Group's Risk Committee continued to have a significant role in the monitoring process by reporting to the Board through the Audit Committee those risks identified by all business units and departments throughout the Group, and in quantitative terms, detailing the nature of the potential impact these risks may have on the Group's current and future performance.

As reported last year, the Board recognises the importance of the need to continue to develop its risk management capability throughout the Group. The additional risk assessment and risk management training for relevant managers referred to last year was completed.

Following further embedding of the risk management process into the organisation, primary responsibility for assessing, monitoring and managing operational risks has been devolved to the Company's senior managers immediately below Board level. For the time being their activities will be monitored by the Risk Committee but it is likely this group will report directly to the Audit Committee on a regular basis in the near future.

The management and monitoring of strategic risks remains the sole responsibility of the Board.

The Board has also performed a specific assessment of the Group's system of internal controls for the purpose of this report. This assessment considers all significant aspects of internal control arising during the period covered by this report. The Audit Committee has again assisted the Board in discharging its review responsibilities.

The internal audit function created during the previous financial year has continued. The internal auditor reports to the Chairman of the Audit committee who, together with the Finance Director, sets a rolling programme of matters to be considered. The internal auditor's reports are reviewed regularly by the Audit Committee including monitoring progress on the implementation of the internal auditor's recommendations.

AUDIT COMMITTEE AND AUDITORS

The Audit Committee comprises A H Mathers (committee chairman), R J Taylor and R C M Burrell and met three times in the year under review. The Board has, through the Audit Committee, established formal and transparent arrangements for financial reporting, internal control and external auditing. The Audit Committee's terms of reference cover the Group's Risk Management activities as a whole and has been extended to include the monitoring of the internal audit function in addition to the financial aspects of internal control. The Audit Committee reviews the scope and results of the audit and non-audit services, the cost effectiveness and independence and objectivity of the auditors. It receives reports (written and in person) from executives, senior managers and representatives of the Risk Committee.

Under its revised terms of reference the Committee will be reviewing the Company's arrangements to enable employees to raise, confidentially, concerns about possible improprieties.

GOING CONCERN

The Directors continue to prepare accounts on the going concern basis because, based on current financial projections and available facilities, they reasonably expect the Company and the Group to have adequate resources to remain in operation for the foreseeable future.

Directors' Remuneration Report

INTRODUCTION

This report has been prepared so as to meet the requirements of the Directors' Remuneration Report Regulations 2002 (the 'Regulations') as well as the Listing Rules of the Financial Services Authority. It deals with the remuneration of both Executive and Non-Executive Directors.

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

A resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

UNAUDITED INFORMATION

Remuneration Committee

The Remuneration Committee operates under written terms of reference approved by the board, meets as and when required (but at least twice a year) and is comprised exclusively of Non-Executive Directors whom the Company considers are independent, being R J Taylor (committee chairman), A H Mathers and R C M Burrell.

No Committee member has any personal financial interest (save in respect of interests in shares), conflicts of interest arising from cross directorships (see note in Corporate Governance section on Board Balance re R C M Burrell) 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 remuneration.

In determining the Directors' remuneration for the year, the Committee consulted Mark Jackson (Chief Executive) about its proposals and also appointed and took advice from New Bridge Street Consultants on the structure of the Directors' remuneration packages. New Bridge Street Consultants also advised the Company in relation to the operation of the Company's share option schemes generally.

Remuneration Policy

Executive remuneration packages are and will be designed to attract, motivate and retain the high calibre directors needed to maintain the Company's position as a leading accident management company and to reward them for enhancing value to shareholders. The performance evaluation of the Executive Directors and the determination of their annual remuneration packages is undertaken by the Committee. The remuneration of the Non-Executive Directors is set by the Board. Currently there are no senior managers whose basic salary is above the threshold which, under the Committee's terms of reference, would require it to consider their remuneration.

The main elements of the Executive Directors' remuneration packages are and will be:
1. Basic annual salary and benefits;
2. Annual bonus payments not to exceed 75% of basic salary;
3. Long term share based incentives; and
4. Pension arrangements.

The Company's policy is and will continue to be that a significant element of a Director's remuneration is to be performance related; the structure of the annual bonus and long-term share-based incentives are set out in more detail below.

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 and the fees are shared with the Company. M B Jackson holds an outside appointment as Non-Executive Chairman of the Medical Property Investment Fund Limited, for which he has retained £23,321.93 being half of the fees paid in the period under review.

Basic Salary

Executive Directors' salaries are determined by the Committee prior to the start of each financial year, although they may be reviewed during the relevant financial year if and when an individual changes position or responsibility. Before setting these basic salaries the Committee considers the group as a whole and relies on objective, independent advice and research which gives up to date information on remuneration policies adopted by like companies. Salaries were reviewed in March 2003 with the increases taking effect in April 2003.

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 (or cash allowance in lieu), fuel card, private medical, life and permanent health insurances and contributions to pensions.

Annual Bonus Payments

The four full-time Executive Directors are entitled to participate in the annual bonus scheme which provides for a bonus of up to a maximum of 75% of basic salary to be paid upon achieving earnings targets which are set annually by the Committee. The annual bonus for the Executive Chairman is discretionary and is set by the committee annually subject also to a maximum of 75% of basic salary.

The Committee believes that any incentive payments awarded should be tied to the meeting of challenging and stretching performance targets. Before setting the bonus parameters the Committee refers to objective, independent advice as noted above.

The bonus targets for the year under review were demanding and no bonuses were paid in respect of this year. The Committee proposes that equally challenging bonus targets will be applied in the forthcoming financial year.

Directors' Remuneration Report continued

Share Based Incentives

During the year ended 31 March 2004 options were granted under the Executive Share Option Scheme 2002 ('2002 Scheme'). The Committee has responsibility for supervising the 2002 Scheme and the grant of options under its terms.

The 2002 Scheme permits the annual grant to any individual of options over shares worth up to 200% of their basic salary.

The performance condition applied to options granted in 2003 under the 2002 Scheme is based on the achievement of absolute EPS targets set out below:

EPS for financial year ending 31 March 2006	Proportion of option exercisable
Less than 6p	Nil
6p	One third
9p	Two thirds
14p	All

These targets were chosen after receiving independent, external advice and reflect the fact that the Company will be paying tax on its profits for the financial year ended 2006.

If the EPS targets are not met in full at the end of the relevant financial year, the performance conditions can be re-tested twice more, annually, although the EPS targets will increase in line with the retail prices index plus 10%. To the extent that the options are not exercisable in full following the second re-test, they will lapse.

The performance condition applies to all Executive Directors to whom options were granted. EPS-based performance targets were originally chosen and (the Committee has been independently advised) remain appropriate as Executive Directors should be able to influence earnings directly and by the use of such targets would be encouraged to do so.

The Committee proposes that similarly challenging performance conditions will be applied to any options granted this year and the Committee is actively considering the most appropriate conditions to adopt. Full disclosure of these conditions will be made next year.

The exercise price of options granted under the 2002 Scheme is equal to the market value of the Company's shares at the time when the options were granted.

The Company also operates a SAYE scheme in which the Executive Directors are eligible to participate and under which options may be granted at a discount of 20% of the market value of the Company's shares at the time when the options are granted. No awards were made under this scheme during the 2003/4 financial year.

No awards have ever been made under the Equity Partnership Plan 2002 ('EPP 2002'). If any awards are made under this scheme they will be subject to performance conditions which will apply to all Executive Directors to whom they are granted.

As part of its responsibilities in respect of the 2002 Scheme and the EPP 2002 the Committee will, following publication of the Company's EPS for the relevant financial year, assess the extent to which the performance conditions are met.

The Company does not operate any long term incentive schemes other than those described above.

Details of share options granted and long term incentive schemes appear in the audited section of this report.

Pension Arrangements

All Executive Directors received a contribution of 20% of basic salary to be used for personal money purchase schemes.

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 one year notice period. All Executive Directors, including P F Holding who is proposed for re-election at the next AGM, have contracts which are subject to one year's notice.

Details of the Executive Directors contracts are summarised below:

Name	Contract date	Notice period
M J Symons	23 January 2002	One Year
M B Jackson	28 February 1997	One Year
D E Lindsay	28 February 1997	One Year
D A Robertson	10 February 1998	One Year
P F Holding	28 January 1998	One Year

Directors' Remuneration Report continued

UNAUDITED INFORMATION CONTINUED

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.

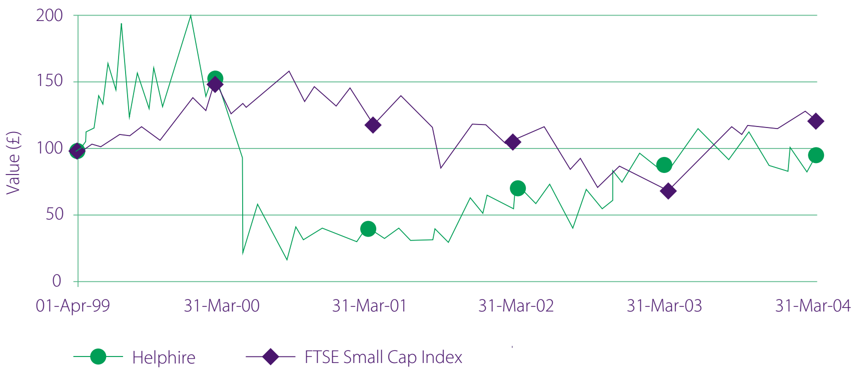
All Non-Executive Directors have specific terms of engagement and are appointed for periods of three years. Their fees are disclosed in the audited section of this report and are set by the Board as a whole after taking independent advice concerning fees paid to Non-Executive Directors of similar companies. Non-Executive Directors cannot in any future years participate in any of the Company's share option schemes. Dates of the Non-Executive Directors' letters of appointment and the unexpired period of their appointments are set out below:

Name	Date of letter	Unexpired term
R J Taylor	11 September 2002	Proposed for re-election
A H Mathers	11 September 2002	Proposed for re-election
R C M Burrell	11 September 2002	One year

Performance Graph

The Regulations require this report to contain a graph showing the performance of the Company and a 'broad equity market index' over the past five years. As the Company is a constituent of the FTSE SmallCap Index, this index is considered an appropriate form of 'broad equity market index' with which the Company's performance should be compared. Performance, as required by the Regulations, is measured by Total Shareholder Return (share price growth plus dividends reinvested):

This graph shows the value by the end of March 2004, of £100 invested in Helphire on 1 April 1999 compared with the value of £100 invested in the FTSE Small Cap Index.



AUDITED INFORMATION

Aggregate Directors' Remuneration

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

	2004 £'000	2003 £'000
Emoluments	1,246	1,827
Gains on exercise of options	1,545	–
Money purchase pension contributions	200	181
Total remuneration	2,991	2,008

Directors' Remuneration Report continued

Directors' Emoluments

Name of Director	Fees/Basic salary £'000	Bonus £'000	Taxable benefits £'000	2004 Total £'000	2003 Total £'000
Executive:					
M J Symons	215	–	10	225	339
M B Jackson	300	–	10	310	482
D E Lindsay	189	–	6	195	290
D A Robertson	184	–	5	189	290
P F Holding	179	–	11	190	289
Non-Executive:					
A Mathers	38	–	–	38	36
R J Taylor	66	–	–	66	70
R C M Burrell	33	–	–	33	31
Total emoluments	1,204	–	42	1,246	1,827

Directors' Bonuses

No annual bonuses were awarded in the year ended 31 March 2004 as the performance targets were not met.

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.

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

Name	Scheme	Number of options	Exercise price	Market price at exercise date	Gains on Exercise 2004 £'000	Gains on Exercise 2003 £'000
Executive:						
M J Symons	Unapproved	120,000	£0.25	£2.19	233	–
M J Symons	Unapproved	56,000	£0.98	£2.19	68	–
M J Symons	Unapproved	375,000	£1.00	£2.19	446	–
M B Jackson	Approved	120,000	£0.25	£2.19	233	–
D E Lindsay	Approved	120,000	£0.25	£2.19	233	–
D A Robertson	Approved	43,000	£0.70	£2.19	64	–
P F Holding	Unapproved	26,000	£0.98	£2.19	31	–
P F Holding	Unapproved	45,000	£1.00	£2.19	54	–
P F Holding	Approved	43,000	£0.70	£2.19	64	–
Non-Executive:						
R J Taylor	Unapproved	100,000	£1.00	£2.19	119	–
Total Gain on exercise					1,545	–

Details of Directors' options under the Approved Scheme are as follows:

Name	Options held at 1 April 2003	Options granted in the year	Options exercised in the year	Options lapsed in the year	Options held at 31 March 2004	Exercise price	Date from which exercisable	Expiry date
M B Jackson	120,000	–	120,000	–	–	£0.25	14/3/00	14/3/07
D E Lindsay	120,000	–	120,000	–	–	£0.25	14/3/00	14/3/07
D A Robertson	43,000	–	43,000	–	–	£0.70	8/12/00	8/12/07
P F Holding	43,000	–	43,000	–	–	£0.70	8/12/00	8/12/07

The exercise of options is subject to an increase in average earnings per share of at least 2% per annum above the Retail Price Index over the three year period to the exercise date.

Directors' Remuneration Report continued

Details of the Directors' options under the Company's Unapproved Share Option Scheme are as follows:

Name	Options held at 1 April 2003 '000	Options granted in the year '000	Options exercised in the year '000	Options lapsed in the year '000	Options held at 31 March 2004 '000	Exercise price	Date from which exercisable	Expiry date
M J Symons	120	–	120	–	–	£0.25	14/3/00	14/3/07
	56	–	56	–	–	£0.9813	14/8/01	14/8/08
	68	–	–	–	68	£2.225	20/5/02	20/5/09
	375	–	375	–	–	£1.00	17/5/03	17/5/10
	493	–	–	–	493	£0.76	29/6/04	29/6/11
	343	–	–	–	343	£1.06	19/7/05	19/7/12
	–	191	–	–	191	£2.09	8/7/06	8/7/13
Total	**1,455**	**191**	**551**	**–**	**1,095**			
M B Jackson	44	–	–	–	44	£0.9813	14/8/01	14/8/08
	56	–	–	–	56	£2.225	20/5/02	20/5/09
	300	–	–	–	300	£1.00	17/5/03	17/5/10
	394	–	–	–	394	£0.76	29/6/04	29/6/11
	491	–	–	–	491	£1.06	19/7/05	19/7/12
	–	272	–	–	272	£2.09	8/7/06	8/7/13
Total	**1,285**	**272**	**–**	**–**	**1,557**			
D E Lindsay	28	–	–	–	28	£0.9813	14/8/01	14/8/08
	36	–	–	–	36	£2.225	20/5/02	20/5/09
	195	–	–	–	195	£1.00	17/5/03	17/5/10
	257	–	–	–	257	£0.76	29/6/04	29/6/11
	292	–	–	–	292	£1.06	19/7/05	19/7/12
	–	167	–	–	167	£2.09	8/7/06	8/7/13
Total	**808**	**167**	**–**	**–**	**975**			
D A Robertson	28	–	–	–	28	£0.9813	14/8/01	14/8/08
	36	–	–	–	36	£2.225	20/5/02	20/5/09
	195	–	–	–	195	£1.00	17/5/03	17/5/10
	257	–	–	–	257	£0.76	29/6/04	29/6/11
	292	–	–	–	292	£1.06	19/7/05	19/7/12
	–	162	–	–	162	£2.09	8/7/06	8/7/13
Total	**808**	**162**	**–**	**–**	**970**			
P F Holding	26	–	26	–	–	£0.9813	14/8/01	14/8/08
	36	–	–	–	36	£2.225	20/5/02	20/5/09
	195	–	45	–	150	£1.00	17/5/03	17/5/10
	257	–	–	–	257	£0.76	29/6/04	29/6/11
	292	–	–	–	292	£1.06	19/7/05	19/7/12
	–	162	–	–	162	£2.09	8/7/06	8/7/13
Total	**808**	**162**	**71**	**–**	**897**			
R J Taylor	100	–	100	–	–	£1.00	17/5/03	17/5/10
Total	**100**	**–**	**100**	**–**	**–**			

Directors' Remuneration Report continued

The exercise of the options granted under the older schemes (those excercisable prior to 19 June 2005) is subject to an average growth rate of 7.5% plus inflation in the Company's earnings per share in the three years prior to the date of exercise.

The exercise of the options granted under the 2002 Scheme (those exercisable between 19 July 2005 and 19 July 2012) is dependent on the achievement of a sliding scale of absolute EPS targets, set out more fully earlier in this report.

Details of the Directors' options under the Company's SAYE Scheme are as follows:

Name	Options held at 1 April 2003	Options granted in the year	Options exercised in the year	Options lapsed in the year	Options held at 31 March 2004	Exercise price	Date from which exercisable	Expiry date
M J Symons	7,159	–	–	–	7,159	£1.32	1/2/06	1/8/06
M B Jackson	7,159	–	–	–	7,159	£1.32	1/2/06	1/8/06
D E Lindsay	7,159	–	–	–	7,159	£1.32	1/2/06	1/8/06
D A Robertson	5,727	–	–	–	5,727	£1.32	1/2/06	1/8/06
P F Holding	7,159	–	–	–	7,159	£1.32	1/2/06	1/8/06

Nothing has been paid by any Director for the award of any share options.

All share options are in respect of ordinary shares. The market price of the ordinary shares at 31 March 2004 was 191.5p and the range during the year was 168p to 225p.

There have been no variations to the terms and conditions or performance conditions for share options during the financial year.

Directors' Pension Entitlements
All Executive Directors are members of personal money purchase schemes. Contributions paid by the Group in respect of such Directors were as follows:

Name of Director	2004 £'000	2003 £'000
M J Symons	40	36
M B Jackson	57	52
D E Lindsay	35	31
D A Robertson	34	31
P F Holding	34	31
Total	200	181

Approval
By order of the Board

D E Lindsay
Director
14 June 2004

Health, Safety and Environmental Statement

The Group recognises that the health and safety of employees and users of our services are of paramount importance. We have an established Health and Safety Policy implemented across the business and this year, an Environmental Policy has been successfully developed and introduced. The Health, Safety and Environment Committee is chaired by the Group Operations Director.

HEALTH AND SAFETY STATEMENT

Health and safety within the Group has an equal status with all other business objectives and we see the promotion of health and safety as a joint objective between the Group and all its employees. The Health and Safety Policy is based on the belief that accidents can be prevented. Through its Health and Safety Policy, it is the Group's objective to provide and maintain a healthy, safe and secure work setting for its employees and visitors.

ENVIRONMENT STATEMENT

Our Environment Policy commits the Group to be a responsible neighbour in the communities in which it operates. The Group recognises its duty to care for the environment and will seek continual improvement in its environmental performance.

THE COMPANY

- Commits to considering the effects on the environment from its work activities, ensuring threats of pollution are identified and limited or effectively controlled;
- Will consider and review the use of available energy sources used within its business, and will implement measures to economise on energy consumption;
- Will undertake periodic reviews of its policy to ensure it remains appropriate and in accordance with current legislation. Any reviews of the policy will additionally take into account relevant incidents that occur and changes to work processes and practices.

Directors' Responsibilities

ACCOUNTS, INCLUDING ADOPTION OF GOING CONCERN BASIS

United Kingdom company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit or loss of the Group for that period.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

In preparing the accounts, the Directors are required to: select suitable accounting policies and then apply them consistently; make judgments and estimates that are reasonable and prudent; and state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

OTHER MATTERS

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

Independent Auditors' Report

TO THE MEMBERS OF HELPHIRE GROUP PLC

We have audited the financial statements of Helphire Group plc for the year ended 31 March 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes numbered 1 to 23. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 AUDITORS

As described in the statement of Directors' responsibilities, the company's Directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the Directors' Remuneration Report. Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the Directors' Report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the Directors' Remuneration Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report described as having been audited.

OPINION

In our opinion

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2004 and of the profit of the Group for the year then ended; and
- the financial statements and part of the Directors' Remuneration Report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

Reading
14 June 2004

Consolidated Profit and Loss Account

For the year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Turnover	2	75,297	55,791
Cost of sales		(40,240)	(30,238)
Gross profit		35,057	25,553
Administrative expenses		(28,052)	(20,847)
Other operating income	3	1,329	771
Operating profit		8,334	5,477
Finance charges	6	(1,259)	(224)
Profit on ordinary activities before taxation	4	7,075	5,253
Tax credit on profit on ordinary activities	8	987	2,000
Profit for the financial year	19	8,062	7,253
Dividends paid and proposed on equity shares	9	(5,232)	(1,717)
Retained profit for the year		2,830	5,536
Earnings per share			
Basic	10	6.97p	6.33p
Diluted	10	6.78p	5.94p

All turnover and operating profit arose from continuing operations.

The accompanying notes are an integral part of this consolidated profit and loss account.

There were no recognised gains and losses other than the profit for each financial year. Accordingly a statement of recognised gains and losses has not been presented.

Consolidated Balance Sheet

At 31 March 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	11	1,453	1,754
Tangible assets	12	19,420	13,263
		20,873	15,017
Current assets			
Debtors:			
– due within one year	14	50,911	44,140
– due after one year	14	1,632	–
Cash at bank and in hand		4,976	3,069
		57,519	47,209
Creditors:			
Amounts falling due within one year	15	(30,207)	(21,133)
Net current assets		27,312	26,076
Total assets less current liabilities		48,185	41,093
Creditors:			
Amounts falling due after more than one year	16	(11,387)	(8,108)
Net assets		36,798	32,985
Capital and reserves			
Called-up share capital	17	5,800	5,733
Share premium account	18	22,186	21,270
Profit and loss account	18	8,812	5,982
Equity shareholders' funds	19	36,798	32,985

M J Symons
Director

D E Lindsay
Director

The accompanying notes are an integral part of this consolidated balance sheet.

Company Balance Sheet
At 31 March 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Investments	13	3,211	2,711
Current assets			
Debtors:			
– due within one year	14	48,999	42,083
– due after one year	14	1,632	–
Cash at bank and in hand		396	396
		51,027	42,479
Creditors:			
Amounts falling due within one year	15	(17,796)	(10,573)
Net current assets		33,231	31,906
Total assets less current liabilities		36,442	34,617
Creditors:			
Amounts falling due after more than one year	16	(7,993)	(7,225)
Net assets		28,449	27,392
Capital and reserves			
Called-up share capital	17	5,800	5,733
Share premium account	18	22,166	21,250
Profit and loss account	18	483	409
Equity shareholders' funds		28,449	27,392

The accounts on pages 22 to 40 were approved by the Board of Directors and signed on its behalf.

M J Symons
Director

D E Lindsay
Director

14 June 2004

The accompanying notes are an integral part of this balance sheet.

Consolidated Cash Flow Statement

For the year ended 31 March 2004

	Note	2004 £'000	2003 £'000
Net cash inflow from operating activities	20(a)	3,279	2,645
Returns on investments and servicing of finance	20(b)	(1,259)	(224)
Equity dividend paid		(4,049)	–
Taxation		–	–
Capital expenditure and financial investment	20(b)	(1,938)	(10,828)
Acquisitions and disposals	20(b)	–	(574)
Cash outflow before financing		(3,967)	(8,981)
Financing	20(b)	4,001	10,469
Increase in cash in the year	20(c)	34	1,488

The accompanying notes are an integral part of this consolidated cash flow statement.

Notes to the Financial Statements

For the year ended 31 March 2004

1 STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are summarised below.

Basis of Accounting

The accounts have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

Basis of Consolidation

The Group accounts consolidate the accounts of Helphire Group plc and its subsidiary undertakings drawn up to 31 March each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

The profit for the financial year dealt within the accounts of Helphire Group plc was £5,306,000 (2003: £3,913,000). As permitted by Section 230 of the Companies Act 1985, no profit and loss account is presented in respect of Helphire Group plc.

Tangible Fixed Assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on a straight-line basis on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, at the following annual rates:

Hire fleet	20%
Freehold property	2%
Leasehold improvements	over the term of the lease
Furniture, fittings and equipment	15 to $33^1/_3$%

Investments

Fixed asset investments are shown at cost less any provision for impairment. Current asset investments are valued at the lower of cost and net realisable value.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised over its estimated useful life of between seven and ten years. Provision is made for any impairment.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pension Costs

The Group contributes to the personal pension plans of employees at a fixed percentage of basic earnings. This is charged to the profit and loss account on an accruals basis.

Notes to the Financial Statements continued

For the year ended 31 March 2004

1 STATEMENT OF ACCOUNTING POLICIES CONTINUED

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Income Recognition

Credit hire and repair income and income derived from other accident management activities is recognised on transactions which have been completed during the year, together with an appropriate proportion of income in respect of hires and work in progress at the year-end.

Income derived from legal expense insurance policy sales and deferred premiums is recognised on an accruals basis, whilst other policy sales are recognised on a receipt basis or on an accruals basis where an element of the income is considered to be certain.

2 TURNOVER

The Directors consider that the activities of the Group represent a single business segment, being accident management services. However, an analysis of turnover is given below for additional information:

	2004 £'000	2003 £'000
Accident management assistance and related services, primarily vehicle hire	51,846	36,564
Vehicle repairs	23,451	19,227
	75,297	55,791

The Group's turnover, profit before tax and net assets arose entirely within the United Kingdom.

3 OTHER OPERATING INCOME

Other income includes fees, commissions and premiums generated from non-core accident management services.

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2004 £'000	2003 £'000
Depreciation and amounts written off tangible fixed assets		
– owned	1,253	1,037
– held under finance leases and hire purchase contracts	1,834	1,036
Amortisation of goodwill	301	184
Gain on sale of tangible fixed assets	(41)	(50)
Operating lease rentals		
– vehicles	7,664	4,504
– property	745	966
– office equipment	25	54
Auditors' remuneration		
– audit services	70	65
– non audit services	–	–

Of the auditors remuneration for audit services £10,000 is payable by the Company (2003: £10,000).

Notes to the Financial Statements continued

For the year ended 31 March 2004

5 STAFF COSTS

The average monthly number of employees (including Executive Directors) was:

	2004 Number	2003 Number
Operational staff	497	361
Office administration	150	110
Management	68	59
Total	715	530

	2004 £'000	2003 £'000
Their aggregate remuneration comprised:		
Wages and salaries	15,007	11,158
Social security costs	1,531	1,065
Other pension costs	457	407
	16,995	12,630

6 FINANCE CHARGES

	2004 £'000	2003 £'000
Interest payable:		
Bank loans and overdrafts	863	40
Finance leases and hire purchase contracts	396	184
	1,259	224

7 DIRECTORS' INTERESTS

The interests of the Directors in the shares of Helphire Group plc at 31 March 2004 were as follows:

	Ordinary 5p Shares	
	31 March 2004	31 March 2003
M J Symons	2,507,979	2,502,482
M B Jackson	1,095,705	961,968
D E Lindsay	78,218	72,718
D A Robertson	70,284	27,284
P F Holding	5,000	5,000
A H Mathers	125,171	125,171
R J Taylor	40,000	10,000
R C M Burrell	29,750	29,750
Helphire Directors' Pension Fund	73,070	73,070

The Directors who held office at 31 March 2004 had no interests in the shares of any other Group undertakings at any time during the year.

Information regarding Directors' remuneration is given in the audited section of the Directors' Remuneration Report on pages 17-19.

Notes to the Financial Statements continued

For the year ended 31 March 2004

8 TAX CREDIT ON PROFIT ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
Current tax		
UK corporation tax	–	–
Adjustment of current taxation in respect of prior years	74	–
Total current taxation	74	–
Deferred tax		
Utilisation of tax losses	(1,061)	(2,000)
Total deferred tax	(1,061)	(2,000)
Total tax credit on profit on ordinary activities	(987)	(2,000)

The tax for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	7,075	5,253
Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 30%	2,123	1,576
Effects of:		
Expenses not deducted for tax purposes	196	(21)
Depreciation for the period in excess of capital allowances	(201)	(254)
Utilisation of tax losses	(2,284)	(1,354)
Loss carried forward	166	53
Adjustment of tax charge in respect of previous periods	74	–
Current tax credit	74	–

Deferred Tax

Deferred tax assets have been recognised in respect of tax losses that are likely to be utilised in the year to 31 March 2005. A reconciliation of the deferred tax assets contained in the Group balance sheet and shown in note 14, is given below:

	2004 £'000	2003 £'000
Deferred tax asset brought forward	2,000	–
Utilised in the year	(2,000)	–
Recognised in the year	3,061	2,000
Deferred tax asset carried forward	3,061	2,000

There were unrecognised potential deferred tax assets as set out below.

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Accelerated depreciation	509	1,195	–	–
Short-term timing differences	319	241	–	–
Tax losses carried forward	5,083	7,709	34	171
	5,911	9,145	34	171

Due to the losses made in the year ended 31 March 2001, losses carried forward have generated a deferred tax credit of £3.1m, which represents the value of the tax saving throughout the Group against forecast profits for the year ended 31 March 2005. In accordance with FRS19 the Directors have not recognised deferred tax assets for future accounting periods. The assets will be recognised in future periods as their recoverability becomes foreseeable.

There were no unrecognised deferred tax liabilities at either year-end.

Notes to the Financial Statements continued

For the year ended 31 March 2004

9 DIVIDENDS PAID AND PROPOSED ON EQUITY SHARES

	2004 £'000	2003 £'000
Interim paid of 2p (2003: Nil) per ordinary share	2,332	–
Final proposed of 2.5p (2003: 1.5p) per ordinary share	2,900	1,717
	5,232	1,717

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit after tax of £8.1m (2003: £7.3m) and 115,619,376 ordinary shares being the weighted average number of ordinary shares in issue during the year ended 31 March 2004 (2003: 114,526,270). The calculation of diluted earnings per share is based on the profit after tax and 118,914,955 (2003: 122,192,128) potential ordinary shares.

11 INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At 1 April 2003 and 31 March 2004	5,665
Amortisation	
At 1 April 2003	(3,911)
Charge for the year	(301)
At 31 March 2004	(4,212)
Net book value	
At 31 March 2004	1,453
At 31 March 2003	1,754

12 TANGIBLE FIXED ASSETS

	Freehold property £'000	Leasehold improvements £'000	Vehicle hire fleet £'000	Furniture, fittings & equipment £'000	Total £'000
Group					
Cost					
At 1 April 2003	8,630	1,378	3,615	6,413	20,036
Additions	2,131	118	1,875	5,286	9,410
Disposals	–	–	(295)	–	(295)
At 31 March 2004	10,761	1,496	5,195	11,699	29,151
Depreciation					
At 1 April 2003	–	(993)	(2,109)	(3,671)	(6,773)
Charge for the year	(231)	(257)	(661)	(1,938)	(3,087)
Disposals	–	–	129	–	129
At 31 March 2004	(231)	(1,250)	(2,641)	(5,609)	(9,731)
Net book value					
At 31 March 2004	10,530	246	2,554	6,090	19,420
At 31 March 2003	8,630	385	1,506	2,742	13,263
Leased assets included above:					
Net book value					
At 31 March 2004	1,484	6	2,048	5,351	8,889
At 31 March 2003	–	110	918	1,149	2,177

Notes to the Financial Statements continued

For the year ended 31 March 2004

13 FIXED ASSET INVESTMENTS

Company	2004 £'000	2003 £'000
Subsidiary undertakings	3,211	2,711

Principal Group Investments

The parent company and the Group have investments in the following wholly owned subsidiary undertakings, all of which are incorporated in England and Wales with the exception of Angel Company Limited which is incorporated in the Republic of Ireland:

Subsidiary undertaking	Principal activity
Helphire (UK) Limited	Non-fault accident management*
Helphire Finance Limited	Finance of car repairs*
Angel Assistance Limited	Sale of legal expenses insurance policies*
Partnership with Helphire Limited	Non-fault accident management*
Helphire Legal Services Limited	Provision of legal services*
Countrywide Assistance Limited	Sale of legal expenses insurance policies*
1st Automotive Limited	Non-fault accident management*
Rescue Car Rentals Limited	Non-fault accident management
Helphire EBT (Trustees) Limited	Trust for employees' exercises of share options
e Register Limited	Jewellery claims management service*
Jewellers On-line Limited	Non-trading
Total Accident Management Limited	Fleet accident management*
InsureAssist Ltd	Non-trading*
Compensation Team Limited	Non-trading*
City and County Hire Limited	Non-trading
Car and Commercial Assessors Limited	Non-trading
Specialist Witness Limited	Non-trading
Theftsure Limited	Provision of replacement cars
Helphire (Pinesgate) Limited	Non-trading*
Helphire (Pinesgate Reversion) Limited	Non-trading*
Helphire (Pinesgate Nominee No 1) Limited	Non-trading*
Helphire (Pinesgate Nominee No 2) Limited	Non-trading*
Angel Company Limited	Non-trading*

*Held directly by Helphire Group plc

Subsidiary Undertakings

The movement in investments in subsidiary undertakings was as follows:

	£'000
Cost	
At 1 April 2003	4,973
Additions	500
At 31 March 2004	5,473
Provision for impairment	
At 1 April 2003 and 31 March 2004	(2,262)
Net book value	
At 31 March 2004	3,211
At 31 March 2003	2,711

The Company increased its investment in Countrywide Assistance Limited by £0.5m.

Notes to the Financial Statements continued

For the year ended 31 March 2004

14 DEBTORS

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Amounts falling due within one year:				
Trade debtors	42,199	30,673	–	–
Amounts owed by group undertakings	–	–	48,103	40,951
Deferred tax asset	3,061	2,000	–	–
VAT recoverable	212	1,659	160	153
Other debtors	2,416	2,624	431	675
Prepayments and accrued income	3,023	7,184	305	304
	50,911	44,140	48,999	42,083
Amounts falling due after more than one year:				
Other debtors	1,632	–	1,632	–
	52,543	44,140	50,631	42,083

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Obligations under finance leases and hire purchase contracts	3,026	963	–	–
Bank loans and overdrafts (secured) (note 16)	15,850	9,592	13,922	7,875
Other loans	556	–	–	–
Trade creditors	2,622	3,031	–	–
Amounts owed to Group undertakings	–	–	211	
Other taxation and social security	1,490	893	151	469
Other creditors	232	765	373	281
Accruals and deferred income	3,531	4,172	239	231
Proposed dividend	2,900	1,717	2,900	1,717
	30,207	21,133	17,796	10,573

The bank loans are secured by a fixed and floating charge over the assets of the Group.

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Obligations under finance leases and hire purchase contracts	3,394	883	–	–
Bank loans (secured)	7,993	7,225	7,993	7,225
	11,387	8,108	7,993	7,225

Amounts due were payable as follows:

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Bank loans payable				
– within one year	15,850	9,592	13,922	7,875
– between one and two years	410	482	410	482
– between two and five years	1,396	1,445	1,396	1,445
– greater than five years	6,187	5,298	6,187	5,298
	23,843	16,817	21,915	15,100

Notes to the Financial Statements continued

For the year ended 31 March 2004

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR CONTINUED

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Amounts payable under finance leases and hire purchase contracts				
– within one year	3,026	963	–	–
– between one and two years	2,566	664	–	–
– between two and five years	828	219	–	–
	6,420	1,846	–	–

The bank loan represents a mortgage on the Group's corporate headquarters with Allied Irish Bank. The term of the loan is 16 years. The mortgage is secured by a fixed charge over the property purchased and attracts an interest rate of 1.0% above the bank's base rate. Facilities of £23.5m in the form of a revolving facility and a term loan are provided by the Bank of Scotland. These facilities expire after three years and attract an interest rate of 1.5% above LIBOR. Security is provided by a fixed and floating charge over the Group's assets which encompasses cross guarantees between subsidiaries.

The fair value of the Group's financial liabilities at 31 March 2004 was equal to their book value.

17 CALLED-UP SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised		
160,000,000 (2003: 160,000,000) ordinary shares of 5p each	8,000	8,000
Allotted, called-up and fully-paid		
115,994,891 (2003: 114,650,591) ordinary shares of 5p each	5,800	5,733

The following shares were issued during the year for cash consideration as a result of the exercise of share options:

Exercise Date	Number of shares 000	Market price on exercise date p	Share premium £000's
9 May 2003	1	193	1
19 May 2003	10	200	2
22 May 2003	1	198	1
6 June 2003	36	221	23
9 June 2003	1,067	219	715
9 July 2003	26	195	23
22 July 2003	21	210	18
5 August 2003	46	190.5	18
14 September 2003	27	193.5	26
19 September 2003	3	195	4
23 October 2003	17	210	16
3 November 2003	4	199	5
12 November 2003	10	193	11
4 December 2003	1	135	2
16 December 2003	4	175	3
26 January 2004	17	173	13
5 March 2004	18	178	14
11 March 2004	18	173	13
22 March 2004	17	173	8
	1,344		916

Notes to the Financial Statements continued

For the year ended 31 March 2004

17 CALLED-UP SHARE CAPITAL CONTINUED

Employee Share Incentive Schemes

Details of options granted over the share capital of the Company are set out below.

	Number of shares				
	1 April 2003 000's	Granted 000's	Lapsed 000's	Exercised 000's	**31 March 2004 000's**
Date of grant					
14 March/8 December 1997	652	–	–	(526)	126
29 May/10 December 1998	61	–	–	(31)	30
14 August 1998	182	–	–	(82)	100
20 May/17 December 1999	307	–	(2)	(4)	301
17 May 2000/ 26 February 2001	1,704	–	(16)	(644)	1,044
29 June/26 November 2001	1,848	–	(10)	(10)	1,828
19 July/16 December 2002	2,504	–	(22)	(40)	2,442
8 July/18 December 2003	–	1,372	(12)	–	1,360
	7,258	1,372	(62)	(1,337)	7,231

Details relating to these options are as follows:

Grant date	Exercise period	Exercise price p
14 March 1997	14 March 2000 – 14 March 2007	25
8 December 1997	8 December 2000 – 8 December 2007	69.75
29 May 1998	29 May 2001 – 29 May 2008	119.75
14 August 1998	14 August 2001 – 14 August 2008	98.13
10 December 1998	10 December 2001 – 10 December 2008	135.75
20 May 1999	20 May 2002 – 20 May 2009	225.50
17 December 1999	17 December 2002 – 17 December 2009	351.50
17 May 2000	17 May 2003 – 17 May 2010	100
26 February 2001	26 February 2004 – 26 February 2011	79
29 June 2001	29 June 2004 – 29 June 2011	76
26 November 2001	26 November 2004 – 26 November 2011	92
19 July 2002	19 July 2005 – 19 July 2012	106
16 December 2002	16 December 2005 – 16 December 2012	163
8 July 2003	8 July 2006 – 8 July 2013	209
18 December 2003	18 December 2006 – 18 December 2013	179

Notes to the Financial Statements continued

For the year ended 31 March 2004

18 RESERVES

	Share Premium account £'000	Profit and loss account £'000
Group		
At 1 April 2003	21,270	5,982
Shares issued	916	–
Retained Profit for the year	–	2,830
At 31 March 2004	22,186	8,812
Company		
At 1 April 2003	21,250	409
Shares issued	916	–
Retained Profit for the year	–	74
At 31 March 2004	22,166	483

19 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2004 £'000	2003 £'000
Profit for the financial year	8,062	7,253
Dividends paid and proposed on equity shares	(5,232)	(1,717)
New shares issued (net of expenses)	983	2,201
Net addition to shareholders' funds	3,813	7,737
Opening shareholders' funds	32,985	25,248
Closing shareholders' funds	36,798	32,985

20A RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2004 £'000	2003 £'000
Operating profit	8,334	5,477
Depreciation and amortisation charges	3,388	2,257
Gain on sale of tangible fixed assets	(41)	(50)
Increase in debtors	(7,342)	(5,690)
(Decrease)/increase in creditors	(1,060)	651
Net cash inflow from operating activities	3,279	2,645

Notes to the Financial Statements continued

For the year ended 31 March 2004

20B ANALYSIS OF CASH FLOWS

	2004 £'000	2003 £'000
Returns on investments and servicing of finance		
Interest paid	(863)	(40)
Interest element of finance lease rentals	(396)	(184)
Cash outflow	(1,259)	(224)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(2,145)	(10,955)
Sale of tangible fixed assets	207	127
Net cash outflow	(1,938)	(10,828)
Acquisitions and disposals		
Acquisition of e-register Limited	–	(574)
Net cash outflow	–	(574)
Financing		
Issue of ordinary share capital (net of expenses)	983	2,179
New secured loans advanced	5,153	9,406
New other loans	1,997	–
Capital element of other loans repayment	(1,441)	–
Capital element of finance lease rental payments	(2,691)	(1,116)
Net cash inflow	4,001	10,469

Notes to the Financial Statements continued

For the year ended 31 March 2004

20C ANALYSIS AND RECONCILIATION OF NET DEBT

	1 April 2003 £'000	Cash flow £'000	Other non-cash changes £'000	31 March 2004 £'000
Cash in hand and at bank	3,069	1,907	–	4,976
Overdrafts	(2,205)	(1,873)	–	(4,078)
	864	34	–	898
Debt due after one year	(7,225)	(768)	–	(7,993)
Debt due within one year	(7,387)	(4,941)	–	(12,328)
Finance leases	(1,846)	2,691	(7,265)	(6,420)
Net debt	(15,594)	(2,984)	(7,265)	(25,843)

	2004 £'000	2003 £'000
Increase in cash in the year	34	1,488
Cash inflow from increase in debt and lease financing	(3,018)	(8,290)
Change in net debt resulting from cash flows	(2,984)	(6,802)
New finance leases	(7,265)	(1,407)
Movement in net debt in year	(10,249)	(8,209)
Net debt at start of year	(15,594)	(7,385)
Net debt at end of year	(25,843)	(15,594)

21 FINANCIAL COMMITMENTS

Operating lease commitments

The Group has annual commitments under non-cancellable operating leases expiring as follows:

	Within 1 year £'000	Between 2 and 5 years £'000
2004		
Vehicle leases	5,451	1,848
Property and office equipment	788	782
	6,239	2,630
2003		
Vehicle leases	6,126	3,658
Property and office equipment	554	448
	6,680	4,106

Capital commitments are as follows:

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Contracted for but not provided for	–	1,250	–	–

Notes to the Financial Statements continued

For the year ended 31 March 2004

22 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise borrowings and some cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. As permitted by FRS13 short term debtors and creditors have been excluded from the disclosures.

At present, the Group does not enter into forward foreign currency contracts or other derivative instruments, such as interest rate swaps, as the related exposures are not material to the Group and do not warrant such complexity.

Interest Rate Profile

The interest rate risk profile of the Group's financial liabilities at 31 March 2004 was:

	Non interest bearing £'000	Floating rate £'000	Fixed rate £'000	**2004 Total £'000**
Currency				
Sterling	–	(8,378)	(22,441)	(30,819)
	–	(8,378)	(22,441)	(30,819)

The floating rate of interest is 1% over base rate. The fixed rate of interest is 1.5% over LIBOR.

The interest rate risk profile at 31 March 2003 for comparison purposes was as follows:

	Non interest bearing £'000	Floating rate £'000	Fixed rate £'000	**2003 Total £'000**
Currency				
Sterling	–	(7,225)	(11,438)	(18,663)
	–	(7,225)	(11,438)	(18,663)

Further analysis of the interest rate profile of the Group's financial liabilities at 31 March 2004 and at 31 March 2003 is as follows.

		2004
Currency		Fixed rate
	Weighted average interest rate %	Weighted average period for which rate is fixed Years
Sterling		
– Borrowings	5.786	0.167
– Finance leases	8.450	3.000
Total	6.610	1.050

Notes to the Financial Statements continued

For the year ended 31 March 2004

22 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS CONTINUED

		2003
Currency		Fixed rate
	Weighted average interest rate %	Weighted average period for which rate is fixed Years
Sterling		
– Borrowings	5.9615	0.1670
– Finance leases	9.9800	3.0000
Total	6.4320	0.4987

Financial Assets
The Group has no financial assets other than short-term debtors and a cash deposit of £4,976,000.

Maturity of Financial Liabilities
The Group's financial liabilities as at 31 March 2004 and 31 March 2003 comprise Sterling bank borrowings, finance leases and hire purchase obligations.

The maturity profile of the Group's financial liabilities (excluding short-term debtors and creditors) at 31 March 2004 was as follows:

	Borrowings (note 16) 2004 £'000	Borrowings (note 16) 2003 £'000
In one year or less, or on demand	18,876	10,555
In more than one year but not more than two years	2,976	1,146
In more than two years but not more than five years	2,224	1,664
In more than five years	6,187	5,298
Total	30,263	18,663

Borrowing Facilities
The Group has various undrawn committed borrowing facilities. The facilities available at 31 March 2004 in respect of which all conditions precedent had been met are as follows:

	2004 £'000	2003 £'000
Expiring in one year or less	–	–
Expiring in more than one year but not more than two years	2,028	6,088
Expiring in more than two years	–	–
Total	2,028	6,088

Fair Values
The fair value of the Group's financial assets and liabilities as at 31 March 2004 and 31 March 2003 are equal to their carrying value.

The Group has no financial cash other than Sterling cash deposits of £4,976,000 (2003: £3,069,000) which are part of the financing arrangements of the Group. The Sterling cash deposits comprise deposits placed on money market at call.

Notes to the Financial Statements continued

For the year ended 31 March 2004

23 RELATED PARTY TRANSACTIONS

During the year the Group provided trade credit of £1,181,000 (2003: £503,000) through a commercial staffing arrangement to Fishers Legal Practice Limited together with a loan of £1,900,000 (2003: £400,000). The loan agreement in place with Fishers Legal Practice Limited as at 31 March 2004 is unsecured, is repayable over six years and attracts interest at a rate of LIBOR plus 4%. Fishers Legal Practice Limited is a member of Helphire's panel of solicitors which handles cost bearing cases.

During the year, the Helphire Director's Pension Fund, which is deemed to be a related party under the terms of FRS8 - Related Party Transactions, has made a secured loan to Fishers of £650,000, repayable over two years with an interest rate of LIBOR plus 7%.

The loans provided to Fishers Legal Practice Limited are to fund working capital. At 31 March 2004 the balance owed by Fishers Legal Practice Limited to Helphire was £1,900,000 (2003: £895,000).

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